

## **EXHIBIT A**

### **LEGAL DESCRIPTION OF THE PROPERTY**

The land referred to is situated in the City of Palm Desert, State of California, and is described as follows:

THOSE PORTIONS OF PARCEL 8 AND PARCEL 9 OF PARCEL MAP NO. 36792, IN THE CITY OF PALM DESERT, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS SHOWN BY MAP ON FILE IN BOOK 239 OF PARCEL MAPS, PAGES 9 THROUGH 15, INCLUSIVE, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF SAID PARCEL 8; THENCE ALONG THE SOUTH LINE OF SAID PARCEL 9, SOUTH 89°56'08" WEST 72.55 FEET TO A LINE THAT IS PARALLEL WITH AND DISTANT EASTERLY 138.45 FEET, MEASURED AT RIGHT ANGLES, FROM THE EAST RIGHT OF WAY LINE OF DINAH SHORE DRIVE, AS SHOWN ON SAID PARCEL MAP NO. 36792; THENCE LEAVING SAID SOUTH LINE AND ALONG SAID PARALLEL LINE, NORTH 0°00'00" EAST 31711 FEET; THENCE NORTH 90°00'00" EAST 65.55 FEET TO A LINE THAT IS PARALLEL WITH AND DISTANT WESTERLY 7.00 FEET, MEASURED AT RIGHT ANGLES FROM THE WEST LINE OF SAID PARCEL 8; THENCE NORTH 0°00'00" EAST 102.00 FEET ALONG LAST SAID PARALLEL LINE TO A LINE THAT IS PARALLEL WITH AND DISTANT NORTHERLY 1.00 FEET; MEASURED AT RIGHT ANGLES, FROM THE NORTH LINE OF SAID PARCEL 8; THENCE NORTH 90°00'00" EAST 275.69 FEET ALONG LAST SAID PARALLEL LINE TO AN INTERSECTION WITH THE NORTHWESTERLY PROLONGATION OF THE NORTHEASTERLY LINE OF SAID PARCEL 8; THENCE SOUTH 68°15'29" EAST 409.78 FEET ALONG SAID NORTHWESTERLY PROLONGATION AND SAID NORTHEASTERLY LINE OF PARCEL 8 TO A TANGENT CURVE, CONCAVE SOUTHWESTERLY HAVING A RADIUS OF 1445.00 FEET; THENCE SOUTHEASTERLY ALONG SAID CURVE AND SAID NORTHEASTERLY LINE OF PARCEL 8 AN ARC LENGTH OF 535.73 FEET, THROUGH A CENTRAL ANGLE OF 21°14'32" TO A NON-TANGENT LINE, SAID NON-TANGENT LINE BEING PARALLEL WITH AND DISTANT WESTERLY 36.00 FEET, MEASURED AT RIGHT ANGLES, FROM THE MOST EASTERLY LINE OF SAID PARCEL 8; THENCE LEAVING SAID NORTHEASTERLY LINE OF PARCEL 8, ALONG LAST SAID PARALLEL LINE, SOUTH 07°03'09" EAST 105.97 FEET TO A POINT ON THE SOUTHEASTERLY LINE OF SAID PARCEL 8, BEING A NON-TANGENT CURVE, CONCAVE SOUTHEASTERLY HAVING A RADIUS OF 73.00 FEET, A RADIAL LINE TO SAID POINT BEARS NORTH 36°36'07" WEST; THENCE ALONG THE SOUTHEASTERLY LINE OF SAID PARCEL 8 THE FOLLOWING FIVE (5) COURSES,. SOUTHERLY ALONG SAID NON-TANGENT CURVE AN ARC LENGTH OF 28.61 FEET, THROUGH A CENTRAL ANGLE OF 22°27'11" TO THE BEGINNING OF A REVERSE CURVE, CONCAVE NORTHWESTERLY HAVING A RADIUS OF 60.00 FEET; A LINE RADIAL TO SAID BEGINNING OF CURVE BEARS SOUTH 59°03'18" EAST; THENCE SOUTHWESTERLY LONG LAST SAID CURVE AN ARC LENGTH OF 38.39 FEET THROUGH A CENTRAL ANGLE OF 36°39'18" TO THE BEGINNING OF A REVERSE CURVE, CONCAVE SOUTHEASTERLY, HAVING A RADIUS OF 336.00 FEET; A LINE

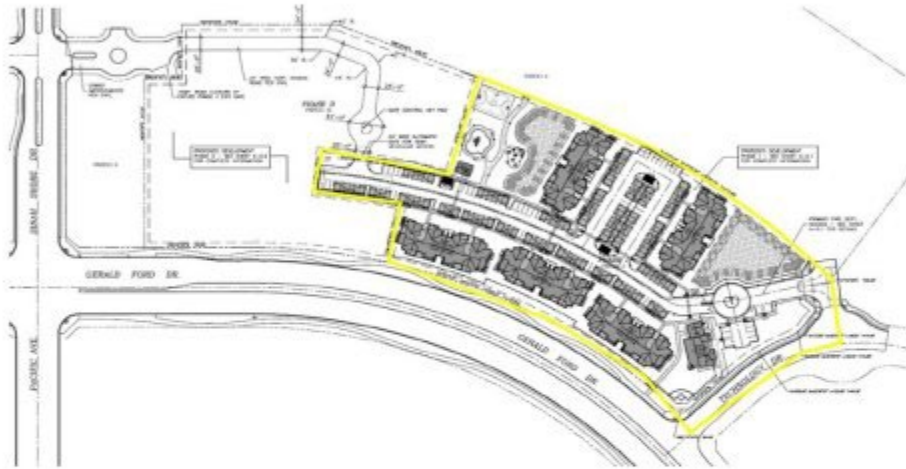
RADIAL TO LAST SAID BEGINNING OF CURVE BEARS NORTH 22°24'00" WEST; THENCE SOUTHEASTERLY ALONG LAST SAID CURVE AN ARC LENGTH OF 120.80 FEET; THROUGH A CENTRAL ANGLE OF 20°36'00"; THENCE SOUTH 47°00'00" WEST 102.69 FEET; THENCE NORTH 89°13'34" WEST 25.84 FEET TO THE BEGINNING OF A NON-TANGENT CURVE, CONCAVE SOUTHEASTERLY, HAVING A RADIUS OF 1075.00 FEET, A LINE RADIAL TO SAID BE-GINNING OF CURVE BEARS NORTH 44°07'38" EAST; THENCE ALONG THE SOUTHERLY LINE OF SAID PARCEL 8 THE FOLLOWING TWO (2) COURSES NORTHWESTERLY ALONG LAST SAID CURVE AN ARC LENGTH OF 829.14 FEET; THROUGH A CENTRAL ANGLE OF 44°11'30"; THENCE SOUTH 89°56'08" WEST 112.85 FEET TO SAID SOUTHWEST CORNER OF PARCEL 8 AND THE POINT OF BEGINNING.

**EXHIBIT A-1**

**LEGAL DESCRIPTION OF PHASE I PARCEL**

**EXHIBIT A-1**

**DEPICTION OF PHASE I PARCEL (Highlighted in Yellow)**  
Metes and Bounds Legal Description to be provided at Recordation

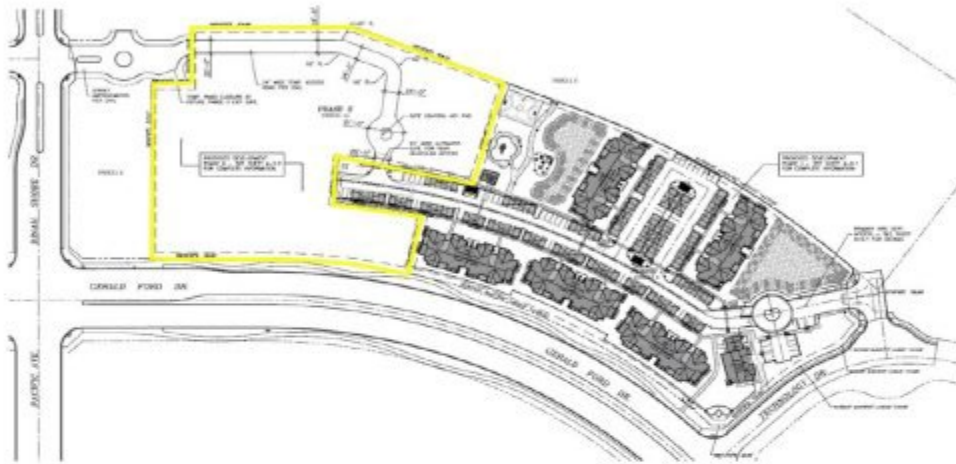


## EXHIBIT A-2

### LEGAL DESCRIPTION OF PHASE II PARCEL

## EXHIBIT A-2

**DEPICTION OF PHASE II PARCEL (Highlighted in Yellow)**  
Metes and Bounds Legal Description to be provided at Recordation

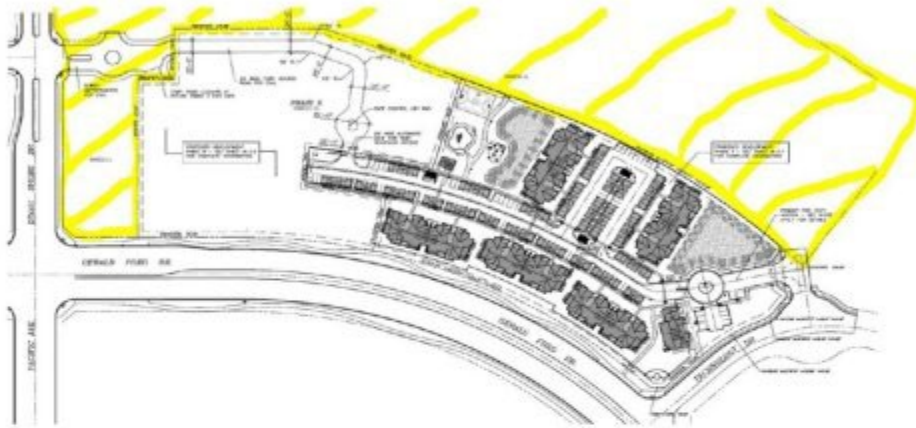


**EXHIBIT A-3**

**LEGAL DESCRIPTION OF PARCEL 9**

**EXHIBIT A-3**

**DEPICTION OF PARCEL 9 (Highlighted in Yellow)**  
Metes and Bounds Legal Description to be provided at Recordation



## **EXHIBIT B-1**

### **PHASE II EASEMENT**

RECORDING REQUESTED BY AND  
WHEN RECORDED MAIL TO:

City of Palm Desert  
73-510 Fred Waring Drive  
Palm Desert, CA 92260  
Attn: Housing Division

AFTER RECORDATION MAIL TO AND  
MAIL TAX STATEMENTS TO:

Palm Desert Palm Villas Partners LP  
c/o \_\_\_\_\_  
100 Pacifica, Suite 203  
Irvine, CA 92618  
Attn: \_\_\_\_\_

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(SPACE ABOVE THIS LINE FOR RECORDER'S USE)

### **PHASE I AND PHASE II ACCESS EASEMENT**

This Phase I and Phase II Access Easement (this "Agreement") is made as of \_\_\_\_\_, 202\_, by and between, Palm Desert Palm Villas Partners LP., a California limited partnership, (the "Partnership"), and the City of Palm Desert, a municipal corporation (the "City"), (individually a "Party" and collectively referred to herein as the "Parties"), with reference to the following facts:

#### **RECITALS**

A. The Partnership owns an approximately 6.02-acre parcel of real property located at on the north side of Gerald Ford Drive between Portola Road and Cook Street in Palm Desert, California, as more particularly described in Exhibit A attached hereto ("Phase I Parcel"), on which the Partnership intends to construct and own one hundred twenty (120) units of affordable rental housing commonly known as Palm Villas I ("Phase I Project").

B. The City owns an approximately 4.47-acre parcel of real property located on the north side of Gerald Ford Drive between Portola Road and Cook Street in Palm Desert, California in the City of Palm Desert, California, as more particularly described in Exhibit B attached hereto (the "Phase II Parcel"). The Phase II Parcel is adjacent to the Phase I Parcel and is intended to be Phase II of the Palm Villa development with one hundred nineteen (119) units of affordable rental housing (the "Phase II Project").

C. The Partnership intends construct a private street for ingress and egress through the Phase I Project (the "Phase I Street") and include a community building, picnic facilities, swimming pool, tot lot and retention basins as part to the Phase I Project (collectively the "Common Area Facilities").

D. Through this Agreement, the Partnership and the City desire to grant each other certain nonexclusive easements over Phase I and Phase II and to allocate certain rights and responsibilities in connection with the maintenance and repair of such easements.

E. The Partnership desires to construct a private street across the Phase II Parcel to gain access through the adjacent City-owned parcel, commonly known as "Parcel 9", to access Dinah Shore Drive (the "Phase II Street Improvements"), which Phase II Street Improvements will be an extension of the Phase I Street Improvements.

F. In connection with the Phase I Project, the Partnership desires to secure a non-exclusive, appurtenant easement (subject to the terms and conditions of this Agreement), to allow for: (i) access, ingress and egress by and for the Partnership and its tenants, subtenants, licensees, invitees, customers, contractors, employees, and agents including both pedestrian and vehicular access from the Phase I Parcel across the Phase II Parcel to the adjoining City-owned parcel known as Parcel 9; (ii) construction of the Private Street Improvements; (iii) maintenance, repair, and replacement of the Private Street improvements in connection with such access.

G. In connection with the Phase II Project, the City, on behalf of the eventual owner of the Phase II Project desires to secure a non-exclusive, appurtenant easement (subject to the terms and conditions of this Agreement), to allow for: (i) access, ingress and egress by and for the Phase II owner and its tenants, subtenants, licensees, invitees, customers, contractors, employees, and agents including both pedestrian and vehicular access from the Phase II Parcel across the Phase I Parcel.

H. In connection with the Phase II Project, the City, on behalf of the eventual owner of the Phase II Project desires to secure a non-exclusive, appurtenant easement (subject to the terms and conditions of this Agreement), to allow for access and use of the Common Area Facilities by the Phase II owner and its eligible tenants upon completion of construction of the Phase II Project.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained in this Agreement, the Parties agree as follows:

Section 1. Grant of Phase I Access Easement. The City hereby grants to the Partnership and its tenants, subtenants, licensees, invitees, customers, contractors, employees, and agents, for the benefit of the Phase I Parcel the following easements: (i) a non-exclusive easement for pedestrian and vehicular access, ingress and egress by the Permitted Parties over and across the Phase II Parcel, as more particularly described in Exhibit C-1 attached hereto (the "Street Easement"); (ii) an exclusive temporary easement over the Street Easement in order to construct, alter, remodel, demolish, repair, restore and reconstruct the Private Street Improvement; and (iii) a non-exclusive easement over, upon and across the Street Easement for the purpose of maintaining, operating and repairing the Private Street Improvements (collectively the "Phase I Access Easement"). The Partnership specifically acknowledges and agrees that the City is granting the Phase I Access Easement to the Partnership on an "as is with all faults" basis and subject to all title matters of record and all title matters visible upon inspection.

Section 2. Grant of Phase II Access Easement. The Partnership hereby grants to the City, on behalf of the eventual Phase II owner and its tenants, subtenants, licensees, invitees, customers, contractors, employees, and agents, for the benefit of the Phase II Parcel a non-exclusive easement for pedestrian and vehicular access, ingress and egress by the Permitted Parties over and across the Phase II Parcel, as more particularly described in Exhibit C-2 attached hereto (the "Phase II Access Easement").

Section 3. Common Area Facility Access Easement. The Partnership hereby grants to the eventual owner of Phase II Project a non-exclusive, appurtenant easement (subject to the terms and conditions of this Agreement), to allow for access and use of the Common Area Facilities by the Phase II owner and its eligible tenants upon completion of construction of the Phase II Project.

Section 4. Term.

(a) The term of the Phase I Access Easement shall commence as of the Effective Date and will be perpetual unless sooner terminated as a result of the demolition of the housing developments on the Phase I Parcel, which is not replaced by another residential development.

(b) Subject to Section 9 below, the term of the Phase II Access Easement shall commence as of the close of escrow for the sale of the Phase II Parcel by the City and will be perpetual unless sooner terminated as a result of the demolition of the housing developments on the Phase II Parcel, which is not replaced by another residential development.

(c) Subject to Section 9 below, the term of the Common Area Facilities Easement shall commence as issuance of a certificate of occupancy (or temporary certificate of occupancy) for the Phase II Project and will continue through the life of the Common Area Facilities on the Phase I Project.

Section 5. Nature of Easements. The Easements granted in this Agreement are appurtenant to and for the benefit of the Phase I Parcel and the Phase II Parcel. The Easements may not be transferred, assigned, or encumbered except as an appurtenance to the Phase I Parcel or the Phase II Parcel, respectively.

Section 6. Covenants Running with the Land. The City and the Partnership expressly intend that the covenants contained in this Agreement with respect to each easements described in this Agreement will be equitable servitudes and covenants running with and benefiting and burdening the Phase I Parcel and Phase II Parcel.

Section 7. Construction of the Street Improvements. The Partnership shall construct the Private Street Improvement in accordance with City-approved plans and specifications for the construction of the Private Street Improvements. The Partnership shall diligently prosecute such construction to completion at the Partnership's sole cost and expense. The Partnership agrees that the Private Street Improvements shall be constructed in a good and workmanlike manner and in accordance with all applicable laws, rules, ordinances and regulations.



Section 8. Maintenance and Repair of Access Easement. The Partnership shall provide for the appropriate upkeep and maintenance of the portion of the Street Easement, unless otherwise agreed upon by the Parties, to ensure that the Street Easement is maintained in good condition and repair and clean and free of rubbish, debris and other hazards to users. The Partnership's shall maintain the surface of the Street Easement so that the surface is level and evenly covered with the type of surfacing material originally installed or a substitute material that is equal in quality, appearance, and durability.

Section 9. Use and Maintenance Agreement. As a condition of the commencement of the Phase II Access Easement and the Common Area Facilities Easement, the Partnership and the Phase II Parcel owner shall negotiate in good faith a cost sharing agreement for the reasonable allocation of maintenance costs of the Phase I Access Easement, the Phase II Access Easement and the Common Area Facilities Easement. The Parties shall also include the costs for any other easements benefiting or burdening one or both Parties. In addition to the cost sharing, the Parties shall agree on reasonable rules and regulations governing the use of the Common Area Facilities by the tenants of the Phase I Project and the Phase I Project. The City acknowledges that the Phase I Project is using Low-Income Housing Tax Credits ("LIHTCs") as a funding mechanism and as a result the rules and regulations governing the use of the Common Area Facilities may contain restrictions imposed by the use of the LIHTCs.

Section 10. Amendment of Agreement. The Parties anticipate that this Agreement may need to be amended prior to recordation of the Parcel Map and/or the conveyance of the Phase II Parcel by the City to ensure that the Agreement clearly delineates mutual responsibilities and rights with respect to Common Area Facilities' maintenance, control and use in order to fully comply with the City's conditions of approval for the Parcel Map.

Section 11. Insurance and Indemnification Requirements. The Partnership shall maintain insurance against claims for injuries to persons or damages to property which may arise from or in connection with the Easements.

(a) Required Coverage. The Partnership must maintain and keep in force, at the Partnership's sole cost and expense, the following insurance:

(1) Workers' Compensation insurance, as required by the State of California and consistent with statutory limits, and Employers' Liability coverage, with limits not less than One Million Dollars (\$1,000,000) each accident for bodily injury or disease.

(2) Commercial General Liability insurance with limits not less than One Million Dollars (\$1,000,000) each occurrence and Five Million Dollars (\$5,000,000) aggregate combined single limit for Bodily Injury and Property Damage, including coverages for Contractual Liability, Personal Injury, Broadform Property Damage, Products and Completed Operations. Products and Completed Operations coverage must be obtained no later than completion of construction of the Development. The Partnership shall cause the Partnership's general contractor to maintain Commercial General Liability insurance with limits not less than Two Million Dollars (\$2,000,000) each occurrence and Four Million Dollars (\$4,000,000) aggregate combined single limit for Bodily Injury and Property Damage, including coverages for

Contractual Liability, Personal Injury, Broadform Property Damage, Products and Completed Operations.

(b) General Requirements.

(1) The required insurance must be provided under an occurrence form, and the Developer must maintain such coverage continuously throughout the Term. Should any of the required insurance be provided under a form of coverage that includes an annual aggregate limit or provides that claims investigation or legal defense costs be included in such annual aggregate limit, such annual aggregate limit must be three (3) times the occurrence limits specified above.

(2) Commercial General Liability insurance must be endorsed to name as additional insureds the City and its elected officials, officers, directors, representatives, consultants, employees, and agents. The endorsement must include liability arising out of work or operations performed by or on behalf of the Partnership including materials, parts, or equipment furnished in connection with such work or operations. For commercial general liability, the policy must be endorsed with a form at least as broad as ISO form CG 20 10 11 85 or both CG 20 10 and CG 20 37 forms if later revisions used.

(3) The Partnership's insurance must be primary to any other insurance (including self-insurance) available to the City (including elected officials, officers, directors, representatives, consultants, employees, and agents) with respect to any claim arising out of this Agreement. Any insurance maintained by the City shall be excess of the Partnership's insurance and shall not contribute with it.

(4) No policy shall be canceled, limited, or allowed to expire without renewal until after thirty (30) days written notice has been given to the City by first class mail.

(5) Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A:VII, unless otherwise acceptable to the City. Exception may be made for the State Compensation Insurance Fund when not specifically rated.

Section 12. Indemnification.

(a) The Partnership hereby agrees to release, indemnify and defend the City, its councilmembers, its officers, its employees from and against any and all claims, liabilities, losses, damages, costs and expenses arising from or as the result of the death of, or any accident, injury, loss or damage to, any person or property that occurs within the Phase I Access Easement. Notwithstanding the foregoing, the City will not be entitled to such indemnification for any damage to the extent caused by its own negligence or by its willful misconduct.

(b) The City, in its capacity as the Phase II Parcel owner, hereby agrees to release, indemnify and defend the Partnership, its officers, its employees from and against any and all claims, liabilities, losses, damages, costs and expenses arising from or as the result of the death of, or any accident, injury, loss or damage to, any person or property that occurs within the Phase II Access Easement or as a result of the use of the Common Area Facilities Easement.

Notwithstanding the foregoing, the Partnership will not be entitled to such indemnification for any damage to the extent caused by its own negligence or by its willful misconduct. Upon the sale of the Phase II Parcel to a third party, the City shall be released from this indemnity obligation for events occurring after the close of escrow for the Phase II Parcel and the new Phase II Parcel owner shall be bound by the obligations hereunder.

Section 13. Remedies. If there is a material breach of any provision of this Agreement, a non-breaching Party may serve written notice of the breach on the breaching Party. If the breach is not cured within thirty (30) days following receipt of the notice of breach (or such longer period as is reasonably necessary to remedy such breach, provided that the breaching Party shall continuously and diligently pursue such remedy at all times until such breach is cured), the non-breaching Party may take any and all action as permitted by law.

Section 14. Rights of Mortgagees and Investor.

(a) Right to Encumber. Each owner of the Phase I Parcel and Phase II Parcel shall have the right to encumber its interest by any Mortgage, provided such Mortgage is subject to and subordinate to this Agreement. Each owner of the Phase I Parcel and Phase II Parcel, upon written request by either the Partnership or the Phase II Parcel owner, shall obtain written recordable agreements from its lenders and other holders of such Mortgages, if any, whereby such lienors agree to subordinate their interests under such liens to the rights and interests of the Parties created by this Agreement. As used herein, the term "Mortgagee" shall mean any mortgagee, beneficiary under any deed of trust or governmental agency which is a grantor of funds. The term "Mortgagor" shall mean the mortgagor or trustor under a "Mortgage." The term "Mortgage" shall mean any mortgage or deed of trust, bonds, grant of taxable or tax-exempt funds from a governmental agency.

(b) Breach Won't Defeat Lien. The breach of any of the provisions of this Agreement shall not defeat or render invalid the lien of any Mortgage encumbering the a parcel or any portion thereof which is/are made in good faith and for value, provided that all provisions of this Agreement shall be binding and effective against any Party whose acquired the parcel by foreclosure, deed in lieu of foreclosure, trustee's sale or otherwise.

(c) Notice to Mortgagee. Any default notices provided for in this Agreement shall also be provided to the holder of any Mortgage requesting a copy of such notices.

(d) Right to Cure. If any notice of default shall be given and the defaulting Party fails to cure or commence to cure such default within thirty (30) days of receipt of notice of such default, then in that event the Mortgagee under any Mortgage affecting the property of the defaulting Party shall be given an additional notice that the defaulting Party has failed to cure or commence to cure such default and such Mortgagee shall have an additional thirty (30) days to cure such default or, if such default cannot be cured within thirty (30) days, to diligently commence curing within such time and diligently prosecute to completion within a reasonable time.

(e) No Obligation to Cure. Nothing contained in this Agreement shall require any Mortgagee to cure any default of a Party prior to its acquisition of title to a property pursuant to foreclosure, trustee's sale or deed in lieu of foreclosure. Upon acquisition of title to a Property pursuant to a foreclosure, trustee's sale or deed in lieu of foreclosure, such Mortgagee, the purchaser or grantee, as applicable, shall only be liable and responsible for defaults accruing after the date of such acquisition and neither any Mortgagee nor successor thereof shall be liable for any damages, costs, liabilities or expenses, and such Party's property shall not be subject to any lien under this Agreement for any amounts due hereunder, based upon the actions, defaults or violations taken or suffered by any Party hereunder prior to the date of such foreclosure, trustee sale or deed in lieu of foreclosure.

Section 15. No Public Dedication. Nothing herein shall be deemed to be a gift or dedication of any portion of the Easements to the general public or for any public purposes whatsoever. It is the intention of the Parties that this Agreement be strictly limited to and for the purposes herein expressed. The right of the public or any person to make any use whatsoever of any easement hereunder or any portion thereof is by permission and subject to the mutual agreement of the Parties. Notwithstanding anything to the contrary herein, the Parties may, by mutual agreement, periodically restrict ingress and egress to and from any or all of an easement in order to prevent any type of prescriptive easement from arising by reason of continued public use.

Section 16. Notices. Formal notices, demands and communications between the Parties shall be sufficiently given if, and shall not be deemed given unless, dispatched by certified mail, return receipt requested, or express delivery service with a delivery receipt, to the principal offices of the Party as follows:

City: City of Palm Desert  
73-510 Fred Waring Drive  
Palm Desert, CA 92260  
Attn: Housing Division

Partnership: Palm Desert Palm Villas Partners LP,  
a California limited partnership  
100 Pacifica, Suite 203  
Irvine, CA 92618  
Attn: \_\_\_\_\_

Notices shall be deemed received as of the date delivered or delivery was refused as shown on the return receipt. The foregoing address may be change by notice given as provided in this Agreement. Each Party shall promptly notify each of the other Party of any change in its address as last disclosed.

Section 17. Counterparts. This Agreement may be signed in one or more counterparts, each of which shall be deemed an original, and all of which taken together shall constitute this Agreement.

Section 18. Effective Date. The Effective Date of this Agreement shall be the date that this Agreement has been fully executed and acknowledged by all Parties and recorded in the Official Records of Riverside County, California.

Section 19. Legal Actions. If any legal action is brought to interpret or enforce the terms of this Agreement, the prevailing Party shall be entitled to recover against the Party not prevailing, all reasonable costs, including attorneys' fees, incurred in the action.

Section 20. Entire Agreement. This Agreement contains the entire agreement between the Owners relating to the rights granted and the obligations hereunder assumed. Any oral representations or modification concerning this Agreement shall be of no force and effect excepting a subsequent modification in writing signed by the Parties.

Section 21. Exhibits. Any and all Exhibits referred to in this Agreement are incorporated in this Agreement by this reference.

Section 19. Successors and Assigns. This Agreement shall be binding upon, and shall inure to the benefit of, the Parties hereto and their permitted successors and assigns.

Section 20. Amendments. This Agreement may be amended or modified only by a written instrument executed by the Parties.

Section 21. Governing Law. This Agreement shall be governed by and interpreted in accordance with the laws of the State of California.

WHEREFORE the Parties have executed this Agreement as of the date first written above.

**CITY:**

CITY OF PALM DESERT,  
a municipal corporation

By: \_\_\_\_\_  
Name: L. Todd Hileman  
Title: City Manager

**PARTNERSHIP:**

Palm Desert Palm Villas Partners LP,  
a California limited partnership

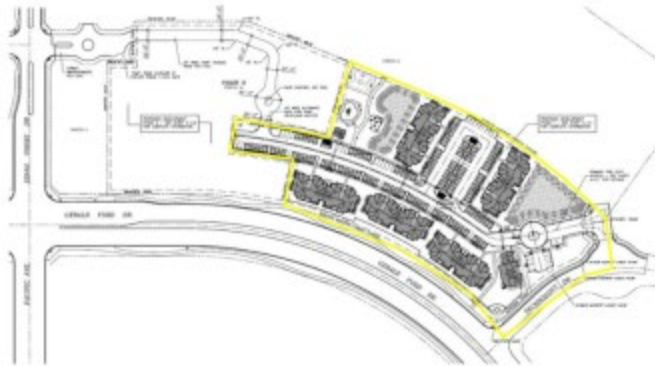
By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_

EXHIBIT A

Legal Description of Phase I Parcel

EXHIBIT A-1

**DEPICTION OF PHASE I PARCEL (Highlighted in Yellow)**  
Metes and Bounds Legal Description to be provided at Recordation



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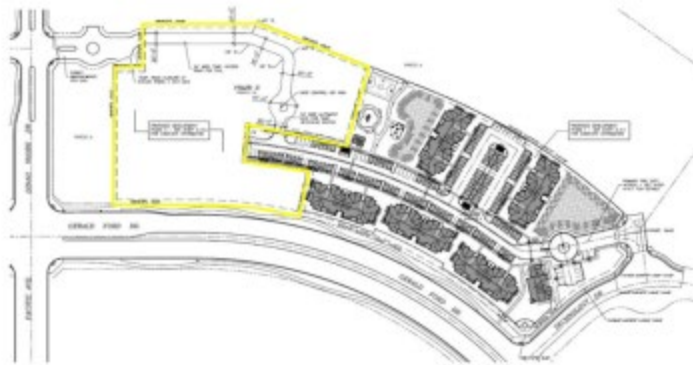
A-1

EXHIBIT B

Legal Description of Phase II Parcel

EXHIBIT A-2

**DEPICTION OF PHASE II PARCEL (Highlighted in Yellow)**  
Metes and Bounds Legal Description to be provided at Recordation



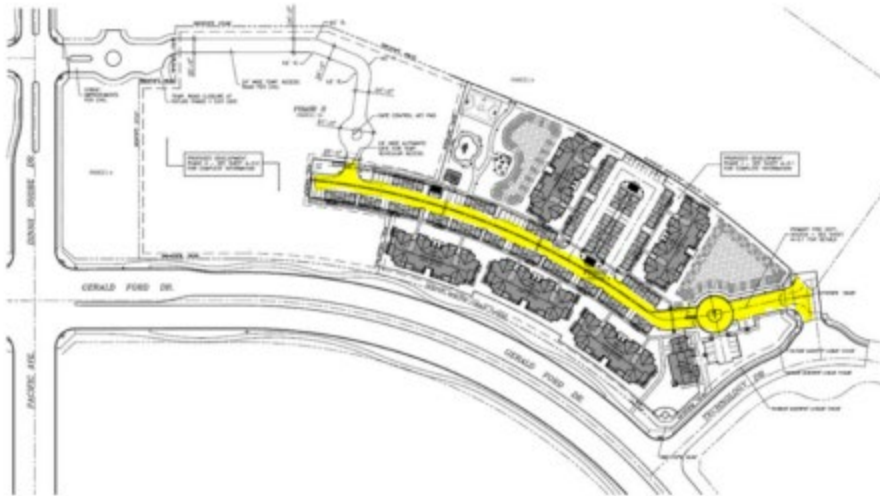
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B-1



EXHIBIT C-1

Description of Phase I Access Easement

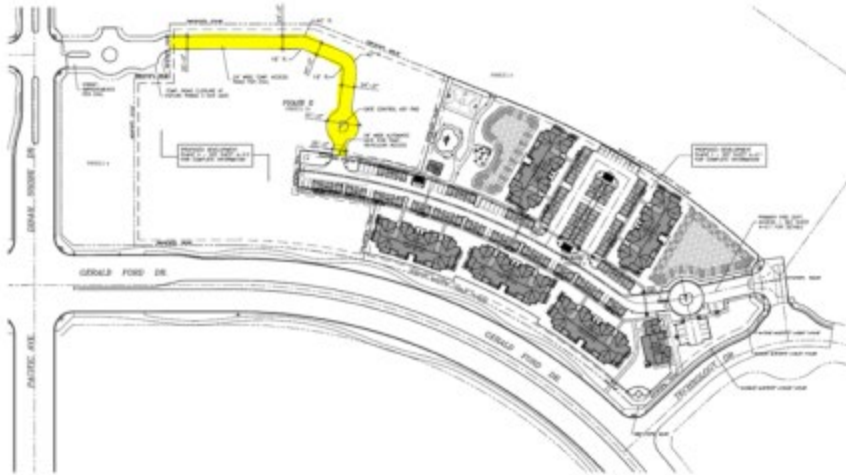


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C-1

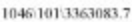
EXHIBIT C-2

Description of Phase II Access Easement



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C-2



B-1-20

## **EXHIBIT B-2**

### **PARCEL 9 EASEMENT**

RECORDING REQUESTED BY AND  
WHEN RECORDED MAIL TO:

City of Palm Desert  
73-510 Fred Waring Drive  
Palm Desert, CA 92260  
Attn: Housing Division

AFTER RECORDATION MAIL TO AND  
MAIL TAX STATEMENTS TO:

Palm Desert Palm Villas Partners LP  
c/o \_\_\_\_\_  
100 Pacifica, Suite 203  
Irvine, CA 92618  
Attn: \_\_\_\_\_

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(SPACE ABOVE THIS LINE FOR RECORDER'S USE)

### **PARCEL 9 EASEMENT AGREEMENT**

This Parcel 9 Easement Agreement (this "Agreement") is made as of \_\_\_\_\_, 202\_\_, by and between, Palm Desert Palm Villas Partners LP, a California limited partnership, (the "Partnership"), and the City of Palm Desert, a municipal corporation (the "City"), (individually a "Party" and collectively referred to herein as the "Parties"), with reference to the following facts:

#### **RECITALS**

A. The Partnership owns an approximately 6.02-acre parcel of real property located at on the north side of Gerald Ford Drive between Portola Road and Cook Street in Palm Desert, California, as more particularly described in Exhibit A attached hereto ("Phase I Parcel"), on which the Partnership intends to construct and own one hundred twenty (120) units of affordable rental housing commonly known as Palm Villas I ("Phase I Project").

B. The City owns an approximately 4.47-acre parcel of real property located on the north side of Gerald Ford Drive between Portola Road and Cook Street in Palm Desert, California in the City of Palm Desert, California (the "Phase II Parcel"). The Phase II Parcel is adjacent to the Phase I Parcel and is intended to be Phase II of the Palm Villa development with one hundred nineteen (119) units of affordable rental housing.

C. The City also owns an approximately 26.14-acre parcel of real property located on the Dina Shore Drive in Palm Desert, California in the City of Palm Desert, California, as more particularly described in Exhibit B attached hereto (the "Parcel 9") that is adjacent to the Phase II Parcel.

D. Through a separate agreement the City has granted easements to the Partnership over the Phase II Parcel to allow the Partnership to construct private street improvements on the Phase II Parcel (the "Private Street Improvements") and to have ingress and egress across the Phase II Parcel.

E. The Partnership desires to construct street improvements across the Phase 9 to gain access Dinah Shore Drive (the "Street Improvements"), which Street Improvements will be connected to the Private Street Improvements.

F. In connection with the Phase I Project, the Partnership desires to secure a non-exclusive, appurtenant easement (subject to the terms and conditions of this Agreement), to allow for: (i) access, ingress and egress by and for the Permitted Parties (defined below) including both pedestrian and vehicular access the Parcel 9; (ii) construction of the Street Improvements; (iii) maintenance, repair, and replacement of the Street improvements in connection with such access.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained in this Agreement, the Parties agree as follows:

Section 1. Grant of Easements. The City hereby grants to the Partnership and its tenants, subtenants, licensees, invitees, customers, contractors, employees, and agents (the "Permitted Parties"), for the benefit of the Phase I Parcel the following easements: (i) a non-exclusive easement for pedestrian and vehicular access, ingress and egress by the Permitted Parties over and across the Parcel 9, as more particularly described in Exhibit C, attached hereto (the "Access Easement"); (ii) an exclusive temporary easement over the Access Easement in order to construct, alter, remodel, demolish, repair, restore and reconstruct the Street Improvement (the "Construction Easement"); and (iii) a non-exclusive easement over, upon and across the Access Easement for the purpose of maintaining, operating and repairing the Private Street Improvements (the "Maintenance Easement") The Access Easement, the Construction Easement, and the Maintenance Easement shall be collectively referred to herein as the "Easements". The Partnership specifically acknowledges and agrees that the City is granting the Easements to the Partnership on an "as is with all faults" basis and subject to all title matters of record and all title matters visible upon inspection.

Section 2. Term. Subject to the provisions of Section 3, each covenant, easement, restriction, and undertaking of the Easement contained in this Agreement will be perpetual, unless sooner terminated as a result of the demolition of the housing developments on the Phase I Parcel and Phase II Parcel, which are not replaced by another residential development.

Section 3. Termination of the Easement. The Parties intend that upon completion of the Street Improvements the City will inspect the completed improvements and confirm that the improvements comply with the City standards for a public street. Following the City's confirmation of the Street Improvement compliance with City standards, the City shall promptly dedicate the Access Easement as a public street and, at which time, the Easements shall terminate. The Parties shall execute and record the appropriate documents to evidence the termination of the Easements.

Section 4. Nature of Easements. The Easements granted in this Agreement are appurtenant to and for the benefit of the Phase I Parcel. The Easements may not be transferred, assigned, or encumbered except as an appurtenance to the Phase I Parcel.

Section 5. Covenants Running with the Land. The City and the Partnership expressly intend that the covenants contained in this Agreement with respect to the Easements described in this Agreement will be equitable servitudes and covenants running with and benefiting and burdening the Phase I Parcel and Parcel 9.

Section 6. Construction of the Street Improvements. The Partnership shall construct the Private Street Improvement in accordance with City-approved plans and specifications for the construction of the Private Street Improvements. The Partnership shall diligently prosecute such construction to completion at the Partnership's sole cost and expense. The Partnership agrees that the Street Improvements shall be constructed in a good and workmanlike manner and in accordance with all applicable laws, rules, ordinances and regulations.

Section 7. Maintenance and Repair of Access Easement. The Partnership shall provide for the appropriate upkeep and maintenance of the portion of the Access Easement to ensure that the Access Easement is maintained in good condition and repair and clean and free of rubbish, debris and other hazards to users. The Partnership's shall maintain the surface of the Access Easement so that the surface is level and evenly covered with the type of surfacing material originally installed or a substitute material that is equal in quality, appearance, and durability.

Section 8. New Phase II Owner. If the City conveys the Phase II Parcel prior to the termination of this Agreement pursuant to Section 3, the new Phase II Owner its tenants, subtenants, licensees, invitees, customers, contractors, employees, and agents shall be consider Permitted Parties under this Agreement and the Parties and the new Phase II Owner will work cooperatively to record the appropriate documents to reflect that the Phase II Parcel is a benefitting parcel of the Easements set forth in Section 1 of this Agreement.

Section 9. Insurance and Indemnification Requirements. The Partnership shall maintain insurance against claims for injuries to persons or damages to property which may arise from or in connection with the Easements.

(a) Required Coverage. The Partnership must maintain and keep in force, at the Partnership's sole cost and expense, the following insurance:

(1) Workers' Compensation insurance, as required by the State of California and consistent with statutory limits, and Employers' Liability coverage, with limits not less than One Million Dollars (\$1,000,000) each accident for bodily injury or disease.

(2) Commercial General Liability insurance with limits not less than One Million Dollars (\$1,000,000) each occurrence and Five Million Dollars (\$5,000,000) aggregate combined single limit for Bodily Injury and Property Damage, including coverages for Contractual Liability, Personal Injury, Broadform Property Damage, Products and Completed Operations. Products and Completed Operations coverage must be obtained no later than completion of construction of the Development. The Partnership shall cause the Partnership's general contractor to maintain Commercial General Liability insurance with limits not less than Two Million Dollars (\$2,000,000) each occurrence and Four Million Dollars (\$4,000,000) aggregate combined single limit for Bodily Injury and Property Damage, including coverages for Contractual Liability, Personal Injury, Broadform Property Damage, Products and Completed Operations.

(b) General Requirements.

(1) The required insurance must be provided under an occurrence form, and the Developer must maintain such coverage continuously throughout the Term. Should any of the required insurance be provided under a form of coverage that includes an annual aggregate limit or provides that claims investigation or legal defense costs be included in such annual aggregate limit, such annual aggregate limit must be three (3) times the occurrence limits specified above.

(2) Commercial General Liability insurance must be endorsed to name as additional insureds the City and its elected officials, officers, directors, representatives, consultants, employees, and agents. The endorsement must include liability arising out of work or operations performed by or on behalf of the Partnership including materials, parts, or equipment furnished in connection with such work or operations. For commercial general liability, the policy must be endorsed with a form at least as broad as ISO form 20 10, GC 11 85 or both CG 20 10 and CG 20 37 forms if later revisions used.

(3) The Partnership's insurance must be primary to any other insurance (including self-insurance) available to the City (including elected officials, officers, directors, representatives, consultants, employees, and agents) with respect to any claim arising out of this Agreement. Any insurance maintained by the City shall be excess of the Partnership's insurance and shall not contribute with it.

(4) No policy shall be canceled, limited, or allowed to expire without renewal until after thirty (30) days written notice has been given to the City by first class mail.

(5) Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A:VII, unless otherwise acceptable to the City. Exception may be made for the State Compensation Insurance Fund when not specifically rated.

Section 10. Indemnification. The Partnership hereby agrees to release, indemnify and defend the City, its councilmembers, its officers, its employees from and against any and all

claims, liabilities, losses, damages, costs and expenses arising from or as the result of the death of, or any accident, injury, loss or damage to, any person or property that occurs within the Easements. Notwithstanding the foregoing, the City will not be entitled to such indemnification for any damage to the extent caused by its own negligence or by its willful misconduct.

Section 11. Remedies. If there is a material breach of any provision of this Agreement, a non-breaching Party may serve written notice of the breach on the breaching Party. If the breach is not cured within thirty (30) days following receipt of the notice of breach (or such longer period as is reasonably necessary to remedy such breach, provided that the breaching Party shall continuously and diligently pursue such remedy at all times until such breach is cured), the non-breaching Party may take any and all action as permitted by law.

Section 12. No Public Dedication. Nothing herein shall be deemed to be a gift or dedication of any portion of the Easements to the general public or for any public purposes whatsoever. It is the intention of the Parties that this Agreement be strictly limited to and for the purposes herein expressed. The right of the public or any person to make any use whatsoever of the Access Easement or any portion thereof is by permission and subject to the mutual agreement of the Parties. Notwithstanding anything to the contrary herein, the Parties may, by mutual agreement, periodically restrict ingress and egress to and from any or all of the Access Easement in order to prevent any type of prescriptive easement from arising by reason of continued public use.

Section 13. Notices. Formal notices, demands and communications between the Parties shall be sufficiently given if, and shall not be deemed given unless, dispatched by certified mail, return receipt requested, or express delivery service with a delivery receipt, to the principal offices of the Party as follows:

City:	City of Palm Desert 73-510 Fred Waring Drive Palm Desert, CA 92260 Attn: Housing Division
Partnership:	Palm Desert Palm Villas Partners LP, a California limited partnership 100 Pacifica, Suite 203 Irvine, CA 92618 Attn: _____

Notices shall be deemed received as of the date delivered or delivery was refused as shown on the return receipt. The foregoing addressed may be change by notice given as provided in this Agreement. Each Party shall promptly notify each of the other Party of any change in its address as last disclosed.



Section 14. Counterparts. This Agreement may be signed in one or more counterparts, each of which shall be deemed an original, and all of which taken together shall constitute this Agreement.

Section 15. Legal Actions. If any legal action is brought to interpret or enforce the terms of this Agreement, the prevailing Party shall be entitled to recover against the Party not prevailing, all reasonable costs, including attorneys' fees, incurred in the action.

Section 16. Entire Agreement. This Agreement contains the entire agreement between the Owners relating to the rights granted and the obligations hereunder assumed. Any oral representations or modification concerning this Agreement shall be of no force and effect excepting a subsequent modification in writing signed by the Parties.

Section 17. Exhibits. Any and all Exhibits referred to in this Agreement are incorporated in this Agreement by this reference.

Section 19. Successors and Assigns. This Agreement shall be binding upon, and shall inure to the benefit of, the Parties hereto and their permitted successors and assigns.

Section 20. Amendments. This Agreement may be amended or modified only by a written instrument executed by the Parties.

Section 21. Governing Law. This Agreement shall be governed by and interpreted in accordance with the laws of the State of California.

WHEREFORE the Parties have executed this Agreement as of the date first written above.

**CITY:**

CITY OF PALM DESERT,  
a municipal corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**PARTNERSHIP:**

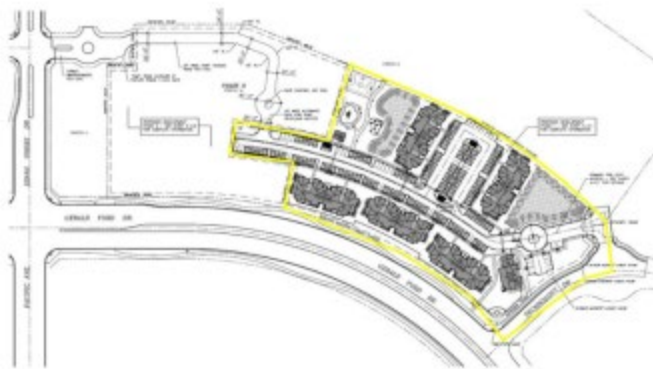
PALM DESERT PALM VILLAS  
PARTNERS LP, a California limited  
partnership

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_

EXHIBIT A  
Legal Description of Phase I Parcel

**EXHIBIT A-1**

**DEPICTION OF PHASE I PARCEL (Highlighted in Yellow)**  
Metes and Bounds Legal Description to be provided at Recordation



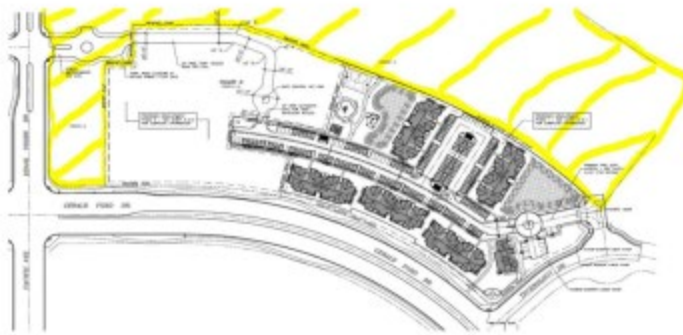
1046101336448.5

A-1

**EXHIBIT B**  
**Legal Description of Parcel 9**

**EXHIBIT A-3**

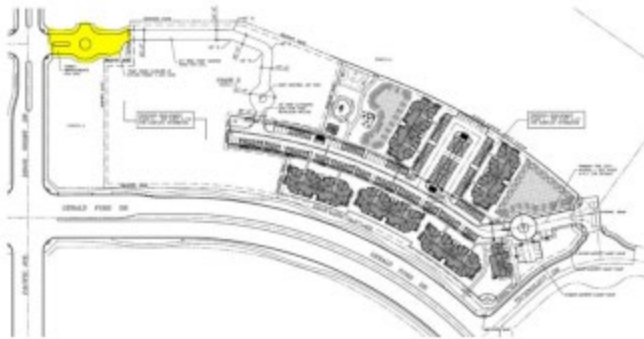
**DEPICTION OF PARCEL 9 (Highlighted in Yellow)**  
Metes and Bounds Legal Description to be provided at Recordation



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B-1

EXHIBIT C  
Description of Access Easement



1046101336448.5

C-1

## EXHIBIT B-3

**RECORDING REQUESTED BY AND  
WHEN RECORDED MAIL TO:**

City of Palm Desert  
73-510 Fred Waring Drive  
Palm Desert, CA 92260  
Attn: Housing Division

**AFTER RECORDATION MAIL TO AND  
MAIL TAX STATEMENTS TO:**

Palm Desert Palm Villas Partners LP  
c/o \_\_\_\_\_  
100 Pacifica, Suite 203  
Irvine, CA 92618  
Attn: \_\_\_\_\_

---

(SPACE ABOVE THIS LINE FOR RECORDER'S USE)

### **MAINTENANCE EASEMENT AGREEMENT**

This Maintenance Easement Agreement (this "Agreement") is made as of \_\_\_\_\_, 202\_, by and between, Palm Desert Palm Villas Partners LP, a California limited partnership, (the "Partnership"), and the City of Palm Desert, a municipal corporation (the "City"), (individually a "Party" and collectively referred to herein as the "Parties"), with reference to the following facts:

#### **RECITALS**

A. The Partnership owns an approximately 6.02-acre parcel of real property located at on the north side of Gerald Ford Drive between Portola Road and Cook Street in Palm Desert, California, as more particularly described in Exhibit A attached hereto ("Phase I Parcel"), on which the Partnership intends to construct and own one hundred twenty (120) units of affordable rental housing commonly known as Palm Villas I ("Phase I Project").

B. The City owns an approximately 4.47-acre parcel of real property located on the north side of Gerald Ford Drive between Portola Road and Cook Street in Palm Desert, California in the City of Palm Desert, California (the "Phase II Parcel"). The Phase II Parcel is adjacent to the Phase I Parcel and is intended to be Phase II of the Palm Villa development with one hundred nineteen (119) units of affordable rental housing.

C. The City owns an approximately 26.14-acre parcel of real property located on the Dina Shore Drive in Palm Desert, California in the City of Palm Desert, California, as more particularly described in Exhibit B attached hereto (the "Parcel 9"). Parcel 9 adjoins the Phase I Parcel and the Phase II Parcel.

D. As part of the Phase I Project, the Partnership intends to construct an eight (8) foot high wall along the north boundary line of the Phase I Parcel adjacent to Parcel 9 (the "Phase I Wall").

E. The Parties anticipate that the development of the Phase II Parcel will also necessitate the development of a boundary wall between the Phase II Parcel and Parcel 9.

F. In connection with the Phase I Project, the Partnership desires to secure a non-exclusive, appurtenant easement for access over Parcel 9 along the Phase I Wall to remove any sand build up against the wall and to maintain and repair the exterior of the Phase I Wall in connection with such access.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained in this Agreement, the Parties agree as follows:

Section 1. Grant of Easement. The City hereby grants to the Partnership and its contractors, employees, and agents (the "Permitted Parties"), for the benefit of the Phase I Parcel a non-exclusive easement thirty (30) feet in width for access by the Permitted Parties over and across the Parcel 9, as more particularly described in Exhibit C attached hereto for the purpose of removing sand build-up against the Phase I Wall and to maintain and repair the exterior of the Phase I Wall in connection with such access (the "Easement"). The Developer specifically acknowledges and agrees that the City is granting the Easement to the Developer on an "as is with all faults" basis and subject to all title matters of record and all title matters visible upon inspection.

Section 2. Term. Each covenant, easement, restriction, and undertaking of the Easement contained in this Agreement will be perpetual, unless sooner terminated as a result of the demolition of the housing developments on the Phase I Parcel and Phase II Parcel, which are not replaced by another residential development.

Section 3. Nature of Easement. The Easement granted in this Agreement are appurtenant to and for the benefit of the Phase I Parcel. The Easement may not be transferred, assigned, or encumbered except as an appurtenance to the Phase I Parcel.

Section 4. Covenants Running with the Land. The City and the Partnership expressly intend that the covenants contained in this Agreement with respect to the Easement described in this Agreement will be equitable servitudes and covenants running with and benefiting and burdening the Phase I Parcel and Parcel 9.

Section 5. Use of Easement. The Partnership's use of the Easement will be for the purpose of removing sand build-up against the Phase I Wall and to maintain and repair the exterior of the Phase I Wall in connection with such access. Prior to commencing the activities on the Easement, the Partnership shall provide its sand removal and maintenance plans to the City for the City's review and reasonable approval.

Section 6. Insurance and Indemnification Requirements. The Partnership shall maintain insurance against claims for injuries to persons or damages to property which may arise from or in connection with the Easements.

(a) Required Coverage. The Partnership must maintain and keep in force, at the Partnership's sole cost and expense, the following insurance:

(1) Workers' Compensation insurance, as required by the State of California and consistent with statutory limits, and Employers' Liability coverage, with limits not less than One Million Dollars (\$1,000,000) each accident for bodily injury or disease.

(2) Commercial General Liability insurance with limits not less than One Million Dollars (\$1,000,000) each occurrence and Two Million Dollars (\$2,000,000) aggregate combined single limit for Bodily Injury and Property Damage, including coverages for Contractual Liability, Personal Injury, Broadform Property Damage, Products and Completed Operations. Products and Completed Operations coverage must be obtained no later than completion of construction of the Development.

(b) General Requirements.

(1) The required insurance must be provided under an occurrence form, and the Developer must maintain such coverage continuously throughout the Term. Should any of the required insurance be provided under a form of coverage that includes an annual aggregate limit or provides that claims investigation or legal defense costs be included in such annual aggregate limit, such annual aggregate limit must be three (3) times the occurrence limits specified above.

(2) Commercial General Liability insurance must be endorsed to name as additional insureds the City and its elected officials, officers, directors, representatives, consultants, employees, and agents. The endorsement must include liability arising out of work or operations performed by or on behalf of the Partnership including materials, parts, or equipment furnished in connection with such work or operations. For commercial general liability, the policy must be endorsed with a form at least as broad as ISO form CG 20 10 11 85 or both CG 20 10 and CG 20 37 forms if later revisions used.

(3) The Partnership's insurance must be primary to any other insurance (including self-insurance) available to the City (including elected officials, officers, directors, representatives, consultants, employees, and agents) with respect to any claim arising out of this Agreement. Any insurance maintained by the City shall be excess of the Partnership's insurance and shall not contribute with it.

(4) No policy shall be canceled, limited, or allowed to expire without renewal until after thirty (30) days written notice has been given to the City by first class mail.



(5) Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A:VII, unless otherwise acceptable to the City. Exception may be made for the State Compensation Insurance Fund when not specifically rated.

Section 7. Remedies. If there is a material breach of any provision of this Agreement, a non-breaching Party may serve written notice of the breach on the breaching Party. If the breach is not cured within thirty (30) days following receipt of the notice of breach (or such longer period as is reasonably necessary to remedy such breach, provided that the breaching Party shall continuously and diligently pursue such remedy at all times until such breach is cured), the non-breaching Party may take any and all action as permitted by law.

Section 8. No Public Dedication. Nothing herein shall be deemed to be a gift or dedication of any portion of the Easements to the general public or for any public purposes whatsoever. It is the intention of the Parties that this Agreement be strictly limited to and for the purposes herein expressed.

Section 9. Indemnification. The Partnership hereby agrees to release, indemnify and defend the City, its councilmembers, its officers, its employees from and against any and all claims, liabilities, losses, damages, costs and expenses arising from or as the result of the death of, or any accident, injury, loss or damage to, any person or property that occurs within the Easements. Notwithstanding the foregoing, the City will not be entitled to such indemnification for any damage to the extent caused by its own negligence or by its willful misconduct.

Section 10. New Phase II Owner. Upon the sale of the Phase II Parcel, the City agrees to grant to the new Phase II owner an easement materially similar to easement granted to the Partnership to allow the Phase II owner to enter Parcel 9 to the maintain the Phase II Parcel boundary wall. The City will grant the easement to the new Phase II Parcel owner concurrently with the close of escrow for the sale of the Phase II Parcel to the new Phase II Parcel owner.

Section 11. Notices. Formal notices, demands and communications between the Parties shall be sufficiently given if, and shall not be deemed given unless, dispatched by certified mail, return receipt requested, or express delivery service with a delivery receipt, to the principal offices of the Party as follows:

City: City of Palm Desert  
73-510 Fred Waring Drive  
Palm Desert, CA 92260  
Attn: Housing Division

Partnership: Palm Desert Palm Villas Partners LP,  
a California limited partnership  
100 Pacifica, Suite 203  
Irvine, CA 92618  
Attn: \_\_\_\_\_

Notices shall be deemed received as of the date delivered or delivery was refused as shown on the return receipt. The foregoing address may be change by notice given as provided in this Agreement. Each Party shall promptly notify each of the other Party of any change in its address as last disclosed.

Section 12. Counterparts. This Agreement may be signed in one or more counterparts, each of which shall be deemed an original, and all of which taken together shall constitute this Agreement.

Section 13. Legal Actions. If any legal action is brought to interpret or enforce the terms of this Agreement, the prevailing Party shall be entitled to recover against the Party not prevailing, all reasonable costs, including attorneys' fees, incurred in the action.

Section 14. Entire Agreement. This Agreement contains the entire agreement between the Owners relating to the rights granted and the obligations hereunder assumed. Any oral representations or modification concerning this Agreement shall be of no force and effect excepting a subsequent modification in writing signed by the Parties.

Section 15. Exhibits. Any and all Exhibits referred to in this Agreement are incorporated in this Agreement by this reference.

Section 19. Successors and Assigns. This Agreement shall be binding upon, and shall inure to the benefit of, the Parties hereto and their permitted successors and assigns.

Section 20. Amendments. This Agreement may be amended or modified only by a written instrument executed by the Parties.

Section 21. Governing Law. This Agreement shall be governed by and interpreted in accordance with the laws of the State of California.

WHEREFORE the Parties have executed this Agreement as of the date first written above.

**CITY:**

CITY OF PALM DESERT,  
a municipal corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**PARTNERSHIP:**

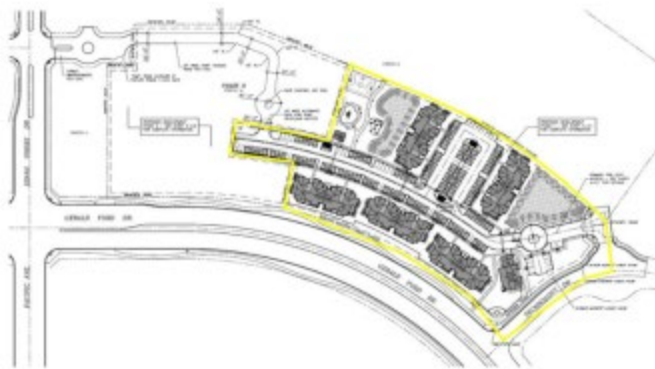
PALM DESERT PALM VILLAS  
PARTNERS LP, a California limited  
partnership

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_

EXHIBIT A  
Legal Description of Phase I Parcel

**EXHIBIT A-1**

**DEPICTION OF PHASE I PARCEL (Highlighted in Yellow)**  
Metes and Bounds Legal Description to be provided at Recordation



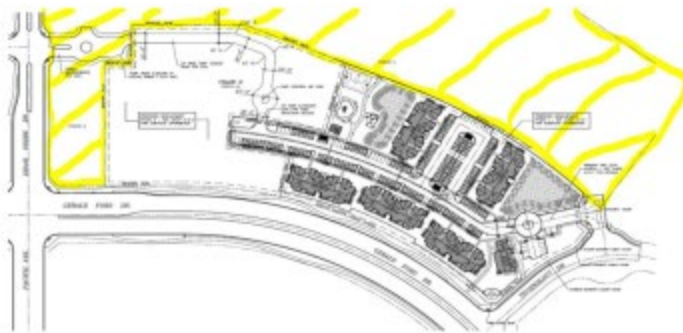
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A-1

**EXHIBIT B**  
**Legal Description of Parcel 9**

**EXHIBIT A-3**

**DEPICTION OF PARCEL 9 (Highlighted in Yellow)**  
Metes and Bounds Legal Description to be provided at Recordation



10461013364152.4

B-1

EXHIBIT C  
Description of Access Easement

10461013364152.4

C-1

**EXHIBIT C**

**FORM OF GRANT DEED**

Recording Requested By:

City of Palm Desert  
73-510 Fred Waring Drive  
Palm Desert, CA 92260  
Attention: Housing Division

AFTER RECORDATION MAIL TO AND  
MAIL TAX STATEMENTS TO:

\_\_\_\_\_  
100 Pacifica, Suite 203  
Irvine, CA 92618  
Attn: President

\_\_\_\_\_  
SPACE ABOVE THIS LINE FOR RECORDER'S USE

APN# \_\_\_\_\_

THE UNDERSIGNED GRANTOR(S) DECLARE(S):

**Documentary Transfer Tax is \$ \_\_\_\_\_ City Transfer Tax is \$0**

- ☐ computed on full value of property conveyed, or
- ☐ computed on full value less value of liens and/or encumbrances remaining at time of sale,
- ☐ Unincorporated Area [\_\_\_\_], County of Riverside

EXEMPT FROM BUILDING HOMES AND JOBS ACTS FEE PER GOVERNMENT CODE  
27388.1(a)(2)

**GRANT DEED**

For valuable consideration, the receipt of which is hereby acknowledged,

City of Palm Desert, a municipal corporation (herein called "Grantor") grants to \_\_\_\_\_, a California limited partnership (herein called "Grantee"), the real property located at \_\_\_\_\_ in the City of Palm Desert, CA (the "Property"), as legally described in the document attached hereto, labeled Exhibit A, and incorporated herein by this reference, together with all of Grantor's right, title and interest in and to all easements, privileges and rights appurtenant to the Property, subject to (a) all non-delinquent real property taxes, (b) all non-delinquent special assessments, if any, (c) all other liens, leases, easements, encumbrances, covenants, conditions, restrictions and other matters of record, and (d) all matters affecting the status of title that would be revealed by an accurate survey of the

subject property. Grantor disclaims any and all express or implied warranties regarding the Property other than the implied warranties stated in Section 1113 of the California Civil Code.

1. The Property is conveyed subject to the Amended and Restated Disposition, Development and Loan Agreement dated in April, 2024, by and between Grantor and Palm Communities, predecessor in interest to Grantee, (the “Agreement”). The Agreement shall apply to this Grant Deed only until the termination of the Agreement by its terms and thereafter shall have no further force or effect by reference in this Grant Deed.

2. Grantee herein covenants by and for itself, its successors and assigns that there shall be no discrimination against or segregation of a person or of a group of persons on account of race, color, religion, creed, national origin, ancestry, disability (actual or perceived), medical condition, age, source of income, familial status, marital status, domestic partner status, sex, sexual preference/orientation, Acquired Immune Deficiency Syndrome (AIDS) – acquired or perceived, or any additional basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, as such provisions may be amended from time to time, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property herein conveyed nor shall the Grantee or any person claiming under or through the Grantee establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, vendees, or employees in the Property herein conveyed. The foregoing covenant shall run with the land.

All deeds, leases or other real property conveyance contracts entered into by the Grantee on or after the date of this Grant Deed as to any portion of the Property shall contain the following language:

(a) In Deeds:

“Grantee herein covenants by and for itself, its successors and assigns that there shall be no discrimination against or segregation of a person or of a group of persons on account of race, color, religion, creed, national origin, ancestry, disability (actual or perceived), medical condition, age, source of income, familial status, marital status, domestic partner status, sex, sexual preference/orientation, Acquired Immune Deficiency Syndrome (AIDS) – acquired or perceived, or any additional basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, as such provisions may be amended from time to time, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the property herein conveyed nor shall the grantee or any person claiming under or through the grantee establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, vendees, or employees in the property herein conveyed. The foregoing covenant shall run with the land.”



(b) In Leases:

“The lessee herein covenants by and for the lessee and lessee’s heirs, personal representatives and assigns and all persons claiming under or through the lessee that his lease is made subject to the condition that there shall be no discrimination against or segregation of any person or of a group of persons on account of race, color, religion, creed, national origin, ancestry, disability (actual or perceived), medical condition, age, source of income, familial status, marital status, domestic partner status, sex, sexual preference/orientation, Acquired Immune Deficiency Syndrome (AIDS) – acquired or perceived, or any additional basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, as such provisions may be amended from time to time, in the leasing, subleasing, transferring, use, occupancy, tenure or enjoyment of the land herein leased nor shall the lessee or any person claiming under or through the lessee establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, sublessees, subtenants, vendees, or employees in the land herein leased.”

(c) In Contracts:

“There shall be no discrimination against or segregation of any person or group of persons on account of race, color, religion, creed, national origin, ancestry, disability (actual or perceived), medical condition, age, source of income, familial status, marital status, domestic partner status, sex, sexual preference/orientation, Acquired Immune Deficiency Syndrome (AIDS) – acquired or perceived, or any additional basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, as such provisions may be amended from time to time, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the property nor shall the transferee or any person claiming under or through the transferee establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, vendees, or employees of the land.”

3. The covenants contained in this Grant Deed shall be construed as covenants running with the land.

*[SIGNATURES ON FOLLOWING PAGE]*

IN WITNESS WHEREOF, the Grantor has caused this Grant Deed to be executed by its duly authorized representative.

Executed as of the \_\_\_\_ day of \_\_\_\_\_, 202\_\_

**CITY**

CITY OF PALM DESERT  
a municipal corporation

By: \_\_\_\_\_  
Mayor

ATTEST:

By: \_\_\_\_\_  
\_\_\_\_\_, City Clerk

EXHIBIT A

LEGAL DESCRIPTION OF LAND

THE LAND IN THE CITY OF PALM DESERT, IN THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

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 \_\_\_\_\_  
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.

\_\_\_\_\_(Seal)

**EXHIBIT D**

**FORMS OF DENSITY BONUS AGREEMENTS**

**Exhibit D-1**

**Form of Density Bonus Agreement for Phase I**

RECORDING REQUESTED BY, AND  
WHEN RECORDED RETURN TO:

City of Palm Desert  
73-510 Fred Waring Drive  
Palm Desert, CA 92260-2578  
Attn: \_\_\_\_\_

*SPACE ABOVE THIS LINE FOR RECORDER'S USE ONLY*

**This Document is recorded for the benefit of the City of Palm Desert and is exempt  
from recording fees pursuant to Sections 6103, 27383 and 27388.1  
of the California Government Code.**

**HOUSING AGREEMENT  
(Density Bonus Agreement; Phase I)**

by and between

the **CITY OF PALM DESERT**,

and

\_\_\_\_\_

**DATED AS OF \_\_\_\_\_, 202\_\_**

## HOUSING AGREEMENT

THIS HOUSING AGREEMENT (the “Agreement”) is dated as of \_\_\_\_\_, 202\_\_, and is by and between the CITY OF PALM DESERT, a municipal corporation (the “City”), and \_\_\_\_\_ (the “Owner”). City and Owner are sometimes referred to herein individually as a “Party” and collectively as “Parties”.

### RECITALS

This Agreement is predicated upon the following facts:

A. The Owner is the owner of the land described in “**Exhibit A**” attached hereto (the “Property”).

B. The City, the Palm Desert Housing Authority (“Authority”) and Owner have entered into that certain Amended and Restated Disposition, Development and Loan Agreement dated in April, 2024 (“DDLA”), pursuant to which the City conveyed the Property to the Owner for the development described in the DDLA (“Development” or “Apartment Community”) and the Authority made a loan to Owner for the purchase price of the Property (“Authority Loan”). Capitalized terms used but not defined herein shall have the meaning set forth in the DDLA.

C. Pursuant to the DDLA, the Owner executed a Promissory Note in favor of Authority and a deed of trust in favor of Authority securing such Promissory Note and the Authority is obligated to make disbursements of loan proceeds subject to and in accordance with the DDLA.

D. Additionally, Owner has applied for and obtained a density bonus from the City for the Development which permits greater density and less parking that would otherwise be required, and in exchange, City also requires that the apartment units be so restricted of record, and that such restrictions not be subordinate or subordinated to any deeds of trust or other consensual liens.

E. This Agreement is that density bonus restrictions agreement.

NOW, THEREFORE, in consideration of the mutual covenants and undertakings set forth herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the City and the Owner hereby agree as follows:

### ARTICLE 1. DEFINITIONS AND INTERPRETATION.

#### 1.1 Definitions.

Capitalized terms used herein shall have the following meanings unless the context in which they are used clearly requires otherwise.

“**Affordable Units**” shall mean twelve (12) of the units in the Apartment Community available to and occupied by, or held vacant for occupancy only by, Very Low Income Households

and rented at an Affordable Rent. The Affordable Units will include the number of bedrooms shown on the following table:

Bedroom Size	Very Low Income Household Units
One	2
Two	7
Three	3
<b>Total:</b>	12

**“Affordable Rent”** shall mean rent for an Affordable Unit, including a Reasonable Utility Allowance, determined pursuant to California Health and Safety Code Section 50053(b) and the state regulations adopted by the California Department of Housing and Community Development (“HCD”) pursuant thereto, as amended from time to time, based upon the AMI adjusted for a Household Size Appropriate to the Affordable Unit. More specifically, the maximum monthly Affordable Rent, including a Reasonable Utility Allowance, may not exceed thirty percent (30%) of fifty percent (50%) of the AMI, adjusted for a Household Size Appropriate to the Affordable Unit, divided by twelve.

**“AMI”** shall mean the area median income for Riverside County as published by the California Department of Housing and Community Development pursuant to Health and Safety Code Section 50052.5, or successor statute, as adjusted for family size in accordance with the state regulations adopted pursuant to California Health and Safety Code Section 50052.5.

**“Household Size Appropriate to the Affordable Unit”** in the absence of pertinent federal statutes or regulations applicable to the Apartment Community, shall have the meaning set forth in California Health and Safety Code Section 50052.5(h), as amended from time to time.

**“Reasonable Utility Allowance”** shall mean a utility allowance for utilities paid by a tenant (not including telephone, internet or cable service) utilizing the utility allowance schedule published annually by the Housing Authority of the County of Riverside.

**“Required Covenant Period”** shall mean the period commencing on the date all units in the Apartment Community have been completed as evidenced by the City’s issuance of a final Certificate of Occupancy for the Apartment Community, and ending as of the fifty-fifth (55th) anniversary thereof.

**“Very Low Income Household”** shall mean persons and families who meet the fifty percent (50%) or less of AMI income qualification limits set forth in California Health and Safety Code Section 50105 and Title 25 of the California Code of Regulations, including Section 6910, as such statute and regulations are amended from time to time.

## **1.2 Rules of Construction.**



1.2.1 The singular form of any word used herein, including the terms defined herein shall include the plural and vice versa. The use herein of a word of any gender shall include correlative words of all genders.

1.2.2 Unless otherwise specified, references to articles, sections, and other subdivisions of this Agreement are to the designated articles, sections, and other subdivisions of this Agreement as originally executed. The words “hereof,” “herein,” “hereunder,” and words of similar import shall refer to this Agreement as a whole.

1.2.3 All of the terms and provisions hereof shall be construed to effectuate the purposes set forth in this Agreement and to sustain the validity hereof.

1.2.4 Headings or titles of the several articles and sections hereof and the table of contents appended to copies hereof shall be solely for convenience of reference and shall not affect the meaning, construction, or effect of the provisions hereof.

## ARTICLE 2. ONGOING APARTMENT COMMUNITY OBLIGATIONS.

### 2.1 Apartment Community and Affordable Units.

The Owner shall develop and construct the Apartment Community on the Property in conformity with the DDLA. Thereafter, during the Required Covenant Period, the Owner agrees that not less than twelve (12) units in the Apartment Community shall be Affordable Units under this Agreement, meaning that such units shall be continually available to and occupied by, or held vacant for occupancy only by, Very Low Income Households. All of the rental units in the Apartment Community shall be similarly constructed and all of the Affordable Units shall be generally constructed at the same time as those units which are available to other tenants, and distributed in terms of location throughout the Apartment Community. The Affordable Units shall be of comparable quality to those rental units in the Apartment Community which are available to other tenants. The Owner agrees that, to the extent commercially reasonable, Affordable Units will not be underutilized. No persons shall be permitted to occupy any Affordable Unit in excess of applicable limit of maximum occupancy set by the City’s Municipal Code and the laws of the State of California.

### 2.2 Residential Rental Property.

The Owner covenants to operate the Apartment Community as residential rental property. During the Required Covenant Period, the Affordable Units will be held and used for the purpose of providing residential living, and the Owner shall own, manage and operate, or cause the management and operation of, the Apartment Community to provide such affordable rental housing. All of the rental units in the Apartment Community with the exception of one (1) manager unit will be available for rental on a continuous basis to members of the general public and the Owner will not give preference to any particular class or group in renting the units in the Apartment Community, except as required under this Agreement. The Owner shall not convert any Affordable Unit(s) to condominiums or cooperative ownership or sell condominium or cooperative conversion rights to any Affordable Unit(s) during the term of this Agreement.

### 2.3 Very Low Income Households.

**2.3.1 Income Qualification; Initial Certification.** Subject to the applicable provisions hereof, throughout the Required Covenant Period, the Affordable Units restricted by this Agreement will be exclusively occupied by, or available for occupancy only by Very Low Income Households on a continuous basis. Prior to the rental or lease of an Affordable Unit and in accordance with Section 2.6 hereof, the Owner will obtain and maintain on file a Household Income Certification ("Income Certification") substantially in the form attached hereto as Exhibit "B" and incorporated herein by this reference for each Very Low Income Household, and shall provide copies of same to the City at such times as the City may, from time to time, reasonably require. In addition, the Owner will provide such further information as may reasonably be required in the future by the City. The Income Certification shall be dated immediately prior to the applicable household's initial occupancy of an Affordable Unit. The Owner shall make a good faith effort to verify that the income provided by an applicant in an Income Certification is accurate by taking any one or more of the following steps as part of the verification process for all household members over the age of eighteen (18) as appropriate:

- (i) Obtain two (2) pay stubs for the two (2) most recent pay periods;
- Obtain a true copy of an income tax return for the most recent tax year in which a return was filed;
- (ii) Obtain an income verification form from the household member's current employer;
- (iii) Obtain an income verification form from the Social Security Administration and/or the State Department of Social Services, or its equivalent, if the household member receives assistance from either of those agencies;
- (iv) If the household member is unemployed and has no tax return, obtain another form of independent verification; or
- (v) Obtain such other documentation as may be reasonably acceptable pursuant to Title 25 of the California Code of Regulations, as amended from time to time, to verify income.

**2.3.2 Certificate of Continuing Program Compliance; Annual Report.** Throughout the Required Covenant Period, the Owner will prepare and submit to the City, at such periodic frequency as the City might reasonably require, but not more than once annually, a Certificate of Continuing Compliance in substantially the form attached hereto as Exhibit "C" and incorporated herein by this reference, and executed by the Owner. The Owner will also prepare and submit to the City on or before each anniversary date of the commencement of the Required Covenant Period, and for the preceding calendar year, a report in form and substance reasonably satisfactory to the City summarizing the vacancy rate of the Apartment Community, including the number of Affordable Units held vacant for occupancy by Very Low Income Households for such calendar year.

**2.4 Affordable Rent.** Throughout the Required Covenant Period, an Affordable Rent shall be charged to the Very Low Income Household occupants of Affordable Units, as more specifically described above.

**2.5 Rent Increases.** Rents for Affordable Units may be increased not more than once per year and twelve (12) months must have elapsed since the date of the tenant's initial occupancy or the last rent increase. The rents charged following such an increase, or upon a vacancy and new occupancy by a Very Low Income Household shall not exceed an Affordable Rent. The Owner shall, consistent with applicable law, give proper written notice to tenants of all rent increases, and upon written request, provide the City with reasonable detail concerning the amount of and rationale for such rent increases.

**2.6 Income Recertification of Affordable Units.** Annually, on the anniversary date of occupancy of an Affordable Unit by a Very Income Household, the Owner shall obtain and maintain on file an annual income certification, in form and substance reasonably satisfactory to the City, from each household occupying an Affordable Unit, based upon the current income of each household member over the age of eighteen (18). The Owner shall make a good faith effort to verify that the income provided by the household is accurate in accordance with Section 2.3.1, above.

**2.6.1** A rental unit occupied by a household that qualifies as a Very Low Income Household at the time the household first occupies an Affordable Unit shall be deemed to continue to be so occupied until a recertification of such household's income demonstrates that such household no longer qualifies as a Very Low Income Household. At such time as a household ceases to qualify as a Very Low Income Household based on income recertification, the Owner shall designate the next available unit (one that is not occupied by a tenant) with the same number of bedrooms as the occupied Affordable Unit and it shall be leased to a Very Low Income Household, so that the number of Affordable Units occupied by or reserved for occupancy by Very Low Income Households will remain constant. For purposes of this Agreement, such designated unit will be considered an Affordable Unit if it is held vacant and available solely for occupancy by a Very Low Income Household and, upon occupancy, the income eligibility of the household as a Very Low Income Household is verified and the unit is rented at Affordable Rent.

**2.7 Lease or Occupancy Agreement.** Prior to the rental or lease of an Affordable Unit to a Very Low Income Household, the Owner shall require the tenant to execute a written lease or occupancy agreement. The Owner shall maintain on file throughout the Required Covenant Period and for a four (4) year period thereafter, the executed lease or occupancy agreement of each tenant occupying an Affordable Unit. The form of lease or occupancy agreement used by the Owner for the lease or rental of Affordable Units shall be that which is reasonable and customary in residential leasing. In addition, each lease or occupancy agreement for an Affordable Unit shall (i) provide that the tenants of such Affordable Unit shall be subject to annual recertification of income and subject to rental increases in accordance with Sections 2.5 and 2.6 of this Agreement, and (ii) contain a provision to the effect that the Owner has relied on the income certification and supporting information supplied by the tenant in determining qualification for occupancy of the Affordable Unit, and that any material misstatement in such certification (whether or not intentional) may be cause for immediate termination of such lease or occupancy agreement.

**2.7.1** The Owner shall refrain from restricting the rental or lease of Affordable Units on the basis of race, color, religion, sex, marital status, disability, ancestry or national origin of any person.

2.7.2 The covenants established herein shall, without regard to technical classification and designation, be binding for the benefit and in favor of the City, and its successors and assigns, and shall burden and run with the Property.

2.7.3 ☐ The City is deemed to be the beneficiary of the terms and provisions of the covenants herein, both for and in its own right and for the purposes of protecting the interests of the community and other parties, public or private, for whose benefit these covenants running with the land have been provided.

2.8 Security Deposits. The Owner may require security deposits on Affordable Units in amounts which are consistent with applicable law.

2.9 Additional Information; Books and Records. The Owner shall provide any additional information concerning the Affordable Units reasonably requested by the City. The Owner will maintain complete and accurate records pertaining to the Affordable Units throughout the Covenant Period and for a four (4) year period thereafter. The City shall have the right upon written notice of no less than two (2) business days to the Owner, at any time during normal business hours of 9:00 am to 5:00 pm, to examine of all books, records or other documents maintained by the Owner or by any of the Owner's agents which pertain to any Affordable Unit, including all executed leases or occupancy agreements and all Income Certifications, and obtain copies of any requested executed leases, occupancy agreements and Income Certifications within ten (10) business days following such examination and the City's written request.

2.10 Specific Performance. The Owner hereby agrees that specific enforcement of the Owner's agreement to comply with the allowable rent and occupancy restrictions and covenants contained herein is one of the reasons and consideration for the City having granted a density bonus and that, in the event of the Owner's breach of such requirements, potential monetary damages to the City, as well as to existing and prospective Very Low Income Households, would be difficult, if not impossible, to evaluate and quantify. Therefore, in addition to any other relief to which the City may be entitled as a consequence of the breach hereof, the Owner agrees to the imposition of the remedy of specific performance against it in the case of any event of default by the Owner in complying with any provision of this Agreement beyond any applicable notice and cure period.

2.11 Audit. The City shall have the right to perform an audit of the Apartment Community to determine compliance with the provisions of this Agreement. Such audit shall not be undertaken more often than once each calendar year. All costs and expenses associated with the audit shall be paid by the Owner.

2.12 Management. The Owner and/or the management agent (if not the Owner) shall operate the Apartment Community in a manner that will provide decent, safe and sanitary residential facilities to the occupants thereof, and will comply with provisions of this Agreement. Upon the written request of the City, the Owner shall cooperate with the City in the periodic review (but not more than once each calendar year) of the management practices and financial status of the Affordable Units. The purpose of each periodic review will be to enable the City to determine if the Affordable Units are being operated and managed in accordance with the requirements and standards of this Agreement. Results of such City review shall be provided to the Owner, and the

City shall have the authority to require the Owner to make modifications that are reasonably necessary to ensure the objectives of this Agreement are met.

**2.13 Binding for Term.** It is intended by the Parties that except as may be otherwise expressly provided herein, the provisions of this Agreement shall apply to the Apartment Community throughout the entire term hereof, as established in Section 3.1 below.

### **ARTICLE 3. TERM AND RECORDATION.**

**3.1 Term of Agreement.** This Agreement shall remain in full force and effect for the Required Covenant Period, unless the Owner and the City agree, in writing, to terminate this Agreement prior to the expiration of the Required Covenant Period. Unless terminated earlier pursuant to the prior sentence of this Section 3.1, or Section 3.3 below, the Parties intend that the provisions and effect of this Agreement and specifically of Article 2 hereof, shall remain in full force and effect for the entire Required Covenant Period.

**3.2 Agreement to Record.** The Owner represents, warrants, and covenants that this Agreement will be recorded in the real property records of Riverside County.

**3.2 Suspension of Restrictions.** Notwithstanding the generality of the foregoing provisions of this Article 3 or any other provisions hereof, this Agreement and all of the terms and restrictions contained herein shall be suspended for any period of involuntary noncompliance as a result of unforeseen events such as fire or act of God which leaves the entire Apartment Community uninhabitable (and the proceeds of insurance available to the Owner as a result thereof are insufficient to reconstruct the Apartment Community), or a change in a federal or state law or an action by the federal government, the State or a court of competent jurisdiction, after the date of recordation hereof, that prevents the City from enforcing the provisions of this Agreement, or a condemnation or a similar event.

### **ARTICLE 4. DEFAULT; REMEDIES.**

**4.1 An Event of Default.** Each of the following shall constitute an “Event of Default” by the Owner under this Agreement:

**4.1.1** Failure by the Owner to duly perform, comply with and observe any of the conditions, terms, or covenants of any agreement with the City concerning the Apartment Community, or of this Agreement, if such failure remains uncured thirty (30) days after written notice of such failure from the City to the Owner in the manner provided herein or, with respect to a default that cannot be cured within thirty (30) days, if the Owner fails to commence such cure within such thirty (30) day period or thereafter fails to diligently and continuously proceed with such cure to completion. However, if a different period or notice requirement is specified under any other section of this Agreement, then the specific provision shall control.

**4.1.2** Any representation or warranty contained in this Agreement or in any application, financial statement, certificate, or report submitted by the Owner to the City proves to have been incorrect in any material respect when made.

4.1.3 A court having jurisdiction shall have made or rendered a decree or order: (i) adjudging the Owner to be bankrupt or insolvent; (ii) approving as properly filed a petition seeking reorganization of the Owner or seeking any arrangement on behalf of the Owner under the bankruptcy laws or any other applicable debtor's relief law or statute of the United States or of any state or other jurisdiction; (iii) appointing a receiver, trustee, liquidator, or assignee of the Owner in bankruptcy or insolvency or for any of its properties; or (iv) directing the winding up or liquidation of the Owner, providing, however, that any such decree or order described in any of the foregoing subsections shall have continued unstayed or undischarged for a period of ninety (90) days.

4.1.4 The Owner shall have assigned its assets for the benefit of its creditors or suffered a sequestration or attachment or execution on any substantial part of its property, unless the property so assigned, sequestered, attached, or executed upon shall have been returned or released within ninety (90) days after such event (unless a lesser time period is permitted for cure hereunder) or prior to sale pursuant to such sequestration, attachment, or execution. If the Owner is diligently working to obtain a return or release of the property and the City's interests hereunder are not imminently threatened in its reasonable business judgment, then the City shall not declare a default under this subsection.

4.1.5 The Owner shall have voluntarily suspended its business or dissolved.

4.1.6 The seizure or appropriation of all or, in the reasonable opinion of the City, a substantial part of the Apartment Community, except for condemnation initiated by the City or any governmental agency or authority.

4.1.7 There should occur any default declared by any lender under any loan document or deed of trust relating to any loan made in connection with the Apartment Community, which loan is secured by a deed of trust or other instrument affecting the Apartment Community, and such default remains uncured following the expiration of any applicable cure period.

4.2 City's Option to Lease. [INTENTIONALLY OMITTED}

4.3 City Remedies. The City shall have the right to mandamus or other suit, action or proceeding at law or in equity to require the Owner to perform its obligations and covenants under this Agreement or to enjoin acts or things which may be unlawful or in violation of the provisions hereof, provided that in any such case the City has first provided the required notice of any alleged default and the Owner has had the requisite opportunity to cure pursuant to Section 4.1.1, above.

4.4 Action at Law; No Remedy Exclusive. The City may take whatever action at law or in equity as may be necessary to enforce performance and observance of any obligation, agreement or covenant of the Owner under this Agreement. No remedy herein conferred upon or reserved by the City is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law, in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of such right or power, but any such right or power may be exercised from time to time and as often as the City may deem expedient. In order to entitle the City to



exercise any remedy reserved to it in this Agreement, it shall not be necessary to give any notice, other than such notice as may be herein otherwise expressly required or required by law to be given.

## ARTICLE 5. GENERAL PROVISIONS.

**5.1 Limitations on Recourse.** Notwithstanding anything to the contrary contained in this Agreement, except in the event of fraud, waste, or illegal acts, or with regard to any indemnity obligations imposed upon the Owner under the terms of this Agreement, (i) no partner, member, officer or director, as applicable, of the Owner (each, an “Owner Affiliate”) shall have any direct, indirect or derivative personal liability for the obligations of the Owner under this Agreement, and (ii) the City shall not exercise any rights or institute any action against any Owner Affiliate directly, indirectly or derivatively for the payment of any sum of money that is or may become payable hereunder.

**5.2 Maintenance, Repair, Alterations.** The Owner shall maintain and preserve the Apartment Community in good condition and repair in accordance with the Ground Lease, and shall otherwise comply with the Ground Lease and all laws, ordinances, rules, regulations, covenants, conditions, restrictions, and orders of any governmental authority now or hereafter affecting the conduct or operation of the Apartment Community or any part thereof or requiring any alteration or improvement to be made thereon. The Owner shall not commit, suffer, or permit any act to be done in, upon, or to the Apartment Community or any part thereof in violation of any such laws, ordinances, rules, regulations, or orders. The Owner hereby agrees that the City may conduct from time to time through representatives, upon reasonable notice of no less than twenty-four (24) hours, on-site inspections and observation of: (i) the maintenance and repair of the Apartment Community, including a review of all maintenance and repair programs and practices and all reports and records pertaining thereto, including records of expenditures relating thereto; and (ii) such other facilities, practices, and records of the Owner relating to the Affordable Units as the City reasonably deems to be necessary or appropriate in order to monitor the Owner’s compliance with the provisions of this Agreement.

**5.3 Notices.** All notices (other than telephone notices), certificates or other communications (other than telephone communications) required or permitted hereunder shall be sufficiently given and should be deemed given when sent by certified mail, postage prepaid, or twenty-four (24) hours following delivery of such notice to Federal Express or similar commercial carrier for next business day or overnight delivery, addressed as follows:

If to the City:

City of Palm Desert  
73-510 Fred Waring Drive  
Palm Desert, CA 92260-2578  
Attn: Housing Division

If to the Owner

100 Pacifica, Suite 203  
Irvine, CA 92618  
Attn: President

**5.4 Relationship of Parties.** Nothing contained in this Agreement shall be interpreted or understood by any of the Parties, or by any third persons, as creating the relationship of employer and employee, principal and agent, limited or general partnership, or joint venture between the City and the Owner or the Owner's agents, employees or contractors, and the Owner shall at all times be deemed an independent contractor and shall be wholly responsible for the manner in which it or its agents, or both, perform the services required of it by the terms of this Agreement for the operation of the Apartment Community. The Owner has and hereby retains the right to exercise full control of employment, direction, compensation and discharge of all persons assisting in the performance of services hereunder. In regards to the on-site operation of the Apartment Community, the Owner shall be solely responsible for all matters relating to payment of its employees, including compliance with Social Security, withholding and all other laws and regulations governing such matters. The Owner agrees to be solely responsible for its own acts and those of its agents and employees.

**5.5 No Claims.** Nothing contained in this Agreement shall create or justify any claim against the City by any person the Owner may have employed or with whom the Owner may have contracted relative to the purchase of materials, supplies or equipment, or the furnishing or the performance of any work or services with respect to the operation of the Affordable Units.

**5.6 Conflict of Interests.** No member, official or employee of the City shall make any decision relating to this Agreement which affects his or her personal interests or the interests of any corporation, partnership or association in which he or she is directly or indirectly interested. No officer or employee of the Owner shall acquire any interest in conflict with or inimical to the interests of the City.

**5.7 Non-Liability of City Officials, Employees and Agents.** No member, official, employee or agent of the City shall be personally liable to the Owner, or any successor in interest, in the event of any default or breach by the City or for any amount which may become due to the Owner or successor in connection with this Agreement or on any obligation of the City under the terms of this Agreement.

**5.8 Unavoidable Delay; Extension of Time of Performance.** In addition to specific provisions of this Agreement, performance by either Party hereunder that relates to a construction obligation shall not be deemed to be in default where it is due to an "Unavoidable Delay." "Unavoidable Delay" means a delay due to the elements (including unseasonable weather), fire, earthquakes or other acts of God, strikes, pandemics, labor disputes, lockouts, shortages of construction materials experienced generally in the construction industry in the local area, acts of the public enemy, riots, insurrections or governmental regulation of the sale or transportation of materials, supply or labor; provided, however, that to the extent a delay is caused by any other reason that the Owner reasonably believes is beyond its control, the Owner may request, on a case-by-case basis, that the



City excuse any such delay as an Unavoidable Delay and the City shall make its determination as to whether such delay constitutes an Unavoidable Delay using its reasonable judgment.

**5.9 Indemnity.** The Owner shall indemnify, defend and hold harmless the City and all officials, employees and agents of City (with counsel reasonably satisfactory to the City) against any costs, liabilities, damages or judgments arising from claims or litigation of any nature whatsoever brought by third parties and directly or indirectly arising from the Owner's ownership or operation of the Apartment Community, or the Owner's performance of its obligations under this Agreement, and in the event of settlement, compromise or judgment hold the City free and harmless therefrom. Notwithstanding the foregoing, the indemnity provisions contained in this Section 5.9 shall not apply with respect to any costs, liabilities, damages or judgments arising directly or indirectly from the City's rental of units within the Apartment Community as described in Section 4.2 hereof. The provisions of this Section 5.9 shall survive the term of this Agreement.

**5.10 Rights and Remedies Cumulative.** Except as otherwise expressly stated in this Agreement, the rights and remedies of the Parties are cumulative, and the exercise or failure to exercise one or more of such rights or remedies by either Party shall not preclude the exercise by it, at the same time or different times, of any right or remedy for the same default or any other default by the other Party. No waiver of any default or breach by the Owner hereunder shall be implied from any omission by the City to take action on account of such default if such default persists or is repeated, and no express waiver shall affect any default other than the default specified in the waiver, and such waiver shall be operative only for the time and to the extent therein stated. Waivers of any covenant, term, or condition contained herein shall not be construed as a waiver of any subsequent breach of the same covenant, term or condition. The consent or approval by the City to or of any act by the Owner requiring further consent or approval shall not be deemed to waive or render unnecessary the consent or approval to or of any subsequent similar act. The exercise of any right, power, or remedy shall in no event constitute a cure or a waiver of any default under this Agreement, nor shall it invalidate any act done pursuant to notice of default, or prejudice the City in the exercise of any right, power, or remedy hereunder or under any agreements ancillary or related hereto.

**5.11 Applicable Law.** This Agreement shall be interpreted under and pursuant to the laws of the State of California.

**5.12 Severability.** If any term, provision, covenant or condition of this Agreement is held in a final disposition by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions shall continue in full force and effect unless the rights and obligations of the Parties have been materially altered or abridged by such invalidation, voiding or unenforceability.

**5.13 Legal Actions.** In the event any legal action is commenced to interpret or to enforce the terms of this Agreement or to collect damages as a result of any breach thereof, the Party prevailing in any such action shall be entitled to recover against the Party not prevailing all reasonable attorneys' fees and costs incurred in such action (including all legal fees incurred in any appeal or in any action to enforce any resulting judgment), as awarded by a court of competent jurisdiction.

**5.14 Binding Upon Successors.** This Agreement shall be binding upon and inure to the benefit of the permitted heirs, administrators, executors, successors in interest and assigns of each of the

Parties. Any reference in this Agreement to a specifically named Party shall be deemed to apply to any successor, heir, administrator, executor or assign of such Party who has acquired an interest in compliance with the terms hereof or under law.

**5.15 Time of the Essence.** In all matters under this Agreement, time is of the essence.

**5.16 Approvals by the City.** Any approvals required under this Agreement shall be made by the City Manager or his or her designee, and shall not be unreasonably withheld, conditioned, delayed or made, except where it is specifically provided herein that another standard applies, in which case the specified standard shall apply.

**5.17 Complete Understanding of the Parties.** This Agreement and the attached Exhibits constitute the entire understanding and agreement of the Parties with respect to the matters described herein.

**5.18 Covenants to Run With the Land.** The Owner hereby subjects the Apartment Community to the covenants, reservations, and restrictions set forth in this Agreement. The City and the Owner hereby declare their express intent that the covenants, reservations, and restrictions set forth herein shall be deemed covenants running with the land and shall pass to and be binding upon the Owner's successors in title to the Apartment Community; provided, however, that on the termination of this Agreement said covenants, reservations and restrictions shall expire. Each and every contract, deed or other instrument hereafter executed covering or conveying the Apartment Community or any portion thereof shall conclusively be held to have been executed, delivered and accepted subject to such covenants, reservations and restrictions, regardless of whether such covenants, reservations and restrictions are set forth in such contract, deed or other instruments. No breach of any of the provisions of this Agreement shall defeat or render invalid the lien of a mortgage or deed of trust made in good faith and for value encumbering the Property or any interest of the Owner therein.

**5.19 Burden and Benefit.** The City and the Owner hereby declare their understanding and intent that: (i) the burden of the covenants, reservations, restrictions, and agreements set forth herein touch and concern the Property and the Apartment Community, in that Owner's legal interest in the Apartment Community is rendered less valuable thereby, (ii) the covenants, reservations, restrictions, and agreements set forth herein directly benefit the Property and the Apartment Community (a) by enhancing and increasing the enjoyment and use of the Apartment Community by certain Very Low Income Households, the intended beneficiaries of such covenants, reservations, restrictions, and agreements, (b) by making possible the obtaining of advantageous financing for the Property and the Apartment Community, and (c) by furthering the public purposes advanced by the City, and (iii) the covenants, reservations, restrictions and agreements set forth herein shall run with the Property and shall be binding for the benefit of and enforceable by the City and its successors and assigns for the entire Term of this Agreement.

**5.20 Counterparts.** This Agreement may be executed in two or more counterparts, each of which shall be an original, but all of which shall constitute one and the same instrument.

**5.21 Amendments.** This Agreement may be amended only by the written agreement of the City and the Owner.

WHEREFORE, the undersigned has executed this Agreement as of the date first-above written.

	<p><b><u>OWNER:</u></b></p> <p>_____</p> <p><b><u>CITY:</u></b></p> <p>CITY OF PALM DESERT</p> <p>By: _____</p> <p>Print Name: _____</p> <p>Title: _____</p>
--	--

## CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

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 \_\_\_\_\_, 2022, before me, \_\_\_\_\_,  
(insert name and title of the officer)

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.

Signature \_\_\_\_\_(Seal)

## CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

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 \_\_\_\_\_, 2022, before me, \_\_\_\_\_,  
(insert name and title of the officer)

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.

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County of \_\_\_\_\_)

On \_\_\_\_\_, 2022, before me, \_\_\_\_\_,  
(insert name and title of the officer)

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.

Signature \_\_\_\_\_(Seal)

EXHIBIT "A"

LEGAL DESCRIPTION OF THE PROPERTY

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

EXHIBIT “B”

HOUSEHOLD INCOME CERTIFICATION

(Attached)



# AFFORDABLE HOUSING HOUSEHOLD INCOME CERTIFICATION

Applicant (s) Name: \_\_\_\_\_

Address: \_\_\_\_\_ Unit No. \_\_\_\_\_ # Bedrooms: \_\_\_\_\_

Program Eligibility and Affordability verifications for Low Income Households shall be performed as required by Title 25 subject to eligibility verification procedures and requirements described therein, and as amended from time to time. The following outlines how annual income is calculated to determine household income eligibility, which is required in order to determine a person, family or Household to be a "Qualified Household" as established by the Program and Redevelopment Law.

The following questions will assist you in completing the HOUSEHOLD INCOME CERTIFICATION. When answering the questions answer "Yes" if any of the information requested or income source pertains to any person, co-applicant, or adult individual member of the household (Individuals 18 years and older) during the 12 months following the date of the certification.

HOUSEHOLD COMPOSITION (List all members of the household including yourself that will occupy the unit applied for.)			
Last Name	First Name & Middle Initial	Relationship to Head of Household	Date of Birth (MM/YYYY)
		Self	
TOTAL HOUSEHOLD MEMBERS:			#

## PART I. HOUSEHOLD INCOME INFORMATION

YES	NO	All sources are to be disclosed below for all household members unless otherwise excluded by Title 25 Section	MONTHLY AMOUNT
<input type="checkbox"/>	<input type="checkbox"/>	1 EMPLOYMENT (wages, overtime, etc.) <i>List name of employer: _____</i>	(use <u>gross</u> income; amount before any pay deductions) \$ _____
<input type="checkbox"/>	<input type="checkbox"/>	2 SELF EMPLOYED <i>List nature of self employment: _____</i>	(use <u>net</u> income from business) \$ _____
<input type="checkbox"/>	<input type="checkbox"/>	3 OTHER EMPLOYMENT RELATED COMPENSATION (i.e.; tips, bonuses)	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	4 SOCIAL SECURITY INCOME	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	5 SUPPLEMENTAL SECURITY INCOME (SSI)	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	6 CASH CONTRIBUTIONS (i.e.; From third parties including gifts for rent or utility payments)	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	7 PUBLIC ASSISTANCE INCOME (Welfare, food stamps, foster care assistance)	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	8 UNEMPLOYMENT BENEFITS	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	9 VETERAN'S BENEFIT/INCOME	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	10 DISABILITY OR DEATH BENEFITS OTHER THAN SSI	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	CHILD SUPPORT/ALIMONY/SPOUSAL SUPPORT PAYMENTS (Received by any and all household members. Note for how many children did you receive support: _____)	\$ _____

Rev 3/12/10

HOUSEHOLD INCOME CERTIFICATION  
PAGE 2 OF 3

FILE NO. \_\_\_\_\_  
EFFECTIVE DATE \_\_\_\_\_

YES	NO	INCOME INFORMATION (CONTINUED) All sources are to be disclosed below for all household members unless otherwise excluded by Title 25 Section		MONTHLY AMOUNT
<input type="checkbox"/>	<input type="checkbox"/>	12	TRUSTS PAYMENTS, ANNUITY PAYMENTS, RETIREMENT PAYMENTS, WORKERS COMPENSATION PAYMENTS, SEVERANCE PAYMENTS, LOTTERY WINNINGS OR OTHER INCOME. <i>List sources:</i> _____	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	13	RENTAL, REAL OR PERSONAL PROPERTY INCOME	\$ _____
<b>TOTAL MONTHLY INCOME (BOX A)</b>				\$ _____

**PART II. HOUSEHOLD ASSET INFORMATION**

YES	NO	All sources are to be disclosed below for all household members unless otherwise excluded by Title 25 Section		CASH VALUE
<input type="checkbox"/>	<input type="checkbox"/>	1	CHECKING ACCOUNT(S): <i>List bank(s):</i> _____	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	2	SAVINGS ACCOUNT(S): <i>List bank(s):</i> _____	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	3	TRUST ACCOUNT(S): <i>List bank(s):</i> _____	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	4	REAL ESTATE: <i>Provide description:</i> _____	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	5	STOCKS, BONDS, OR TREASURY BILLS: <i>List sources/bank names:</i> _____	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	6	CERTIFICATES OF DEPOSIT (CD) OR MONEY MARKET ACCOUNT(S): <i>List Sources/bank names:</i> _____	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	7	IRA/LUMP SUM PENSION/KEOGH ACCOUNT/401 K: <i>List bank(s):</i> _____	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	8	LIFE INSURANCE POLICY CASH VALUE: <i>How many policies:</i> _____	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	9	DISPOSED OF ASSETS (i.e. gave away money/assets for less than the fair market value in the past 2 years) <i>List items and date disposed:</i> _____	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	10	OTHER ASSETS OR CAPITAL INVESTMENTS <i>Describe source:</i> _____	\$ _____
<b>TOTAL ASSET VALUE (BOX B)</b>				\$ _____

**PART III. HOUSEHOLD STUDENT STATUS**

YES	NO		All sources are to be disclosed below for all household members who are <u>STUDENTS</u> unless otherwise excluded by Title 25 Section	AMOUNT
<input type="checkbox"/>	<input type="checkbox"/>	1	IS ANY HOUSEHOLD MEMBER A FULL-TIME STUDENT (i.e.; College/University, trade school, etc.)	
IF QUESTION NO. 1 IS NO, SKIP TO PART IV				
<input type="checkbox"/>	<input type="checkbox"/>	2	DOES STUDENT FILE A JOINT TAX RETURN WITH OTHER HOUSEHOLD MEMBERS	
<input type="checkbox"/>	<input type="checkbox"/>	3	IS STUDENT A DEPENDENT OF ANOTHER INDIVIDUAL Explain: _____	
<input type="checkbox"/>	<input type="checkbox"/>	4	DOES STUDENT RECEIVE FINANCIAL AID. IF YES ENTER AMOUNT (i.e.; Public or private, not including student loans).	\$ _____
IF QUESTION NO. 4 IS NO, SKIP TO PART IV				
<input type="checkbox"/>	<input type="checkbox"/>	5	DOES STUDENT RECEIVE FINANCIAL AID THAT INCLUDES HOUSING/SHELTER ALLOWANCE. IF YES ENTER AMOUNT.	\$ _____
				TOTAL FINANCIAL AID ASSISTANCE (BOX C) \$ _____

**PART IV. HOUSEHOLD UNUSUAL EXPENSES**

YES	NO		All sources are to be disclosed below for all household members unless otherwise excluded by Title 25 Section	AMOUNT
<input type="checkbox"/>	<input type="checkbox"/>	1	MEDICAL EXPENSES NOT COVERED BY INSURANCE EXCEEDING 25% OF THE GROSS HOUSEHOLD ANNUAL INCOME INCLUDING INSURANCE MONTHLY PREMIUM  Describe: _____	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	2	UNUSUAL EXPENSES PAID BY HEAD OF HOUSEHOLD UNUSUAL FOR THE CARE OF MINORS UNDER 13 YEARS OF AGE, DISABLED, OR HANDICAPPED HOUSEHOLD MEMBERS NECESSARY FOR GAINFUL EMPLOYMENT  Describe: _____	\$ _____
				TOTAL ANNUAL UNUSUAL EXPENSES (BOX D)
(Explanation of Benefits must be provided as proof and all receipts for the non-covered medical expenses.)				\$ _____

**TOTAL NET ANNUAL HOUSEHOLD INCOME FROM ALL SOURCES**  
(Box (A + B + C) - (D) = total)

\$ \_\_\_\_\_

**HOUSEHOLD CERTIFICATION & SIGNATURES**

The information on this form will be used to determine maximum household income eligibility. I/we have provided each person(s) set forth in Part I acceptable verification of current anticipated annual income. I/we agree to notify immediately upon any changes in income, household size or composition, or any other information.

Under penalty of perjury of the laws of the State of California, I/we certify that the information presented in the Certification is true and accurate to the best of my/our knowledge and belief. The undersigned further understands that providing false representations herein constitutes an act of fraud. False, misleading or incomplete information may result in the termination of the lease agreement.

_____ Signature	_____ Date	_____ Signature	_____ Date
_____ Signature	_____ Date	_____ Signature	_____ Date

EXHIBIT “C”

CERTIFICATE OF CONTINUING COMPLIANCE

(Attached)

**CITY OF PALM DESERT**  
**OWNER'S CERTIFICATE OF CONTINUING PROGRAM COMPLIANCE**

To: City of Palm Desert  
73-510 Fred Waring Drive  
Palm Desert, CA 92260  
ATTN: HOUSING DIVISION

Report Date: \_\_\_\_\_

Certification Dates: From: \_\_\_\_\_

To: \_\_\_\_\_

Project Name: \_\_\_\_\_

Project No.: \_\_\_\_\_

Project Address: \_\_\_\_\_

City: \_\_\_\_\_ Zip: \_\_\_\_\_

Tax ID # of Ownership Entity: \_\_\_\_\_

The undersigned \_\_\_\_\_ on behalf of \_\_\_\_\_ (the "Owner"), hereby certifies that:

- ☐ No buildings have been placed in service.
- ☐ At least one building has been placed in service, but owner elects to begin credit period in the following year.

If either of the above applies, please check the appropriate box, and proceed to page 3 to sign and date this form.

- ☐ All buildings ARE in service.

1. The Project meets the minimum requirements of (as outlined in the Agreement):

- ☐ \_\_\_\_\_
- ☐ \_\_\_\_\_

2. Has there been a change in any building in the Project?

- ☐ No Change
- ☐ Change

If "Change", list the applicable change in the project for the certification year on page 4.

3. The Owner has received an annual Household Income Certification from each low-income resident and documentation to support that certification, at their initial occupancy and annually.

- ☐ Yes
- ☐ No

4. Each low-income unit in the Project has been rent-restricted pursuant to Section \_\_\_\_\_ of the Agreement:

- ☐ Yes
- ☐ No

5. Has there been a finding of discrimination under the Fair Housing Act, 42 U.S.C. 3601-3619, for this Project? A finding of discrimination includes an adverse final decision by the Secretary of Housing and Urban Development (HUD), 24 CFR 180.680, an adverse final decision by a substantially equivalent state or local fair housing agency, 42 U.S.C. 3616a(a)(1), or an adverse judgment from a federal court:

☐ No Finding ☐ Finding

If "Finding", state the nature of the finding on page 4.

6. Each building in the Project is and has been suitable for occupancy, taking into account local health, safety and building codes (or other habitability standards), and the state or local government unit responsible for making building code inspections did not issue a report of a violation for any building or low-income unit in the project:

☐ Yes ☐ No

If "No," state the nature of violation on page 4 and attach a copy of the violation report and any documentation of correction.

7. Has there been a **change in the eligible basis** (as defined in \_\_\_\_\_ of the Agreement) of any building in the project since last certification submission?

☐ No Change ☐ Change

If "Change," state nature of change on page 4 (e.g., a common area has become commercial space, a fee is now charged for a tenant facility formerly provided without charge, or the project owner has received federal subsidies with respect to the project which had not been disclosed).

8. All tenant facilities included, such as swimming pools, other recreational facilities, parking areas, washer/dryer hookups and appliances were provided on a comparable basis without charge to all tenants in the buildings:

☐ Yes ☐ No

9. If a low-income unit in the Project has been vacant during the year, reasonable attempts were, or are being, made to rent that unit or the next available unit of comparable or smaller size to tenants having a qualifying income before any units were or will be rented to tenants not having a qualifying income:

☐ Yes ☐ No

10. If the income of tenants of a low-income unit in any building increased above the limit, the next available unit of comparable or smaller size in that building was or will be rented to residents having a qualifying income:

☐ Yes ☐ No

11. An extended low-income housing commitment, wherein an owner cannot refuse to lease a unit in the project to an applicant because the applicant holds a voucher or certificate of eligibility under Section 8 of the United States Housing Act of 1937, 42 U.S.C. 1437s. Owner has not refused to lease a unit to an applicant based solely on their status as a holder of a Section 8 voucher:

☐ Yes ☐ No ☐ N/A

12. The owner has complied with and not evicted or terminated the tenancy of an existing tenant of any low-income unit other than for good cause:

☐ Yes ☐ No

13. Has there been a change in the ownership or management of the Project?

☐ No Change

☐ Change

If "Change," complete page 4 detailing the changes in ownership or management of the project.

NOTE: Failure to complete this form in its entirety will result in noncompliance with the program requirements. In addition, any individual other than an owner or general partner of the project is not permitted to sign this form.

The project is otherwise in compliance with Affordable Housing Agreement No. \_\_\_\_\_ and all other applicable laws, rules, and regulations. This Certification and any attachments are made **UNDER PENALTY OF PERJURY** of the Laws of the State of California.

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**PLEASE EXPLAIN ANY ITEMS THAT WERE  
ANSWERED "NO," "CHANGE" OR  
"FINDING ON QUESTIONS 1-15.**

Question #	Explanation (if applicable)
2	
5	
6	
7	
13	

**CHANGES IN OWNERSHIP OR MANAGEMENT**  
(To be completed **ONLY** if "CHANGE" marked for  
Question 15 above)

**TRANSFER OF OWNERSHIP:**

Date of Change:	
Taxpayer ID Number:	
Legal Owner Name:	
General Partnership:	
Status of Partnership (LLC, etc.):	

**CHANGE IN OWNER CONTACT:**

Date of Change:	
Owner Contact:	
Owner Contact Phone:	
Owner Contact Email:	

**CHANGE IN MANAGEMENT CONTACT**

Date of Change:	
Management Co. Name:	
Management Address:	
Management city, state, zip:	
Management Contact:	
Management Contact Phone:	
Management Contact Email:	



**Exhibit D-1**

**Form of Density Bonus Agreement for Phase II**

RECORDING REQUESTED BY, AND  
WHEN RECORDED RETURN TO:

City of Palm Desert  
73-510 Fred Waring Drive  
Palm Desert, CA 92260-2578  
Attn: \_\_\_\_\_

*SPACE ABOVE THIS LINE FOR RECORDER'S USE ONLY*

**This Document is recorded for the benefit of the City of Palm Desert and is exempt  
from recording fees pursuant to Sections 6103, 27383 and 27388.1  
of the California Government Code.**

**HOUSING AGREEMENT  
(Density Bonus Agreement; Phase II)**

by and between

the **CITY OF PALM DESERT**,

and

\_\_\_\_\_

**DATED AS OF \_\_\_\_\_, 202\_\_**

## HOUSING AGREEMENT

THIS HOUSING AGREEMENT (the “**Agreement**”) is dated as of \_\_\_\_\_, 202\_\_, and is by and between the CITY OF PALM DESERT, a municipal corporation (the “**City**”), and \_\_\_\_\_ (the “**Owner**”). City and Owner are sometimes referred to herein individually as a “Party” and collectively as “Parties”.

### RECITALS

This Agreement is predicated upon the following facts:

A. The Owner is the owner of the land described in “**Exhibit A**” attached hereto (the “Property”).

B. The City, the Palm Desert Housing Authority (“Authority”) and Owner have entered into that certain Amended and Restated Disposition, Development and Loan Agreement dated in April, 2024 (“DDLA”), pursuant to which the City conveyed the Property to the Owner for the development described in the DDLA (“Development” or “Apartment Community”) and the Authority made a loan to Owner for the purchase price of the Property and for construction costs (“Authority Loan”). Capitalized terms used but not defined herein shall have the meaning set forth in the DDLA.

C. Pursuant to the DDLA, the Owner executed a Promissory Note in favor of Authority and a deed of trust in favor of Authority securing such Promissory Note and the Authority is obligated to make disbursements of loan proceeds subject to and in accordance with the DDLA.

D. Additionally, Owner has applied for and obtained a density bonus from the City for the Development which permits greater density and less parking that would otherwise be required, and in exchange, City also requires that the apartment units be so restricted of record, and that such restrictions not be subordinate or subordinated to any deeds of trust or other consensual liens.

E. This Agreement is that density bonus restrictions agreement.

NOW, THEREFORE, in consideration of the mutual covenants and undertakings set forth herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the City and the Owner hereby agree as follows:

### ARTICLE 1. DEFINITIONS AND INTERPRETATION.

#### 1.1 Definitions.

Capitalized terms used herein shall have the following meanings unless the context in which they are used clearly requires otherwise.

“**Affordable Units**” shall mean twelve (12) of the units in the Apartment Community available to and occupied by, or held vacant for occupancy only by, Very Low Income Households

and rented at an Affordable Rent. The Affordable Units will include the number of bedrooms shown on the following table:

Bedroom Size	Very Low Income Household Units
One	2
Two	7
Three	3
<b>Total:</b>	12

**“Affordable Rent”** shall mean rent for an Affordable Unit, including a Reasonable Utility Allowance, determined pursuant to California Health and Safety Code Section 50053(b) and the state regulations adopted by the California Department of Housing and Community Development (“HCD”) pursuant thereto, as amended from time to time, based upon the AMI adjusted for a Household Size Appropriate to the Affordable Unit. More specifically, the maximum monthly Affordable Rent, including a Reasonable Utility Allowance, may not exceed thirty percent (30%) of fifty percent (50%) of the AMI, adjusted for a Household Size Appropriate to the Affordable Unit, divided by twelve.

**“AMI”** shall mean the area median income for Riverside County as published by the California Department of Housing and Community Development pursuant to Health and Safety Code Section 50052.5, or successor statute, as adjusted for family size in accordance with the state regulations adopted pursuant to California Health and Safety Code Section 50052.5.

**“Household Size Appropriate to the Affordable Unit”** in the absence of pertinent federal statutes or regulations applicable to the Apartment Community, shall have the meaning set forth in California Health and Safety Code Section 50052.5(h), as amended from time to time.

**“Reasonable Utility Allowance”** shall mean a utility allowance for utilities paid by a tenant (not including telephone, internet or cable service) utilizing the utility allowance schedule published annually by the Housing Authority of the County of Riverside.

**“Required Covenant Period”** shall mean the period commencing on the date all units in the Apartment Community have been completed as evidenced by the City’s issuance of a final Certificate of Occupancy for the Apartment Community, and ending as of the fifty-fifth (55th) anniversary thereof.

**“Very Low Income Household”** shall mean persons and families who meet the fifty percent (50%) or less of AMI income qualification limits set forth in California Health and Safety Code Section 50105 and Title 25 of the California Code of Regulations, including Section 6910, as such statute and regulations are amended from time to time.

## 1.2 Rules of Construction.

1.2.1 The singular form of any word used herein, including the terms defined herein shall include the plural and vice versa. The use herein of a word of any gender shall include correlative words of all genders.

1.2.2 Unless otherwise specified, references to articles, sections, and other subdivisions of this Agreement are to the designated articles, sections, and other subdivisions of this Agreement as originally executed. The words “hereof,” “herein,” “hereunder,” and words of similar import shall refer to this Agreement as a whole.

1.2.3 All of the terms and provisions hereof shall be construed to effectuate the purposes set forth in this Agreement and to sustain the validity hereof.

1.2.4 Headings or titles of the several articles and sections hereof and the table of contents appended to copies hereof shall be solely for convenience of reference and shall not affect the meaning, construction, or effect of the provisions hereof.

## ARTICLE 2. ONGOING APARTMENT COMMUNITY OBLIGATIONS.

### 2.1 Apartment Community and Affordable Units.

The Owner shall develop and construct the Apartment Community on the Property in conformity with the DDLA. Thereafter, during the Required Covenant Period, the Owner agrees that not less than twelve (12) units in the Apartment Community shall be Affordable Units under this Agreement, meaning that such units shall be continually available to and occupied by, or held vacant for occupancy only by, Very Low Income Households. All of the rental units in the Apartment Community shall be similarly constructed and all of the Affordable Units shall be generally constructed at the same time as those units which are available to other tenants, and distributed in terms of location throughout the Apartment Community. The Affordable Units shall be of comparable quality to those rental units in the Apartment Community which are available to other tenants. The Owner agrees that, to the extent commercially reasonable, Affordable Units will not be underutilized. No persons shall be permitted to occupy any Affordable Unit in excess of applicable limit of maximum occupancy set by the City’s Municipal Code and the laws of the State of California.

### 2.2 Residential Rental Property.

The Owner covenants to operate the Apartment Community as residential rental property. During the Required Covenant Period, the Affordable Units will be held and used for the purpose of providing residential living, and the Owner shall own, manage and operate, or cause the management and operation of, the Apartment Community to provide such affordable rental housing. All of the rental units in the Apartment Community with the exception of one (1) manager unit will be available for rental on a continuous basis to members of the general public and the Owner will not give preference to any particular class or group in renting the units in the Apartment Community, except as required under this Agreement. The Owner shall not convert any Affordable Unit(s) to condominiums or cooperative ownership or sell condominium or cooperative conversion rights to any Affordable Unit(s) during the term of this Agreement.

### 2.3 Very Low Income Households.

**2.3.1 Income Qualification; Initial Certification.** Subject to the applicable provisions hereof, throughout the Required Covenant Period, the Affordable Units restricted by this Agreement will be exclusively occupied by, or available for occupancy only by Very Low Income Households on a continuous basis. Prior to the rental or lease of an Affordable Unit and in accordance with Section 2.6 hereof, the Owner will obtain and maintain on file a Household Income Certification (“Income Certification”) substantially in the form attached hereto as Exhibit “B” and incorporated herein by this reference for each Very Low Income Household, and shall provide copies of same to the City at such times as the City may, from time to time, reasonably require. In addition, the Owner will provide such further information as may reasonably be required in the future by the City. The Income Certification shall be dated immediately prior to the applicable household’s initial occupancy of an Affordable Unit. The Owner shall make a good faith effort to verify that the income provided by an applicant in an Income Certification is accurate by taking any one or more of the following steps as part of the verification process for all household members over the age of eighteen (18) as appropriate:

- (i) Obtain two (2) pay stubs for the two (2) most recent pay periods;
- Obtain a true copy of an income tax return for the most recent tax year in which a return was filed;
- (ii) Obtain an income verification form from the household member’s current employer;
- (iii) Obtain an income verification form from the Social Security Administration and/or the State Department of Social Services, or its equivalent, if the household member receives assistance from either of those agencies;
- (iv) If the household member is unemployed and has no tax return, obtain another form of independent verification; or
- (v) Obtain such other documentation as may be reasonably acceptable pursuant to Title 25 of the California Code of Regulations, as amended from time to time, to verify income.

**2.3.2 Certificate of Continuing Program Compliance; Annual Report.** Throughout the Required Covenant Period, the Owner will prepare and submit to the City, at such periodic frequency as the City might reasonably require, but not more than once annually, a Certificate of Continuing Compliance in substantially the form attached hereto as Exhibit “C” and incorporated herein by this reference, and executed by the Owner. The Owner will also prepare and submit to the City on or before each anniversary date of the commencement of the Required Covenant Period, and for the preceding calendar year, a report in form and substance reasonably satisfactory to the City summarizing the vacancy rate of the Apartment Community, including the number of Affordable Units held vacant for occupancy by Very Low Income Households for such calendar year.

**2.4 Affordable Rent.** Throughout the Required Covenant Period, an Affordable Rent shall be charged to the Very Low Income Household occupants of Affordable Units, as more specifically described above.

**2.5 Rent Increases.** Rents for Affordable Units may be increased not more than once per year and twelve (12) months must have elapsed since the date of the tenant's initial occupancy or the last rent increase. The rents charged following such an increase, or upon a vacancy and new occupancy by a Very Low Income Household shall not exceed an Affordable Rent. The Owner shall, consistent with applicable law, give proper written notice to tenants of all rent increases, and upon written request, provide the City with reasonable detail concerning the amount of and rationale for such rent increases.

**2.6 Income Recertification of Affordable Units.** Annually, on the anniversary date of occupancy of an Affordable Unit by a Very Income Household, the Owner shall obtain and maintain on file an annual income certification, in form and substance reasonably satisfactory to the City, from each household occupying an Affordable Unit, based upon the current income of each household member over the age of eighteen (18). The Owner shall make a good faith effort to verify that the income provided by the household is accurate in accordance with Section 2.3.1, above.

**2.6.1** A rental unit occupied by a household that qualifies as a Very Low Income Household at the time the household first occupies an Affordable Unit shall be deemed to continue to be so occupied until a recertification of such household's income demonstrates that such household no longer qualifies as a Very Low Income Household. At such time as a household ceases to qualify as a Very Low Income Household based on income recertification, the Owner shall designate the next available unit (one that is not occupied by a tenant) with the same number of bedrooms as the occupied Affordable Unit and it shall be leased to a Very Low Income Household, so that the number of Affordable Units occupied by or reserved for occupancy by Very Low Income Households will remain constant. For purposes of this Agreement, such designated unit will be considered an Affordable Unit if it is held vacant and available solely for occupancy by a Very Low Income Household and, upon occupancy, the income eligibility of the household as a Very Low Income Household is verified and the unit is rented at Affordable Rent.

**2.7 Lease or Occupancy Agreement.** Prior to the rental or lease of an Affordable Unit to a Very Low Income Household, the Owner shall require the tenant to execute a written lease or occupancy agreement. The Owner shall maintain on file throughout the Required Covenant Period and for a four (4) year period thereafter, the executed lease or occupancy agreement of each tenant occupying an Affordable Unit. The form of lease or occupancy agreement used by the Owner for the lease or rental of Affordable Units shall be that which is reasonable and customary in residential leasing. In addition, each lease or occupancy agreement for an Affordable Unit shall (i) provide that the tenants of such Affordable Unit shall be subject to annual recertification of income and subject to rental increases in accordance with Sections 2.5 and 2.6 of this Agreement, and (ii) contain a provision to the effect that the Owner has relied on the income certification and supporting information supplied by the tenant in determining qualification for occupancy of the Affordable Unit, and that any material misstatement in such certification (whether or not intentional) may be cause for immediate termination of such lease or occupancy agreement.

**2.7.1** The Owner shall refrain from restricting the rental or lease of Affordable Units on the basis of race, color, religion, sex, marital status, disability, ancestry or national origin of any person.

2.7.2 The covenants established herein shall, without regard to technical classification and designation, be binding for the benefit and in favor of the City, and its successors and assigns, and shall burden and run with the Property.

2.7.3 ☐ The City is deemed to be the beneficiary of the terms and provisions of the covenants herein, both for and in its own right and for the purposes of protecting the interests of the community and other parties, public or private, for whose benefit these covenants running with the land have been provided.

2.8 Security Deposits. The Owner may require security deposits on Affordable Units in amounts which are consistent with applicable law.

2.9 Additional Information; Books and Records. The Owner shall provide any additional information concerning the Affordable Units reasonably requested by the City. The Owner will maintain complete and accurate records pertaining to the Affordable Units throughout the Covenant Period and for a four (4) year period thereafter. The City shall have the right upon written notice of no less than two (2) business days to the Owner, at any time during normal business hours of 9:00 am to 5:00 pm, to examine of all books, records or other documents maintained by the Owner or by any of the Owner's agents which pertain to any Affordable Unit, including all executed leases or occupancy agreements and all Income Certifications, and obtain copies of any requested executed leases, occupancy agreements and Income Certifications within ten (10) business days following such examination and the City's written request.

2.10 Specific Performance. The Owner hereby agrees that specific enforcement of the Owner's agreement to comply with the allowable rent and occupancy restrictions and covenants contained herein is one of the reasons and consideration for the City having granted a density bonus and that, in the event of the Owner's breach of such requirements, potential monetary damages to the City, as well as to existing and prospective Very Low Income Households, would be difficult, if not impossible, to evaluate and quantify. Therefore, in addition to any other relief to which the City may be entitled as a consequence of the breach hereof, the Owner agrees to the imposition of the remedy of specific performance against it in the case of any event of default by the Owner in complying with any provision of this Agreement beyond any applicable notice and cure period.

2.11 Audit. The City shall have the right to perform an audit of the Apartment Community to determine compliance with the provisions of this Agreement. Such audit shall not be undertaken more often than once each calendar year. All costs and expenses associated with the audit shall be paid by the Owner.

2.12 Management. The Owner and/or the management agent (if not the Owner) shall operate the Apartment Community in a manner that will provide decent, safe and sanitary residential facilities to the occupants thereof, and will comply with provisions of this Agreement. Upon the written request of the City, the Owner shall cooperate with the City in the periodic review (but not more than once each calendar year) of the management practices and financial status of the Affordable Units. The purpose of each periodic review will be to enable the City to determine if the Affordable Units are being operated and managed in accordance with the requirements and standards of this Agreement. Results of such City review shall be provided to the Owner, and the



City shall have the authority to require the Owner to make modifications that are reasonably necessary to ensure the objectives of this Agreement are met.

**2.13 Binding for Term.** It is intended by the Parties that except as may be otherwise expressly provided herein, the provisions of this Agreement shall apply to the Apartment Community throughout the entire term hereof, as established in Section 3.1 below.

### **ARTICLE 3. TERM AND RECORDATION.**

**3.1 Term of Agreement.** This Agreement shall remain in full force and effect for the Required Covenant Period, unless the Owner and the City agree, in writing, to terminate this Agreement prior to the expiration of the Required Covenant Period. Unless terminated earlier pursuant to the prior sentence of this Section 3.1, or Section 3.3 below, the Parties intend that the provisions and effect of this Agreement and specifically of Article 2 hereof, shall remain in full force and effect for the entire Required Covenant Period.

**3.2 Agreement to Record.** The Owner represents, warrants, and covenants that this Agreement will be recorded in the real property records of Riverside County.

**3.2 Suspension of Restrictions.** Notwithstanding the generality of the foregoing provisions of this Article 3 or any other provisions hereof, this Agreement and all of the terms and restrictions contained herein shall be suspended for any period of involuntary noncompliance as a result of unforeseen events such as fire or act of God which leaves the entire Apartment Community uninhabitable (and the proceeds of insurance available to the Owner as a result thereof are insufficient to reconstruct the Apartment Community), or a change in a federal or state law or an action by the federal government, the State or a court of competent jurisdiction, after the date of recordation hereof, that prevents the City from enforcing the provisions of this Agreement, or a condemnation or a similar event.

### **ARTICLE 4. DEFAULT; REMEDIES.**

**4.1 An Event of Default.** Each of the following shall constitute an “Event of Default” by the Owner under this Agreement:

**4.1.1** Failure by the Owner to duly perform, comply with and observe any of the conditions, terms, or covenants of any agreement with the City concerning the Apartment Community, or of this Agreement, if such failure remains uncured thirty (30) days after written notice of such failure from the City to the Owner in the manner provided herein or, with respect to a default that cannot be cured within thirty (30) days, if the Owner fails to commence such cure within such thirty (30) day period or thereafter fails to diligently and continuously proceed with such cure to completion. However, if a different period or notice requirement is specified under any other section of this Agreement, then the specific provision shall control.

**4.1.2** Any representation or warranty contained in this Agreement or in any application, financial statement, certificate, or report submitted by the Owner to the City proves to have been incorrect in any material respect when made.



4.1.3 A court having jurisdiction shall have made or rendered a decree or order: (i) adjudging the Owner to be bankrupt or insolvent; (ii) approving as properly filed a petition seeking reorganization of the Owner or seeking any arrangement on behalf of the Owner under the bankruptcy laws or any other applicable debtor's relief law or statute of the United States or of any state or other jurisdiction; (iii) appointing a receiver, trustee, liquidator, or assignee of the Owner in bankruptcy or insolvency or for any of its properties; or (iv) directing the winding up or liquidation of the Owner, providing, however, that any such decree or order described in any of the foregoing subsections shall have continued unstayed or undischarged for a period of ninety (90) days.

4.1.4 The Owner shall have assigned its assets for the benefit of its creditors or suffered a sequestration or attachment or execution on any substantial part of its property, unless the property so assigned, sequestered, attached, or executed upon shall have been returned or released within ninety (90) days after such event (unless a lesser time period is permitted for cure hereunder) or prior to sale pursuant to such sequestration, attachment, or execution. If the Owner is diligently working to obtain a return or release of the property and the City's interests hereunder are not imminently threatened in its reasonable business judgment, then the City shall not declare a default under this subsection.

4.1.5 The Owner shall have voluntarily suspended its business or dissolved.

4.1.6 The seizure or appropriation of all or, in the reasonable opinion of the City, a substantial part of the Apartment Community, except for condemnation initiated by the City or any governmental agency or authority.

4.1.7 There should occur any default declared by any lender under any loan document or deed of trust relating to any loan made in connection with the Apartment Community, which loan is secured by a deed of trust or other instrument affecting the Apartment Community, and such default remains uncured following the expiration of any applicable cure period.

4.2 City's Option to Lease. [INTENTIONALLY OMITTED}

4.3 City Remedies. The City shall have the right to mandamus or other suit, action or proceeding at law or in equity to require the Owner to perform its obligations and covenants under this Agreement or to enjoin acts or things which may be unlawful or in violation of the provisions hereof, provided that in any such case the City has first provided the required notice of any alleged default and the Owner has had the requisite opportunity to cure pursuant to Section 4.1.1, above.

4.4 Action at Law; No Remedy Exclusive. The City may take whatever action at law or in equity as may be necessary to enforce performance and observance of any obligation, agreement or covenant of the Owner under this Agreement. No remedy herein conferred upon or reserved by the City is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law, in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of such right or power, but any such right or power may be exercised from time to time and as often as the City may deem expedient. In order to entitle the City to

exercise any remedy reserved to it in this Agreement, it shall not be necessary to give any notice, other than such notice as may be herein otherwise expressly required or required by law to be given.

## ARTICLE 5. GENERAL PROVISIONS.

**5.1 Limitations on Recourse.** Notwithstanding anything to the contrary contained in this Agreement, except in the event of fraud, waste, or illegal acts, or with regard to any indemnity obligations imposed upon the Owner under the terms of this Agreement, (i) no partner, member, officer or director, as applicable, of the Owner (each, an “Owner Affiliate”) shall have any direct, indirect or derivative personal liability for the obligations of the Owner under this Agreement, and (ii) the City shall not exercise any rights or institute any action against any Owner Affiliate directly, indirectly or derivatively for the payment of any sum of money that is or may become payable hereunder.

**5.2 Maintenance, Repair, Alterations.** The Owner shall maintain and preserve the Apartment Community in good condition and repair in accordance with the Ground Lease, and shall otherwise comply with the Ground Lease and all laws, ordinances, rules, regulations, covenants, conditions, restrictions, and orders of any governmental authority now or hereafter affecting the conduct or operation of the Apartment Community or any part thereof or requiring any alteration or improvement to be made thereon. The Owner shall not commit, suffer, or permit any act to be done in, upon, or to the Apartment Community or any part thereof in violation of any such laws, ordinances, rules, regulations, or orders. The Owner hereby agrees that the City may conduct from time to time through representatives, upon reasonable notice of no less than twenty-four (24) hours, on-site inspections and observation of: (i) the maintenance and repair of the Apartment Community, including a review of all maintenance and repair programs and practices and all reports and records pertaining thereto, including records of expenditures relating thereto; and (ii) such other facilities, practices, and records of the Owner relating to the Affordable Units as the City reasonably deems to be necessary or appropriate in order to monitor the Owner’s compliance with the provisions of this Agreement.

**5.3 Notices.** All notices (other than telephone notices), certificates or other communications (other than telephone communications) required or permitted hereunder shall be sufficiently given and should be deemed given when sent by certified mail, postage prepaid, or twenty-four (24) hours following delivery of such notice to Federal Express or similar commercial carrier for next business day or overnight delivery, addressed as follows:

If to the City:

City of Palm Desert  
73-510 Fred Waring Drive  
Palm Desert, CA 92260-2578  
Attn: Housing Division

If to the Owner:

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100 Pacifica, Suite 203  
Irvine, CA 92618  
Attn: President

**5.4 Relationship of Parties.** Nothing contained in this Agreement shall be interpreted or understood by any of the Parties, or by any third persons, as creating the relationship of employer and employee, principal and agent, limited or general partnership, or joint venture between the City and the Owner or the Owner's agents, employees or contractors, and the Owner shall at all times be deemed an independent contractor and shall be wholly responsible for the manner in which it or its agents, or both, perform the services required of it by the terms of this Agreement for the operation of the Apartment Community. The Owner has and hereby retains the right to exercise full control of employment, direction, compensation and discharge of all persons assisting in the performance of services hereunder. In regards to the on-site operation of the Apartment Community, the Owner shall be solely responsible for all matters relating to payment of its employees, including compliance with Social Security, withholding and all other laws and regulations governing such matters. The Owner agrees to be solely responsible for its own acts and those of its agents and employees.

**5.5 No Claims.** Nothing contained in this Agreement shall create or justify any claim against the City by any person the Owner may have employed or with whom the Owner may have contracted relative to the purchase of materials, supplies or equipment, or the furnishing or the performance of any work or services with respect to the operation of the Affordable Units.

**5.6 Conflict of Interests.** No member, official or employee of the City shall make any decision relating to this Agreement which affects his or her personal interests or the interests of any corporation, partnership or association in which he or she is directly or indirectly interested. No officer or employee of the Owner shall acquire any interest in conflict with or inimical to the interests of the City.

**5.7 Non-Liability of City Officials, Employees and Agents.** No member, official, employee or agent of the City shall be personally liable to the Owner, or any successor in interest, in the event of any default or breach by the City or for any amount which may become due to the Owner or successor in connection with this Agreement or on any obligation of the City under the terms of this Agreement.

**5.8 Unavoidable Delay; Extension of Time of Performance.** In addition to specific provisions of this Agreement, performance by either Party hereunder that relates to a construction obligation shall not be deemed to be in default where it is due to an "Unavoidable Delay." "Unavoidable Delay" means a delay due to the elements (including unseasonable weather), fire, earthquakes or other acts of God, strikes, pandemics, labor disputes, lockouts, shortages of construction materials experienced generally in the construction industry in the local area, acts of the public enemy, riots, insurrections or governmental regulation of the sale or transportation of materials, supply or labor; provided, however, that to the extent a delay is caused by any other reason that the Owner reasonably believes is beyond its control, the Owner may request, on a case-by-case basis, that the City excuse any such delay as an Unavoidable Delay and the City shall make its determination as to whether such delay constitutes an Unavoidable Delay using its reasonable judgment.

**5.9 Indemnity.** The Owner shall indemnify, defend and hold harmless the City and all officials, employees and agents of City (with counsel reasonably satisfactory to the City) against any costs, liabilities, damages or judgments arising from claims or litigation of any nature whatsoever brought by third parties and directly or indirectly arising from the Owner's ownership or operation of the Apartment Community, or the Owner's performance of its obligations under this Agreement, and in the event of settlement, compromise or judgment hold the City free and harmless therefrom. Notwithstanding the foregoing, the indemnity provisions contained in this Section 5.9 shall not apply with respect to any costs, liabilities, damages or judgments arising directly or indirectly from the City's rental of units within the Apartment Community as described in Section 4.2 hereof. The provisions of this Section 5.9 shall survive the term of this Agreement.

**5.10 Rights and Remedies Cumulative.** Except as otherwise expressly stated in this Agreement, the rights and remedies of the Parties are cumulative, and the exercise or failure to exercise one or more of such rights or remedies by either Party shall not preclude the exercise by it, at the same time or different times, of any right or remedy for the same default or any other default by the other Party. No waiver of any default or breach by the Owner hereunder shall be implied from any omission by the City to take action on account of such default if such default persists or is repeated, and no express waiver shall affect any default other than the default specified in the waiver, and such waiver shall be operative only for the time and to the extent therein stated. Waivers of any covenant, term, or condition contained herein shall not be construed as a waiver of any subsequent breach of the same covenant, term or condition. The consent or approval by the City to or of any act by the Owner requiring further consent or approval shall not be deemed to waive or render unnecessary the consent or approval to or of any subsequent similar act. The exercise of any right, power, or remedy shall in no event constitute a cure or a waiver of any default under this Agreement, nor shall it invalidate any act done pursuant to notice of default, or prejudice the City in the exercise of any right, power, or remedy hereunder or under any agreements ancillary or related hereto.

**5.11 Applicable Law.** This Agreement shall be interpreted under and pursuant to the laws of the State of California.

**5.12 Severability.** If any term, provision, covenant or condition of this Agreement is held in a final disposition by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions shall continue in full force and effect unless the rights and obligations of the Parties have been materially altered or abridged by such invalidation, voiding or unenforceability.

**5.13 Legal Actions.** In the event any legal action is commenced to interpret or to enforce the terms of this Agreement or to collect damages as a result of any breach thereof, the Party prevailing in any such action shall be entitled to recover against the Party not prevailing all reasonable attorneys' fees and costs incurred in such action (including all legal fees incurred in any appeal or in any action to enforce any resulting judgment), as awarded by a court of competent jurisdiction.

**5.14 Binding Upon Successors.** This Agreement shall be binding upon and inure to the benefit of the permitted heirs, administrators, executors, successors in interest and assigns of each of the Parties. Any reference in this Agreement to a specifically named Party shall be deemed to apply to any successor, heir, administrator, executor or assign of such Party who has acquired an interest in compliance with the terms hereof or under law.

5.15 Time of the Essence. In all matters under this Agreement, time is of the essence.

5.16 Approvals by the City. Any approvals required under this Agreement shall be made by the City Manager or his or her designee, and shall not be unreasonably withheld, conditioned, delayed or made, except where it is specifically provided herein that another standard applies, in which case the specified standard shall apply.

5.17 Complete Understanding of the Parties. This Agreement and the attached Exhibits constitute the entire understanding and agreement of the Parties with respect to the matters described herein.

5.18 Covenants to Run With the Land. The Owner hereby subjects the Apartment Community to the covenants, reservations, and restrictions set forth in this Agreement. The City and the Owner hereby declare their express intent that the covenants, reservations, and restrictions set forth herein shall be deemed covenants running with the land and shall pass to and be binding upon the Owner's successors in title to the Apartment Community; provided, however, that on the termination of this Agreement said covenants, reservations and restrictions shall expire. Each and every contract, deed or other instrument hereafter executed covering or conveying the Apartment Community or any portion thereof shall conclusively be held to have been executed, delivered and accepted subject to such covenants, reservations and restrictions, regardless of whether such covenants, reservations and restrictions are set forth in such contract, deed or other instruments. No breach of any of the provisions of this Agreement shall defeat or render invalid the lien of a mortgage or deed of trust made in good faith and for value encumbering the Property or any interest of the Owner therein.

5.19 Burden and Benefit. The City and the Owner hereby declare their understanding and intent that: (i) the burden of the covenants, reservations, restrictions, and agreements set forth herein touch and concern the Property and the Apartment Community, in that Owner's legal interest in the Apartment Community is rendered less valuable thereby, (ii) the covenants, reservations, restrictions, and agreements set forth herein directly benefit the Property and the Apartment Community (a) by enhancing and increasing the enjoyment and use of the Apartment Community by certain Very Low Income Households, the intended beneficiaries of such covenants, reservations, restrictions, and agreements, (b) by making possible the obtaining of advantageous financing for the Property and the Apartment Community, and (c) by furthering the public purposes advanced by the City, and (iii) the covenants, reservations, restrictions and agreements set forth herein shall run with the Property and shall be binding for the benefit of and enforceable by the City and its successors and assigns for the entire Term of this Agreement.

5.20 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be an original, but all of which shall constitute one and the same instrument.

5.21 Amendments. This Agreement may be amended only by the written agreement of the City and the Owner.

WHEREFORE, the undersigned has executed this Agreement as of the date first-above written.

	<p><b><u>OWNER:</u></b></p> <p>_____</p> <p><b><u>CITY:</u></b></p> <p>CITY OF PALM DESERT</p> <p>By: _____</p> <p>Print Name: _____</p> <p>Title: _____</p>
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## CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

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 \_\_\_\_\_, 2022, before me, \_\_\_\_\_,  
(insert name and title of the officer)

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.

Signature \_\_\_\_\_(Seal)

## CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

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 \_\_\_\_\_, 2022, before me, \_\_\_\_\_,  
(insert name and title of the officer)

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.

Signature \_\_\_\_\_(Seal)



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State of California )

County of \_\_\_\_\_)

On \_\_\_\_\_, 2022, before me, \_\_\_\_\_,  
(insert name and title of the officer)

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.

Signature \_\_\_\_\_(Seal)

EXHIBIT "A"

LEGAL DESCRIPTION OF THE PROPERTY

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

EXHIBIT “B”

HOUSEHOLD INCOME CERTIFICATION

(Attached)

# AFFORDABLE HOUSING HOUSEHOLD INCOME CERTIFICATION

Applicant (s) Name: \_\_\_\_\_

Address: \_\_\_\_\_ Unit No. \_\_\_\_\_ # Bedrooms: \_\_\_\_\_

Program Eligibility and Affordability verifications for Low Income Households shall be performed as required by Title 25 subject to eligibility verification procedures and requirements described therein, and as amended from time to time. The following outlines how annual income is calculated to determine household income eligibility, which is required in order to determine a person, family or Household to be a "Qualified Household" as established by the Program and Redevelopment Law.

The following questions will assist you in completing the HOUSEHOLD INCOME CERTIFICATION. When answering the questions answer "Yes" if any of the information requested or income source pertains to any person, co-applicant, or adult individual member of the household (Individuals 18 years and older) during the 12 months following the date of the certification.

HOUSEHOLD COMPOSITION (List all members of the household including yourself that will occupy the unit applied for.)			
Last Name	First Name & Middle Initial	Relationship to Head of Household	Date of Birth (MM/YYYY)
		Self	
TOTAL HOUSEHOLD MEMBERS:			#

## PART I. HOUSEHOLD INCOME INFORMATION

YES	NO	All sources are to be disclosed below for all household members unless otherwise excluded by Title 25 Section	MONTHLY AMOUNT
<input type="checkbox"/>	<input type="checkbox"/>	1 EMPLOYMENT (wages, overtime, etc.) <i>List name of employer: _____</i>	(use <u>gross</u> income; amount before any pay deductions) \$ _____
<input type="checkbox"/>	<input type="checkbox"/>	2 SELF EMPLOYED <i>List nature of self employment: _____</i>	(use <u>net</u> income from business) \$ _____
<input type="checkbox"/>	<input type="checkbox"/>	3 OTHER EMPLOYMENT RELATED COMPENSATION (i.e.; tips, bonuses)	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	4 SOCIAL SECURITY INCOME	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	5 SUPPLEMENTAL SECURITY INCOME (SSI)	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	6 CASH CONTRIBUTIONS (i.e.; From third parties including gifts for rent or utility payments)	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	7 PUBLIC ASSISTANCE INCOME (Welfare, food stamps, foster care assistance)	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	8 UNEMPLOYMENT BENEFITS	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	9 VETERAN'S BENEFIT/INCOME	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	10 DISABILITY OR DEATH BENEFITS OTHER THAN SSI	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	11 CHILD SUPPORT/ALIMONY/SPOUSAL SUPPORT PAYMENTS (Received by any and all household members. Note for how many children did you receive support: _____)	\$ _____

Rev 3/12/10

HOUSEHOLD INCOME CERTIFICATION  
PAGE 2 OF 3

FILE NO. \_\_\_\_\_  
EFFECTIVE DATE \_\_\_\_\_

YES	NO	INCOME INFORMATION (CONTINUED) All sources are to be disclosed below for all household members unless otherwise excluded by Title 25 Section		MONTHLY AMOUNT
<input type="checkbox"/>	<input type="checkbox"/>	12	TRUSTS PAYMENTS, ANNUITY PAYMENTS, RETIREMENT PAYMENTS, WORKERS COMPENSATION PAYMENTS, SEVERANCE PAYMENTS, LOTTERY WINNINGS OR OTHER INCOME. <i>List sources:</i> _____	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	13	RENTAL, REAL OR PERSONAL PROPERTY INCOME	\$ _____
<b>TOTAL MONTHLY INCOME (BOX A)</b>				\$ _____

**PART II. HOUSEHOLD ASSET INFORMATION**

YES	NO	All sources are to be disclosed below for all household members unless otherwise excluded by Title 25 Section		CASH VALUE
<input type="checkbox"/>	<input type="checkbox"/>	1	CHECKING ACCOUNT(S): <i>List bank(s):</i> _____	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	2	SAVINGS ACCOUNT(S): <i>List bank(s):</i> _____	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	3	TRUST ACCOUNT(S): <i>List bank(s):</i> _____	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	4	REAL ESTATE: <i>Provide description:</i> _____	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	5	STOCKS, BONDS, OR TREASURY BILLS: <i>List sources/bank names:</i> _____	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	6	CERTIFICATES OF DEPOSIT (CD) OR MONEY MARKET ACCOUNT(S): <i>List Sources/bank names:</i> _____	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	7	IRA/LUMP SUM PENSION/KEOGH ACCOUNT/401 K: <i>List bank(s):</i> _____	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	8	LIFE INSURANCE POLICY CASH VALUE: <i>How many policies:</i> _____	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	9	DISPOSED OF ASSETS (i.e. gave away money/assets for less than the fair market value in the past 2 years) <i>List items and date disposed:</i> _____	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	10	OTHER ASSETS OR CAPITAL INVESTMENTS <i>Describe source:</i> _____	\$ _____
<b>TOTAL ASSET VALUE (BOX B)</b>				\$ _____

**PART III. HOUSEHOLD STUDENT STATUS**

YES	NO		All sources are to be disclosed below for all household members who are <u>STUDENTS</u> unless otherwise excluded by Title 25 Section	AMOUNT
<input type="checkbox"/>	<input type="checkbox"/>	1	IS ANY HOUSEHOLD MEMBER A FULL-TIME STUDENT (i.e.; College/University, trade school, etc.)	
IF QUESTION NO. 1 IS NO, SKIP TO PART IV				
<input type="checkbox"/>	<input type="checkbox"/>	2	DOES STUDENT FILE A JOINT TAX RETURN WITH OTHER HOUSEHOLD MEMBERS	
<input type="checkbox"/>	<input type="checkbox"/>	3	IS STUDENT A DEPENDENT OF ANOTHER INDIVIDUAL Explain: _____	
<input type="checkbox"/>	<input type="checkbox"/>	4	DOES STUDENT RECEIVE FINANCIAL AID. IF YES ENTER AMOUNT (i.e.; Public or private, not including student loans).	\$ _____
IF QUESTION NO. 4 IS NO, SKIP TO PART IV				
<input type="checkbox"/>	<input type="checkbox"/>	5	DOES STUDENT RECEIVE FINANCIAL AID THAT INCLUDES HOUSING/SHELTER ALLOWANCE. IF YES ENTER AMOUNT.	\$ _____
<b>TOTAL FINANCIAL AID ASSISTANCE (BOX C)</b>				\$ _____

**PART IV. HOUSEHOLD UNUSUAL EXPENSES**

YES	NO		All sources are to be disclosed below for all household members unless otherwise excluded by Title 25 Section	AMOUNT
<input type="checkbox"/>	<input type="checkbox"/>	1	MEDICAL EXPENSES NOT COVERED BY INSURANCE EXCEEDING 25% OF THE GROSS HOUSEHOLD ANNUAL INCOME INCLUDING INSURANCE MONTHLY PREMIUM  Describe: _____	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	2	UNUSUAL EXPENSES PAID BY HEAD OF HOUSEHOLD UNUSUAL FOR THE CARE OF MINORS UNDER 13 YEARS OF AGE, DISABLED, OR HANDICAPPED HOUSEHOLD MEMBERS NECESSARY FOR GAINFUL EMPLOYMENT  Describe: _____	\$ _____
<b>TOTAL ANNUAL UNUSUAL EXPENSES (BOX D)</b>				\$ _____
(Explanation of Benefits must be provided as proof and all receipts for the non-covered medical expenses.)				

**TOTAL NET ANNUAL HOUSEHOLD INCOME FROM ALL SOURCES**  
(Box (A + B + C) - (D) = total)

\$ \_\_\_\_\_

**HOUSEHOLD CERTIFICATION & SIGNATURES**

The information on this form will be used to determine maximum household income eligibility. I/we have provided each person(s) set forth in Part I acceptable verification of current anticipated annual income. I/we agree to notify immediately upon any changes in income, household size or composition, or any other information.

Under penalty of perjury of the laws of the State of California, I/we certify that the information presented in the Certification is true and accurate to the best of my/our knowledge and belief. The undersigned further understands that providing false representations herein constitutes an act of fraud. False, misleading or incomplete information may result in the termination of the lease agreement.

_____ Signature	_____ Date	_____ Signature	_____ Date
_____ Signature	_____ Date	_____ Signature	_____ Date

EXHIBIT “C”

CERTIFICATE OF CONTINUING COMPLIANCE

(Attached)

**CITY OF PALM DESERT**  
**OWNER'S CERTIFICATE OF CONTINUING PROGRAM COMPLIANCE**

To: City of Palm Desert  
73-510 Fred Waring Drive  
Palm Desert, CA 92260  
ATTN: HOUSING DIVISION

Report Date: \_\_\_\_\_

Certification Dates: From: \_\_\_\_\_

To: \_\_\_\_\_

Project Name: \_\_\_\_\_

Project No.: \_\_\_\_\_

Project Address: \_\_\_\_\_

City: \_\_\_\_\_ Zip: \_\_\_\_\_

Tax ID # of Ownership Entity: \_\_\_\_\_

The undersigned \_\_\_\_\_ on behalf of \_\_\_\_\_ (the "Owner"), hereby certifies that:

- ☐ No buildings have been placed in service.  
☐ At least one building has been placed in service, but owner elects to begin credit period in the following year.

If either of the above applies, please check the appropriate box, and proceed to page 3 to sign and date this form.

- ☐ All buildings ARE in service.

1. The Project meets the minimum requirements of (as outlined in the Agreement):

- ☐ \_\_\_\_\_  
☐ \_\_\_\_\_

2. Has there been a change in any building in the Project?

- ☐ No Change ☐ Change

If "Change", list the applicable change in the project for the certification year on page 4.

3. The Owner has received an annual Household Income Certification from each low-income resident and documentation to support that certification, at their initial occupancy and annually.

- ☐ Yes ☐ No

4. Each low-income unit in the Project has been rent-restricted pursuant to Section \_\_\_\_\_ of the Agreement:

- ☐ Yes ☐ No



5. Has there been a finding of discrimination under the Fair Housing Act, 42 U.S.C. 3601-3619, for this Project? A finding of discrimination includes an adverse final decision by the Secretary of Housing and Urban Development (HUD), 24 CFR 180.680, an adverse final decision by a substantially equivalent state or local fair housing agency, 42 U.S.C. 3616a(a)(1), or an adverse judgment from a federal court:

☐ No Finding ☐ Finding

If "Finding", state the nature of the finding on page 4.

6. Each building in the Project is and has been suitable for occupancy, taking into account local health, safety and building codes (or other habitability standards), and the state or local government unit responsible for making building code inspections did not issue a report of a violation for any building or low-income unit in the project:

☐ Yes ☐ No

If "No," state the nature of violation on page 4 and attach a copy of the violation report and any documentation of correction.

7. Has there been a **change in the eligible basis** (as defined in \_\_\_\_\_ of the Agreement) of any building in the project since last certification submission?

☐ No Change ☐ Change

If "Change," state nature of change on page 4 (e.g., a common area has become commercial space, a fee is now charged for a tenant facility formerly provided without charge, or the project owner has received federal subsidies with respect to the project which had not been disclosed).

8. All tenant facilities included, such as swimming pools, other recreational facilities, parking areas, washer/dryer hookups and appliances were provided on a comparable basis without charge to all tenants in the buildings:

☐ Yes ☐ No

9. If a low-income unit in the Project has been vacant during the year, reasonable attempts were, or are being, made to rent that unit or the next available unit of comparable or smaller size to tenants having a qualifying income before any units were or will be rented to tenants not having a qualifying income:

☐ Yes ☐ No

10. If the income of tenants of a low-income unit in any building increased above the limit, the next available unit of comparable or smaller size in that building was or will be rented to residents having a qualifying income:

☐ Yes ☐ No

11. An extended low-income housing commitment, wherein an owner cannot refuse to lease a unit in the project to an applicant because the applicant holds a voucher or certificate of eligibility under Section 8 of the United States Housing Act of 1937, 42 U.S.C. 1437s. Owner has not refused to lease a unit to an applicant based solely on their status as a holder of a Section 8 voucher:

☐ Yes ☐ No ☐ N/A

12. The owner has complied with and not evicted or terminated the tenancy of an existing tenant of any low-income unit other than for good cause:

☐ Yes ☐ No

13. Has there been a change in the ownership or management of the Project?

☐ No Change

☐ Change

If "Change," complete page 4 detailing the changes in ownership or management of the project.

NOTE: Failure to complete this form in its entirety will result in noncompliance with the program requirements. In addition, any individual other than an owner or general partner of the project is not permitted to sign this form.

The project is otherwise in compliance with Affordable Housing Agreement No. \_\_\_\_\_ and all other applicable laws, rules, and regulations. This Certification and any attachments are made **UNDER PENALTY OF PERJURY** of the Laws of the State of California.

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**PLEASE EXPLAIN ANY ITEMS THAT WERE  
ANSWERED "NO," "CHANGE" OR  
"FINDING ON QUESTIONS 1-15.**

Question #	Explanation (if applicable)
2	
5	
6	
7	
13	

**CHANGES IN OWNERSHIP OR MANAGEMENT**  
(To be completed **ONLY** if "CHANGE" marked for  
Question 15 above)

**TRANSFER OF OWNERSHIP:**

Date of Change:	
Taxpayer ID Number:	
Legal Owner Name:	
General Partnership:	
Status of Partnership (LLC, etc.):	

**CHANGE IN OWNER CONTACT:**

Date of Change:	
Owner Contact:	
Owner Contact Phone:	
Owner Contact Email:	

**CHANGE IN MANAGEMENT CONTACT**

Date of Change:	
Management Co. Name:	
Management Address:	
Management city, state, zip:	
Management Contact:	
Management Contact Phone:	
Management Contact Email:	

**EXHIBIT E**  
**FORM OF PROMISSORY NOTE**

**SECURED PROMISSORY NOTE**

\_\_\_\_\_, 202\_\_\_\_\_  
Palm Desert, California

\$ \_\_\_\_\_.00

FOR VALUE RECEIVED, the undersigned, \_\_\_\_\_ (“Maker” or “Developer”), having its principal place of business at 100 Pacifica, Suite 203, Irvine, CA 92618 promises to pay to the order of the PALM DESERT HOUSING AUTHORITY (“Payee”), at 73-510 Fred Waring Drive, Palm Desert, CA 92260, Attn: \_\_\_\_\_, or at such other place as the holder of this Note from time to time may designate in writing, the principal sum of \$ \_\_\_\_\_ (the “Principal Amount”), together with interest on the unpaid principal amount disbursed under this promissory note (“Note”) from time to time outstanding at the “Applicable Interest Rate,” as defined below, in lawful money of the United States of America. This Note is being delivered, and the loans evidenced hereby are being made, pursuant to the terms of an Amended and Restated Disposition, Development and Loan Agreement between Developer and Payee dated in April, 2024 (“DDLA”). All capitalized terms used herein which are not separately defined herein shall have the meanings set forth therefor in the DDLA.

As of the date of this Note, \$ \_\_\_\_\_ of principal has been disbursed to the City of Palm Desert as a purchase money loan to Maker for its acquisition from the City of the property encumbered by the deed of trust securing this Note (the “Property”).

[FOR PHASE II NOTE ONLY:][The remainder of the Principal Amount shall be disbursed as a construction loan as described in Section 5.6 of the DDLA.]

“Applicable Interest Rate” means three percent (3%) per annum, simple interest, accruing on all principal sums disbursed and outstanding, except that amounts not paid when due shall accrue interest from the date due until the date paid at the lesser of: (i) ten percent (10%) per annum, simple interest, or (ii) the maximum rate permitted by applicable law.

1. Payments. Payments under this Note shall be due and payable as follows: \_\_\_\_\_ percent of Residual Receipts, as defined in the DDLA, from the Development on the Property for each calendar year shall be paid to Payee on an annual basis on the first June 1st after the issuance of a final certificate of occupancy for such Development, and each June 1st thereafter (with respect to the Residual Receipts for the preceding calendar year, until all outstanding principal and accrued interest under this Note has been paid in full. Payments shall first be applied to accrued interest, then to remaining outstanding principal. In addition, the entire amount of outstanding principal and accrued interest and any additional amounts which become owing hereunder shall be paid by Maker to Payee as of the earliest of: (i) an Event of Default by Maker under the DDLA (including, without limitation, an uncured default under the Housing Agreement for the Property, any uncured default under any other loan provided by Maker to Payee or any affiliate of Payee, and any uncured default under any other Housing Agreement following the expiration of any applicable cure period

executed by Payee or any affiliate of Payee in connection with the remainder of the Property described in the DDLA); (ii) as provided in Section 4 below; or (iii) fifty-five (55) years after the date a final certificate of occupancy is issued for the Development (the “Maturity Date”).

2. Secured by Deed of Trust. Repayment of this Note is secured by a deed of trust (the “Deed of Trust”) executed by Maker for the benefit of Payee encumbering the Property described in the Deed of Trust on which a portion of the Development described in the DDLA is to be developed/constructed.

3. Prepayment. Maker shall have the right to prepay amounts owing under this Note at any time, without premium.

4. Due on Sale or Encumbrance. In the event of any transfer of the Property, or any portion thereof or interest therein, not permitted by the DDLA or approved in writing by Payee, Payee shall have the absolute right at its option, without prior demand or notice, to declare all sums secured hereby immediately due and payable. Failure of Payee to exercise the option to declare all sums secured hereby immediately due and payable upon a Transfer will not constitute waiver of the right to exercise this option in the event of any subsequent Transfer.

5. Miscellaneous.

(a) Governing Law. All questions with respect to the construction of this Note and the rights and liabilities of the parties to this Note shall be governed by the laws of the State of California.

(b) Attorneys’ Fees.

(i) Maker shall reimburse Payee for all reasonable attorneys’ fees, costs and expenses, incurred by Payee in connection with the enforcement of Payee’s rights under this Note, including, without limitation, reasonable attorneys’ fees, costs and expenses for trial, appellate proceedings, out-of-court negotiations, workouts and settlements or for enforcement of rights under any state or federal statute, including, without limitation, reasonable attorneys’ fees, costs and expenses incurred to protect Payee’s security and attorneys’ fees, costs and expenses incurred in bankruptcy and insolvency proceedings such as (but not limited to) seeking relief from stay in a bankruptcy proceeding. The term “expenses” means any expenses incurred by Payee in connection with any of the out-of-court, or state, federal or bankruptcy proceedings referred to above, including, without limitation, the fees and expenses of any appraisers, consultants and expert witnesses retained or consulted by Payee in connection with any such proceeding.

(ii) Payee shall also be entitled to its attorneys’ fees, costs and expenses incurred in any post-judgment proceedings to collect and enforce the judgment. This provision is separate and several and shall survive the merger of this Note into any judgment on this Note.

(c) Entire Agreement. This Note, the DDLA, the Deed of Trust and the Housing Agreement required by the DDLA, Density Bonus Agreement, and the other documents described in the DDLA constitute the entire agreement and understanding between and among the parties in respect of the subject matter of such agreements and supersede all prior agreements and understandings with respect to such subject matter, whether oral or written.

(d) Time of the Essence. Time is of the essence with respect to every provision hereof.

(e) Waivers by Maker. Maker waives: presentment; demand; notice of dishonor; notice of default or delinquency; notice of acceleration; notice of protest and nonpayment; notice of costs, expenses or losses and interest thereon; and diligence in taking any action to collect any sums arising under this Note or in any proceeding against any of the rights or interests in or to properties securing payment of this Note.

(f) Non-waivers. No previous waiver and no failure or delay by Maker in acting with respect to the terms of this Note, the DDLA the Deed of Trust or any Housing Agreement, shall constitute a waiver of any breach, default, or failure of condition under any of them. A waiver of any term must be made in writing and shall be limited to the express written terms of such waiver.

(g) Non-Recourse. Repayment of this Note and all other obligations of Borrower hereunder, under the DDLA, Housing Agreement or Deed of Trust shall be a non-recourse obligation of Borrower, such that the general partner of Maker shall not have any personal obligation to make any payments or perform any other obligations of Maker.

(h) Cure by Limited Partner(s). Payee hereby agrees that any cure of any default made or tendered by Maker's limited partner (whose name and notice address is as set forth below in this Section 5(h)) shall be deemed to be a cure by Maker and shall be accepted or rejected on the same basis as if made or tendered by Maker.

Investor Limited Partner Name and Notice Address:

\_\_\_\_\_

**MAKER:**

\_\_\_\_\_  
a California limited partnership

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**EXHIBIT F**

**FORM OF DEED OF TRUST**

RECORDING REQUESTED BY,  
AND WHEN RECORDED MAIL TO:

Palm Desert Housing Authority  
73-510 Fred Waring Drive  
Palm Desert, CA 92260  
Attn: \_\_\_\_\_

SPACE ABOVE THIS LINE FOR RECORDER'S USE

**DEED OF TRUST AND ASSIGNMENT OF RENTS**

THIS DEED OF TRUST AND ASSIGNMENT OF RENTS (this "Deed of Trust") is dated as of \_\_\_\_\_, 202\_\_, and is executed by \_\_\_\_\_ ("Trustor"), in favor of FIRST AMERICAN TITLE COMPANY, as "Trustee," for the benefit of the PALM DESERT HOUSING AUTHORITY ("Beneficiary").

Trustor IRREVOCABLY GRANTS, TRANSFERS AND ASSIGNS TO TRUSTEE IN TRUST, WITH POWER OF SALE, that certain land in the City of Palm Desert, Riverside County, California, described on Exhibit "A" attached hereto;

TOGETHER WITH the rents, issues and profits thereof and all leases and rental agreements related thereto, SUBJECT, HOWEVER, to the right, power, and authority hereinafter given to Trustor to collect and apply such rents, issues, and profits;

TOGETHER WITH all buildings and improvements of every kind and description now or hereafter erected or placed thereon, and all fixtures, including but not limited to all gas and electric fixtures, engines and machinery, radiators, heaters, furnaces, heating equipment, laundry equipment, steam and hot water boilers, stoves, ranges, elevators and motors, bath tubs, sinks, water closets, basins, pipes, faucets and other plumbing and heating fixtures, mantels, cabinets, refrigerating plant and refrigerators, whether mechanical or otherwise, cooking apparatus and appurtenances, and all shades, awnings, screens, blinds and other furnishings, it being hereby agreed that all such fixtures and furnishings shall to the extent permitted by law be deemed to be permanently affixed to and a part of the realty;

TOGETHER WITH all building materials and equipment now or hereafter delivered to the premises and intended to be installed therein;

TOGETHER WITH all articles of personal property owned by the Trustor now or hereafter attached to or used in and about the building or buildings now erected or hereafter to be erected on the lands described which are necessary to the complete and comfortable use and occupancy of such building or buildings for the purposes for which they were or are to be erected, including all

other goods and chattels and personal property as are ever used or furnished in operating a building, or the activities conducted therein, similar to the one herein described and referred to, and all renewals or replacements thereof or articles in substitution therefor, whether or not the same are, or shall be attached to the building or buildings in any manner.

All of the foregoing, together with the real property, is herein referred to as the "Property."

For the purpose of securing (a) payment of the indebtedness evidenced by that certain promissory note (the "Note") of substantially even date herewith, in the stated principal sum of \$\_\_\_\_\_, executed by Trustor, as maker, in favor of Beneficiary, as payee, and all amendments thereof; and (b) sums owing by Trustor to Beneficiary under this Deed of Trust.

(2) That it shall faithfully perform each and every covenant contained in the Note, the Disposition, Development and Loan Agreement ("Loan Agreement") between Trustor and Beneficiary dated substantially concurrently herewith and the Housing Agreement and other documents described therein. Upon an Event Default under (and as defined in) the Loan Agreement, Beneficiary may accelerate the loan evidenced by the Note, and if not paid, may exercise any and all remedies permitted by law, including foreclosure of this Deed of Trust.

(3) To appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; and to pay all costs and expenses, including cost of evidence of title and attorneys' fees in a reasonable sum, in any such action or proceeding in which Beneficiary or Trustee may appear, and in any suit brought by Beneficiary to foreclose this Deed of Trust.

(4) To pay at least ten (10) calendar days before delinquency all property taxes and assessments and any other taxes affecting the Property, including assessments on appurtenant water stock; when due, all encumbrances, charges and liens, with interest, on the Property or any part thereof, which appear to be prior or superior hereto (provided, however, that Trustor may dispute in good faith any such tax or assessment after posting bond on same).

(5) That should Trustor fail to make any payment or to do any act as herein provided, then Beneficiary, without obligation so to do and without notice to or demand upon Trustor and without releasing Trustor from any obligation hereof may: make or do the same in such manner and to such extent as either may deem necessary to protect the security hereof, Beneficiary or Trustee being authorized to enter upon the Property for such purposes with written notice to Trustor; appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; pay, purchase, contest or compromise any encumbrance, charge or lien which in the judgment of either appears to be prior or superior hereto; and, in exercising any such powers, pay necessary expenses, employ counsel and pay its reasonable fees.

(6) To pay immediately and without demand all sums so expended by Beneficiary hereunder, or under the Maintenance Agreement, in accordance with the terms thereof.

(7) The Trustor further covenants that it will not voluntarily create, suffer, or permit to be created against the Property any lien or liens except for deeds of trust securing financing used to pay for construction of the Project, as defined in the Loan Agreement (or securing refinancing of



such construction loans) and further that it will keep and maintain the Property free from the claims of all persons supplying labor or materials which will enter into the construction of any and all buildings now being erected or to be erected on the Property, or will cause the release of or will provide a bond against any such liens within ten (10) days of the attachment of the lien or liens.

(8) That any award of damages in connection with any condemnation for public use of or injury to the Property or any part thereof is hereby assigned and shall be paid to Beneficiary who may apply or release such moneys it receives in the same manner and with the same effect as above provided for disposition of proceeds of fire or other insurance.

(9) That by accepting payment of any sum secured hereby after its due date, Beneficiary does not waive its right either to require prompt payment when due of all other sums so secured or to declare default for failure so to pay.

(10) That at any time or from time to time, without liability therefor and without notice, upon written request of Beneficiary, and without affecting the personal liability of any person for payment of the indebtedness secured hereby, Trustee may: reconvey any part of the Property; consent to the making of any map or plat thereof; join in granting any easement thereon; or join in any extension agreement or any agreement subordinating the lien or charge hereof.

(11) That upon written request of Beneficiary stating that all sums secured hereby have been paid or forgiven by Beneficiary, and upon surrender of the Note to Trustee for cancellation and retention and upon payment of its fees, Trustee shall reconvey, without warranty, the Property then held hereunder. The recitals in such reconveyance of any matters or facts shall be conclusive proof of the truthfulness thereof. The grantee in such reconveyance may be described as "the person or persons legally entitled thereto."

(12) That Trustor hereby absolutely and unconditionally assigns and transfers to Beneficiary all the rents, income and profits of the Property encumbered hereby, and hereby give to and confer upon Beneficiary the right, power and authority to collect such rent, income, and profits, and Trustor irrevocably appoints Beneficiary Trustor's true and lawful attorney at the option of Beneficiary, at any time, to give receipts, releases and satisfactions and to sue, either in the name of Trustor or in the name of Beneficiary, for all income, and apply the same to the indebtedness secured hereby; provided, however, so long as no default by Trustor in the payment of any indebtedness secured hereby shall exist and be continuing beyond any applicable cure period expressly provided therein, then, Trustor shall have the right to collect all rent, income and profits from the Property and to retain, use and enjoy the same. Upon any such default, Beneficiary may at any time without notice, either in person, by agent, or by a receiver to be appointed by a court, and without regard to the adequacy of any security for the indebtedness hereby secured, enter upon and take possession of the Property or any part thereof, in its own name sue for or otherwise collect such rents, issues and profits, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including reasonable attorney's fees, upon any indebtedness secured hereby, and in such order as Beneficiary may determine. The entering upon and taking possession of the Property, the collection of such rents, issues and profits and the application thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

(13) That upon a Default by Trustor under the Loan Agreement (after all notice and cure periods have elapsed), Beneficiary may declare all sums secured hereby immediately due and payable by delivery to Trustee of written declaration of default and demand for sale and of written notice of default and election to cause to be sold the Property, which notice Trustee shall cause to be filed for record. Beneficiary also shall deposit with Trustee this Deed of Trust, the Note and all documents evidencing expenditures secured hereby. After the lapse of such time as may then be required by law following the recordation of the notice of default, and notice of sale having been given as then required by law, Trustee, without demand on Trustor, shall sell the Property at the time and place fixed by it in the notice of sale, either as a whole or in separate parcels, and in such order as it may determine, at public auction to the highest bidder for cash in lawful money of the United States, payable at time of sale. Trustee may postpone sale of all or any portion of the Property by public announcement at such time and place of sale, and from time to time thereafter may postpone such sale by public announcement at the time fixed by the preceding postponement. Trustee shall deliver to such purchaser its deed conveying the Property so sold, but without any covenant or warranty, express or implied. The recitals in such deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including Trustor, Trustee, or Beneficiary as hereinafter defined, may purchase at the sale.

After deducting all costs, fees and expenses of Trustee and of this Trust, including cost of evidence of title in connection with sale, Trustee shall apply the proceeds of sale to payment of: all sums expended under the terms hereof, not then repaid, with accrued interest at the amount allowed by law in effect at the date hereof; all other sums then secured hereby; and the remainder, if any, to the person or persons legally entitled thereto.

(14) Beneficiary, or any successor in ownership of any indebtedness secured hereby, may from time to time, by instrument in writing, substitute a successor or successors to any Trustee named herein or acting hereunder, which instrument, executed by the Beneficiary and duly acknowledged and recorded in the office of the recorder of the county or counties where the Property is situated, shall be conclusive proof of proper substitution of such successor Trustee or Trustees, who shall, without conveyance from the Trustee predecessor, succeed to all its title estate, rights, powers and duties. The instrument must contain the name of the original Trustor, Trustee and Beneficiary hereunder, the book and page where this Deed of Trust is recorded and the name and address of the new Trustee.

(15) That this Deed of Trust applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns. The term Beneficiary shall mean the owner and holder, including pledgees, of the Note, whether or not named as Beneficiary herein. In this Deed of Trust, whenever the context so requires, the masculine gender includes the feminine and/or neuter, and the singular number includes the plural.

(16) If Trustor shall sell, convey, hypothecate, transfer, encumber or alienate the Property, or any part thereof, or any interest therein, or any interest in Trustor is transferred, or Trustor shall be divested of title or any interest in the Property in any manner or way, whether voluntarily or involuntarily, without the prior written consent of the Beneficiary being first had and obtained (if and to the extent such consent is required in the Loan Agreement or if the failure to get such consent would be an Event of Default under the Loan Agreement), or if an Event of Default by Trustor shall occur under the Loan Agreement, then Beneficiary shall have the right, at its option,

to declare any indebtedness or obligations secured hereby, irrespective of the maturity date specified in any note evidencing the same, immediately due and payable.

(17) That Trustor shall promptly pay when due the payments of interest, principal, and all other charges accruing under any superior or prior trust deed, mortgage, or other instrument encumbering the Property. Beneficiary shall have the right, but not the obligation, to cure any defaults on any superior or prior deed of trust or promissory note secured thereby and upon curing such default Trustor shall immediately reimburse Beneficiary for all costs and expenses incurred thereby, together with interest thereon at the maximum legal rate permitted to be charged by non-exempt lenders under the State of California, and Trustor's failure to pay such amount on demand shall be a breach hereof. Trustor's breach or default of any covenant or condition of any superior or prior trust deed, mortgage or other instrument encumbering the Property shall be a default under this Deed of Trust, whereupon Beneficiary shall have the right to declare all sums under the Note secured hereby immediately due and payable as provided in the Note.

(18) The undersigned Trustor requests that a copy of any Notice of Default and of any Notice of Sale hereunder (and any other notices hereunder) be mailed to it at its address for notices in the DDLA.

(19) Trustor shall not commit waste with respect to the Property.

(20) Any notices, requests or approvals given under this Deed of Trust from one party to another must be in writing and may be personally delivered; or deposited with the United States Postal Service, postage prepaid, for delivery by registered or certified mail, return receipt requested; or sent by next business day delivery service such as FedEx, to the following address:

If to Borrower:       Palm Desert Palm Villas Partners LP,  
                              a California limited partnership  
                              100 Pacifica, Suite 203  
                              Irvine, CA 92618  
                              Attn: \_\_\_\_\_

If to Beneficiary:     Palm Desert Housing Authority  
                              73-510 Fred Waring Drive  
                              Palm Desert, CA 92260

Either party may change its address for notice by giving written notice of its change of address to the other party. Notices are considered delivered on the date received if given next business day delivery service and three (3) business days after mailing if sent by United States Postal Service registered or certified mail. If a notice is sent by registered or certified mail and receipt is rejected it shall be considered delivered on the date delivery was attempted by the United States Postal Service.

(21) Beneficiary acknowledges that Trustor and the California Tax Credit Allocation Committee have or intend to enter into, or concurrently with the execution and delivery of the Loan Documents are entering into, a Regulatory Agreement (the "TCAC Regulatory Agreement"), which constitutes the extended low-income housing commitment described in Section 42(h)(6)(B)

of the Internal Revenue Code, as amended (the "Code"). Beneficiary acknowledges and agrees that, in the event of a foreclosure of its interest under the Deed of Trust or delivery by the Trustor of a deed in lieu thereof (collectively, a "Foreclosure"), the following rule contained in Section 42(h)(6)(E)(ii) of the Code shall apply: For a period of three (3) years from the date of Foreclosure, with respect to any unit that had been regulated by the TCAC Regulatory Agreement, (i) none of the eligible tenants occupying those units at the time of Foreclosure may be evicted or their tenancy terminated (other than for good cause, including but not limited to, the tenants' ineligibility pursuant to Section 42 of the Code), (ii) nor may any rent be increased except as otherwise permitted under Section 42 of the Code.

**TRUSTOR:**

\_\_\_\_\_  
a California limited partnership

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

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, \_\_\_\_\_,  
(insert name and title of the officer)

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.

Signature \_\_\_\_\_ (Seal)

EXHIBIT "A"

DESCRIPTION OF LAND

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

[LEGAL DESCRIPTION TO BE PROVIDED.]

**EXHIBIT G-1**

**FORM OF PHASE I NOTICE OF AFFORDABILITY RESTRICTIONS**

RECORDING REQUESTED BY,  
AND WHEN RECORDED MAIL TO:

Palm Desert Housing Authority  
73-510 Fred Waring Drive  
Palm Desert, CA 92260  
Attn: Executive Director

SPACE ABOVE THIS LINE FOR RECORDER'S USE

FREE RECORDING REQUESTED PURSUANT TO GOVERNMENT CODE §6103

**NOTICE OF AFFORDABILITY RESTRICTIONS**

IMPORTANT NOTICE TO OWNERS, PURCHASERS, TENANTS, LENDERS, BROKERS, ESCROW AND TITLE COMPANIES, AND OTHER PERSONS, REGARDING AFFORDABLE HOUSING RESTRICTIONS ON THE REAL PROPERTY DESCRIBED IN THIS NOTICE: RESTRICTIONS HAVE BEEN RECORDED WITH RESPECT TO THE PROPERTY DESCRIBED BELOW WHICH RESTRICT OCCUPANCY TO EXTREMELY LOW, VERY LOW AND LOW-INCOME HOUSEHOLDS AND THE RENTS WHICH MAY BE CHARGED. THESE RESTRICTIONS MAY LIMIT THE RENTS FOR EACH UNIT TO AN AMOUNT WHICH IS LESS THAN FAIR MARKET RENT. THESE RESTRICTIONS LIMIT THE INCOME OF PERSONS AND HOUSEHOLDS WHO ARE PERMITTED TO RENT AND OCCUPY THE UNITS.

This NOTICE OF AFFORDABILITY RESTRICTIONS (the "Notice"), is dated as of \_\_\_\_\_, \_\_\_, 202\_\_, and is executed by \_\_\_\_\_, a \_\_\_\_\_ ("Owner"), whose address is \_\_\_\_\_, and by the PALM DESERT HOUSING AUTHORITY (the "PDHA") in connection with that certain Housing Agreement (LMIHF Agreement, and City Loan Restrictions Agreement) among Owner, the City of Palm Desert and the PDHA dated substantially concurrently herewith and recorded in the Official Records of Riverside County substantially concurrently herewith (the "Housing Agreement").

**RECITALS**

A. Owner owns the land described on Exhibit "A" in the City of Palm Desert, State of California and the improvements thereon (the "Property"), which is [part of] APN \_\_\_\_\_ [ADDRESS?]

B. Owner, City and PDHA are entering into and recording the Housing Agreement substantially concurrently herewith, which relates to and encumbers the Property.

A. Capitalized terms used herein but not defined shall have the meaning set forth in the Housing Agreement.

## **TERMS OF NOTICE**

1. Requirement for Recorded Notice. This Notice is being executed and recorded pursuant to California Health and Safety Code Section 33334.3(f)(3)(B).

2. Housing Agreement (Regulatory Agreement). This Notice is being recorded substantially concurrently with the recordation of the Housing Agreement, which is incorporated herein by reference.

3. General Recitation of Affordability Restrictions; Term. The Housing Agreement restricts the occupancy of 120 rental units on the Property to occupancy by extremely low, very low and low-income households as their principal residence at an affordable rent (as more particularly described in and required by the Housing Agreement), and in compliance with California Health & Safety Code Sections 50052.5, 50053, 50079.5, 50106 and Title 25 of the California Code of Regulations Section 6910, et. seq., for a term commencing on the date thereof and continuing until fifty-five (55) years after issuance of a Certificate of Occupancy by the City of Palm Desert for the improvements required to be made by Owner to the Property under that certain Amended and Restated Disposition, Development and Loan Agreement among Owner, the PDHA and the City of Palm Desert dated in April, 2024. An additional unit is restricted to be used by an on-site manager as its residence.

4. Summary of Affordable Housing Restrictions. The Housing Agreement restricts the occupants (tenants) of the apartments on the Property to extremely low, very low and low income households and restrict the amount of rent which may be charged for the apartment, as follows:

(a) Thirty-six (36) units shall be restricted to households whose income does not exceed thirty percent (30%) of Area Median Income (as defined below), adjusted by family size appropriate to the unit. Such units consist of 6 one-bedroom units, 27 two-bedroom units, and 3 three-bedroom units;

(b) Sixty-one (61) units shall be restricted to households whose income does not exceed fifty-five percent (59%) of Area Median Income (as defined below), adjusted by family size appropriate to the unit. Such units consist of 9 one-bedroom units, 48 two-bedroom units and 4 three-bedroom units.

(c) Twenty-three (23) units shall be restricted to households whose income does not exceed eighty percent (80%) of Area Median Income, adjusted by family size appropriate to the unit. Such units consist of 23 three-bedroom units.

(d) The remaining unit shall be used solely as a manager's unit for on-site apartment managers.

"Adjusted by family size appropriate to the unit" shall have the meaning set forth in California Health and Safety Code Section 50052.5(h). "Area Median Income" shall have the meaning set forth in California Health and Safety Code Sections 50106 and 50079.5.

**Rent Restrictions:** Rent is restricted to an "affordable" rent for extremely low, very low and low-income households pursuant to Section 50053(b) of the California Health &



Safety Code. However, households at 59% of Area Median Income households are to pay affordable rent based on 59% of the Area Median Income.

This Notice does not contain a full description of the details of all of the terms and conditions of the Housing Agreement. You will need to obtain and read the Housing Agreement to fully understand the restrictions and requirements which apply to the Property.

IN WITNESS WHEREOF, this Notice has been executed and made effective on the day and year first above written.

**PDHA:**

PALM DESERT HOUSING AUTHORITY

By: \_\_\_\_\_  
\_\_\_\_\_,  
Executive Director

**OWNER:**

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, \_\_\_\_\_,  
(insert name and title of the officer)

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.

Signature \_\_\_\_\_ (Seal)

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, \_\_\_\_\_,  
(insert name and title of the officer)

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.

Signature \_\_\_\_\_ (Seal)

EXHIBIT "A"

LEGAL DESCRIPTION OF LAND

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

## EXHIBIT G-2

### FORM OF PHASE II NOTICE OF AFFORDABILITY RESTRICTIONS

RECORDING REQUESTED BY,  
AND WHEN RECORDED MAIL TO:

Palm Desert Housing Authority  
73-510 Fred Waring Drive  
Palm Desert, CA 92260  
Attn: Executive Director

SPACE ABOVE THIS LINE FOR RECORDER'S USE

FREE RECORDING REQUESTED PURSUANT TO GOVERNMENT CODE §6103

### **NOTICE OF AFFORDABILITY RESTRICTIONS**

IMPORTANT NOTICE TO OWNERS, PURCHASERS, TENANTS, LENDERS, BROKERS, ESCROW AND TITLE COMPANIES, AND OTHER PERSONS, REGARDING AFFORDABLE HOUSING RESTRICTIONS ON THE REAL PROPERTY DESCRIBED IN THIS NOTICE: RESTRICTIONS HAVE BEEN RECORDED WITH RESPECT TO THE PROPERTY DESCRIBED BELOW WHICH RESTRICT OCCUPANCY TO EXTREMELY LOW, VERY LOW AND LOW-INCOME HOUSEHOLDS AND THE RENTS WHICH MAY BE CHARGED. THESE RESTRICTIONS MAY LIMIT THE RENTS FOR EACH UNIT TO AN AMOUNT WHICH IS LESS THAN FAIR MARKET RENT. THESE RESTRICTIONS LIMIT THE INCOME OF PERSONS AND HOUSEHOLDS WHO ARE PERMITTED TO RENT AND OCCUPY THE UNITS.

This NOTICE OF AFFORDABILITY RESTRICTIONS (the "Notice"), is dated as of \_\_\_\_\_, \_\_, 202\_\_, and is executed by \_\_\_\_\_, a \_\_\_\_\_ ("Owner"), whose address is \_\_\_\_\_, and by the PALM DESERT HOUSING AUTHORITY (the "PDHA") in connection with that certain Housing Agreement (LMIHF Agreement, and City Loan Restrictions Agreement) among Owner, the City of Palm Desert and the PDHA dated substantially concurrently herewith and recorded in the Official Records of Riverside County substantially concurrently herewith (the "Housing Agreement").

### **RECITALS**

A. Owner owns the land described on Exhibit "A" in the City of Palm Desert, State of California and the improvements thereon (the "Property"), which is [part of] APN \_\_\_\_\_ [ADDRESS?]

B. Owner, City and PDHA are entering into and recording the Housing Agreement substantially concurrently herewith, which relates to and encumbers the Property.

C. Capitalized terms used herein but not defined shall have the meaning set forth in the Housing Agreement.

## TERMS OF NOTICE

1. Requirement for Recorded Notice. This Notice is being executed and recorded pursuant to California Health and Safety Code Section 33334.3(f)(3)(B).

2. Housing Agreement (Regulatory Agreement). This Notice is being recorded substantially concurrently with the recordation of the Housing Agreement, which is incorporated herein by reference.

3. General Recitation of Affordability Restrictions; Term. The Housing Agreement restricts the occupancy of 119 units on the Property to occupancy by extremely low, very low and low-income households as their principal residence at an affordable rent (as more particularly described in and required by the Housing Agreement), and in compliance with California Health & Safety Code Sections 50052.5, 50053, 50079.5, 50106 and Title 25 of the California Code of Regulations Section 6910, et. seq., for a term commencing on the date thereof and continuing until fifty-five (55) years after issuance of a Certificate of Occupancy by the City of Palm Desert for the improvements required to be made by Owner to the Property under that certain Amended and Restated Disposition, Development and Loan Agreement among Owner, the PDHA and the City of Palm Desert dated in April, 2024. An additional unit is restricted to be used by an on-site manager as its residence.

4. Summary of Affordable Housing Restrictions. The Housing Agreement restricts the occupants (tenants) of the apartments on the Property to extremely low, very low and low income households and restrict the amount of rent which may be charged for the apartment, as follows:

(a) Thirty-six (36) units shall be restricted to households whose income does not exceed thirty percent (30%) of Area Median Income (as defined below), adjusted by family size appropriate to the unit. Such units consist of 6 one-bedroom units, 47 two-bedroom units, and 4 three-bedroom units;

(b) Sixty (60) units shall be restricted to households whose income does not exceed fifty-five percent (59%) of Area Median Income (as defined below), adjusted by family size appropriate to the unit. Such units consist of 9 one-bedroom units, 47 two-bedroom units and 4 three-bedroom units.

(c) Twenty-three (23) units shall be restricted to households whose income does not exceed eighty percent (80%) of Area Median Income, adjusted by family size appropriate to the unit. Such units consist of 23 three-bedroom units.

(d) The remaining unit shall be used solely as a manager's unit for on-site apartment managers.

"Adjusted by family size appropriate to the unit" shall have the meaning set forth in California Health and Safety Code Section 50052.5(h). "Area Median Income" shall have the meaning set forth in California Health and Safety Code Sections 50106 and 50079.5.

Rent Restrictions:

Rent is restricted to an “affordable” rent for extremely low, very low and low-income households pursuant to Section 50053(b) of the California Health & Safety Code. However, the sixty (60) units with households of 59% of Area Median Income households are to pay affordable rent based on 59% of the Area Median Income.

This Notice does not contain a full description of the details of all of the terms and conditions of the Housing Agreement. You will need to obtain and read the Housing Agreement to fully understand the restrictions and requirements which apply to the Property.

IN WITNESS WHEREOF, this Notice has been executed and made effective on the day and year first above written.

**PDHA:**

PALM DESERT HOUSING AUTHORITY

By: \_\_\_\_\_  
\_\_\_\_\_,  
Executive Director

**OWNER:**

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, \_\_\_\_\_,  
(insert name and title of the officer)

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.

Signature \_\_\_\_\_ (Seal)



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, \_\_\_\_\_,  
(insert name and title of the officer)

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.

Signature\_\_\_\_(Seal)

Exhibit H-1 goes here

RECORDING REQUESTED BY, AND  
WHEN RECORDED RETURN TO:

City of Palm Desert  
73-510 Fred Waring Drive  
Palm Desert, CA 92260-2578  
Attn: \_\_\_\_\_

*SPACE ABOVE THIS LINE FOR RECORDER'S USE ONLY*

**This Document is recorded for the benefit of the City of Palm Desert and is exempt  
from recording fees pursuant to Sections 6103, 27383 and 27388.1  
of the California Government Code.**

**HOUSING AGREEMENT  
(LMIHF Agreement; Phase I)**

by and between the

**PALM DESERT HOUSING AUTHORITY,**

and

\_\_\_\_\_

**DATED AS OF \_\_\_\_\_, 202\_\_**

## HOUSING AGREEMENT

THIS HOUSING AGREEMENT (the “**Agreement**”) is dated as of \_\_\_\_\_, 202\_\_, and is by and between the PALM DESERT HOUSING AUTHORITY, a public body, corporate and politic (the “**Authority**”) and \_\_\_\_\_ (the “**Owner**”). Authority, City and Owner are sometimes referred to herein individually as a “Party” and collectively as “Parties”.

### RECITALS

This Agreement is predicated upon the following facts:

A. The Owner is the owner of the land described in “**Exhibit A**” attached hereto (the “Property”).

B. The City, the Authority and Owner have entered into that certain Amended and Restated Disposition, Development and Loan Agreement dated in April, 2024 (“DDLA”), pursuant to which the City conveyed the Property to the Owner for the development described in the DDLA (“Development” or “Apartment Community”) and made a loan to Owner for the purchase price of the Property (“City Loan”). Capitalized terms used but not defined herein shall have the meaning set forth in the DDLA.

C. Pursuant to the DDLA, the Owner executed a Promissory Note in favor of Authority and a deed of trust in favor of Authority securing such Promissory Note and the Authority is obligated to make disbursements of loan proceeds subject to and in accordance with the DDLA.

D. The Authority loan was made with moneys in the Low and Moderate Income Housing Asset Fund established and held by the Authority as successor to the housing assets of the former Palm Desert Redevelopment Agency, and California law and the DDLA require that the Authority obtain recorded restrictions on the Property and Development thereon restricting the apartment units on the Property to extremely low and low income households at an affordable rent.

E. Additionally, the Owner has applied for and obtained a density bonus from the City for the Development which permits greater density and less parking than would otherwise be required, and in exchange, the City also requires that the apartment units be so restricted, and that such restrictions not be subordinate or subordinated to any deeds of trust or other consensual liens. Such restrictions are contained in a separate Housing Agreement between the City and the Owner.

F. This Agreement is the restriction agreement described in Recital D above.

NOW, THEREFORE, in consideration of the mutual covenants and undertakings set forth herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the City and the Owner hereby agree as follows:

### ARTICLE 1. DEFINITIONS AND INTERPRETATION.

## 1.1 Definitions.

Capitalized terms used herein shall have the following meanings unless the context in which they are used clearly requires otherwise.

“**Affordable Units**” shall mean 120 of the 121 units in the Apartment Community available to and occupied by, or held vacant for occupancy only by, Extremely Low Income Households, 59% AMI Low Income Households and 80% AMI Low Income Households and rented at an Affordable Rent. Specifically, the Affordable Units consist of 36 units for Extremely Low Income Households, 61 units for 59% AMI Low Income Households and 23 units for 80% AMI Low Income Households. The Affordable Units will include the number of bedrooms shown on the following table:

Bedroom Size	Extremely Low Income Household Affordable Units	59% AMI Low Income Household Affordable Units)	80% AMI Low Income Household Affordable Units
One	6	9	0
Two	27	48	0
Three	3	4	23
<b>Total</b>	36	61	23

“**Affordable Rent**” shall mean rent for an Affordable Unit, including a Reasonable Utility Allowance, determined pursuant to California Health and Safety Code Section 50053(b) and the state regulations adopted by the California Department of Housing and Community Development (“HCD”) pursuant thereto, as amended from time to time, based upon the AMI adjusted for a Household Size Appropriate to the Affordable Unit. More specifically, (1) for each of the 36 Affordable Units reserved for Extremely Low Income Households, the maximum monthly Affordable Rent, including a Reasonable Utility Allowance, may not exceed thirty percent (30%) of thirty percent (30%) of the AMI, adjusted for a Household Size Appropriate to the Affordable Unit, divided by twelve, (2) for each of the 61 Affordable Units reserved for 59% AMI Low Income Households, the maximum monthly Affordable Rent, including a Reasonable Utility Allowance, may not exceed thirty percent (30%) of fifty-nine percent (59%) of the AMI, adjusted for a Household Size Appropriate to the Affordable Unit, divided by twelve, and (3) for each of the 23 Affordable Units reserved for 80% AMI Low Income Households, the maximum monthly Affordable Rent, including a Reasonable Utility Allowance, may not exceed thirty percent (30%) of fifty-nine percent (59%) of the AMI, adjusted for a Household Size Appropriate to the Affordable Unit, divided by twelve.

“**AMI**” shall mean the area median income for Riverside County as published by the California Department of Housing and Community Development pursuant to Health and Safety Code Section 50052.5, or successor statute, as adjusted for family size in accordance with the state regulations adopted pursuant to California Health and Safety Code Section 50052.5.

**“Extremely Low Income Household”** shall mean persons and families whose income does not exceed the qualifying limits for extremely low income households set forth in California Health and Safety Code Section 50106 and Title 25 of the California Code of Regulations, as such statute and regulations may be amended from time to time.

**“Household Size Appropriate to the Affordable Unit”** in the absence of pertinent federal statutes or regulations applicable to the Apartment Community, shall have the meaning set forth in California Health and Safety Code Section 50052.5(h), as amended from time to time.

**“59% AMI Low Income Household”** shall mean persons and families whose income does not exceed the 59% of the AMI as set forth in California Health and Safety Code Section 50079.5 and Title 25 of the California Code of Regulations, including Section 6912, as such statute and regulations may be amended from time to time.

**“80% AMI Low Income Household”** shall mean persons and families whose income does not exceed the qualifying limits for lower income households set forth in California Health and Safety Code Section 50079.5 and Title 25 of the California Code of Regulations, including Section 6912, as such statute and regulations may be amended from time to time.

**“Reasonable Utility Allowance”** shall mean a utility allowance for utilities paid by a tenant (not including telephone, internet or cable service) utilizing the utility allowance schedule published annually by the Housing Authority of the County of Riverside.

**“Required Covenant Period”** shall mean the period commencing on the date all units in the Apartment Community have been completed as evidenced by the City’s issuance of a final Certificate of Occupancy for the Apartment Community, and ending as of the fifty-fifth (55th) anniversary thereof.

## **1.2 Rules of Construction.**

**1.2.1** The singular form of any word used herein, including the terms defined herein shall include the plural and vice versa. The use herein of a word of any gender shall include correlative words of all genders.

**1.2.2** Unless otherwise specified, references to articles, sections, and other subdivisions of this Agreement are to the designated articles, sections, and other subdivisions of this Agreement as originally executed. The words “hereof,” “herein,” “hereunder,” and words of similar import shall refer to this Agreement as a whole.

**1.2.3** All of the terms and provisions hereof shall be construed to effectuate the purposes set forth in this Agreement and to sustain the validity hereof.

**1.2.4** Headings or titles of the several articles and sections hereof and the table of contents appended to copies hereof shall be solely for convenience of reference and shall not affect the meaning, construction, or effect of the provisions hereof.

## **ARTICLE 2. ONGOING APARTMENT COMMUNITY OBLIGATIONS.**

## 2.1 Apartment Community and Affordable Units.

The Owner shall develop and construct the Apartment Community within a portion of the Project on the Property in conformity with the DDLA. Thereafter, during the Required Covenant Period, the Owner agrees that not less than 239 units in the Apartment Community shall be Affordable Units, meaning that (a) 36 of such units shall be continually available to and occupied by, or held vacant for occupancy only by, Extremely Low Income Households, (b) 61 of such units shall be continually available to and occupied by, or held vacant for occupancy only by, 59% AMI Low Income Households, and (c) 23 of such units shall be continually available to and occupied by, or held vacant for occupancy only by, 80% AMI Low Income Households. All of the rental units in the Apartment Community shall be similarly constructed and generally constructed at the same time. The Affordable Units shall be of comparable quality to those rental units in the Apartment Community which are available to other tenants. The Owner agrees that, to the extent commercially reasonable, Affordable Units will not be underutilized. No persons shall be permitted to occupy any Affordable Unit in excess of applicable limit of maximum occupancy set by the City's Municipal Code and the laws of the State of California, or by Authority Resolution HA-84 adopted on December 14, 2017 (and the occupancy policy attached as Exhibit A thereto) and any amendments or replacements thereof.

## 2.2 Residential Rental Property.

The Owner covenants to operate the Apartment Community as residential rental property. During the Required Covenant Period, the Affordable Units will be held and used for the purpose of providing residential living, and the Owner shall own, manage and operate, or cause the management and operation of, the Apartment Community to provide such affordable rental housing. All of the rental units in the Apartment Community with the exception of one (1) manager's units, will be available for rental on a continuous basis to members of the general public and the Owner will not give preference to any particular class or group in renting the units in the Apartment Community, except as required under this Agreement. The Owner shall not convert any Affordable Unit(s) to condominiums or cooperative ownership or sell condominium or cooperative conversion rights to any Affordable Unit(s) during the term of this Agreement.

## 2.3 Extremely Low, 59% AMI Low and 80% AMI Low Income Households.

**2.3.1 Income Qualification; Initial Certification.** Subject to the applicable provisions hereof, throughout the Required Covenant Period, Affordable Units will be exclusively occupied by, or available for occupancy only by, Extremely Low, 59% AMI Low and 80% AMI Low Income Households as described above. Prior to the rental or lease of an Affordable Unit and in accordance with Section 2.6 hereof, the Owner will obtain and maintain on file a Household Income Certification ("Income Certification") substantially in the form attached hereto as Exhibit "B" and incorporated herein by this reference for each Extremely Low, 59% AMI Low and 80% AMI Low Income Households, as applicable, and shall provide copies of same to the Authority at such times as the Authority may, from time to time, reasonably require. In addition, the Owner will provide such further information as may reasonably be required in the future by the Authority. The Income Certification shall be dated immediately prior to the applicable household's initial occupancy of an Affordable Unit. The Owner shall make a good faith effort to verify that the income provided by an applicant in an Income Certification is accurate by taking any one or more

of the following steps as part of the verification process for all household members over the age of eighteen (18) as appropriate:

- (i) Obtain two (2) pay stubs for the two (2) most recent pay periods;
- (ii) Obtain a true copy of an income tax return for the most recent tax year in which a return was filed;
- (iii) Obtain an income verification form from the household member's current employer;
- (iv) Obtain an income verification form from the Social Security Administration and/or the State Department of Social Services, or its equivalent, if the household member receives assistance from either of those agencies;
- (v) If the household member is unemployed and has no tax return, obtain another form of independent verification; or
- (vi) Obtain such other documentation as may be reasonably acceptable pursuant to Title 25 of the California Code of Regulations, as amended from time to time, to verify income.

2.3.2 Certificate of Continuing Program Compliance; Annual Report; Annual Monitoring/Administration Fee. Throughout the Required Covenant Period, the Owner will prepare and submit to the Authority, at such periodic frequency as the Authority might reasonably require, but not more than once annually, a Certificate of Continuing Compliance in substantially the form attached hereto as Exhibit "C" and incorporated herein by this reference, and executed by the Owner. The Owner will also prepare and submit to the Authority on or before each anniversary date of the commencement of the Required Covenant Period, and for the preceding calendar year, a report in form and substance reasonably satisfactory to the Authority summarizing the vacancy rate of the Apartment Community, including the number of Affordable Units held vacant for occupancy by Extremely Low, 59% AMI Low and 80% AMI Low Income Households for such calendar year. Owner shall pay an annual monitoring/administration fee in the amount of Ten Thousand Dollars (\$10,000.00), increasing by three percent (3%) annually, concurrently with Developer's annual payments of Residual Receipts to Authority under the Authority Loan.

2.4 Affordable Rent. Throughout the Required Covenant Period, an Affordable Rent shall be charged to the Extremely Low, 59% AMI Low and 80% Low Income Household occupants of Affordable Units, as more specifically described above.

2.5 Rent Increases. Rents for Affordable Units may be increased not more than once per year and twelve (12) months must have elapsed since the date of the tenant's initial occupancy or the last rent increase. The rents charged following such an increase, or upon a vacancy and new occupancy by an Extremely Low, 59% AMI Low or 80% AMI Low Income Household, as applicable, shall not exceed an Affordable Rent. The Owner shall, consistent with applicable law, give proper written notice to tenants of all rent increases, and upon written request, provide the Authority with reasonable detail concerning the amount of and rationale for such rent increases.



**2.6 Income Recertification of Affordable Units.** Annually, on the anniversary date of occupancy of an Affordable Unit by an Extremely Low, 59% AMI Low or 80% AMI Low Income Household, as applicable, the Owner shall obtain and maintain on file an annual income certification, in form and substance reasonably satisfactory to the Authority, from each household occupying an Affordable Unit, based upon the current income of each household member over the age of eighteen (18). The Owner shall make a good faith effort to verify that the income provided by the household is accurate in accordance with Section 2.3.1, above.

**2.6.1** A rental unit occupied by a household that qualifies as an Extremely Low, 59% AMI Low or 80% AMI Low Income Household, as applicable, at the time the household first occupies an Affordable Unit shall be deemed to continue to be so occupied until a recertification of such household's income demonstrates that such household no longer qualifies as an Extremely Low, 59% AMI Low or 80% AMI Low Income Household, as applicable. At such time as a household ceases to qualify as an Extremely Low, 59% AMI Low or 80% AMI Low Income Household, as applicable, based on income recertification, the Owner shall designate the next available unit (one that is not occupied by a tenant) with the same number of bedrooms as the occupied Affordable Unit and it shall be leased to an Extremely Low, 59% AMI Low or 80% AMI Low Income Household, as applicable, so that the number of Affordable Units occupied by or reserved for occupancy by Extremely Low, 59% AMI Low or 80% Low Income Households will remain constant. For purposes of this Agreement, such designated unit will be considered an Affordable Unit if it is held vacant and available solely for occupancy by an Extremely Low, 59% AMI Low or 80% AMI Low Income Household, as applicable, and, upon occupancy, the income eligibility of the household as an Extremely Low, 59% AMI Low or 80% AMI Low Income Household is verified and the unit is rented at Affordable Rent.

**2.7 Lease or Occupancy Agreement.** Prior to the rental or lease of an Affordable Unit to an Extremely Low, 59% AMI Low or 80% AMI Low Income Household, the Owner shall require the tenant to execute a written lease or occupancy agreement. The Owner shall maintain on file throughout the Required Covenant Period and for a four (4) year period thereafter, the executed lease or occupancy agreement of each tenant occupying an Affordable Unit. The form of lease or occupancy agreement used by the Owner for the lease or rental of Affordable Units shall be that which is reasonable and customary in residential leasing. In addition, each lease or occupancy agreement for an Affordable Unit shall (i) provide that the tenants of such Affordable Unit shall be subject to annual recertification of income and subject to rental increases in accordance with Sections 2.5 and 2.6 of this Agreement, and (ii) contain a provision to the effect that the Owner has relied on the income certification and supporting information supplied by the tenant in determining qualification for occupancy of the Affordable Unit, and that any material misstatement in such certification (whether or not intentional) may be cause for immediate termination of such lease or occupancy agreement.

**2.7.1 No Discrimination.** Owner covenants, by and for itself and any successors in interest, that there shall be no discrimination against or segregation of any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Site, nor shall Owner, itself or any person claiming under or through it, establish or permit any such practice or practices of

discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, subleases or vendees in the Site.

**2.7.2 Required Clauses.** All deeds, subleases or contracts made relative to the Site, the improvements thereon or any part thereof, shall contain or be subject to substantially the following nondiscrimination and nonsegregation clauses:

"(1) Grantee herein covenants by and for itself, its successors and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) and (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955 and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the property herein conveyed, nor shall the grantee or any person claiming under or through the grantee, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the property herein conveyed. The foregoing covenant shall run with the land.

(2) Notwithstanding paragraph (1), with respect to familial status, paragraph (1) shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in paragraph (1) shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the Civil Code and subdivisions (n), (o), and (p) of Section 12955 of the Government Code shall apply to paragraph (1)."

(a) In leases: "The lessee herein covenants, by and for himself or herself, his or her heirs, executors, administrators and assigns, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions:

(b) That there shall be no discrimination against or segregation of any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the leasing, subleasing, transferring, use, occupancy, tenure or enjoyment of the land herein leased, nor shall the lessee, himself or herself or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subleases, subtenants or vendees in the land herein leased.

(c) Notwithstanding paragraph (a), with respect to familial status, paragraph (a) shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in paragraph (a) shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11 and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivisions (d) of Section 51 and Section 1360 of the Civil Code

and subdivision (n), (o), and (p) of Section 12955 of the Government Code shall apply to paragraph (a).”

(3) **In contracts:** “There shall be no discrimination against or segregation of any person or group of persons on any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the land, nor shall the transferee, himself or herself or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subleases, subtenants or vendees in the land.

**2.7.3** The Owner shall refrain from restricting the rental or lease of Affordable Units on the basis of race, color, religion, sex, marital status, disability, ancestry or national origin of any person.

**2.7.4** The Owner shall refrain from restricting the rental or lease of Affordable Units on the basis of race, color, religion, sex, marital status, disability, ancestry or national origin of any person.

**2.7.5** The Authority is the beneficiary of the terms and provisions of the covenants herein, both for and in its own right and for the purposes of protecting the interests of the community and other parties, public or private, for whose benefit these covenants running with the land have been provided.

**2.8** Security Deposits. The Owner may require security deposits on Affordable Units in amounts which are consistent with applicable law.

**2.9** Additional Information; Books and Records. The Owner shall provide any additional information concerning the Affordable Units reasonably requested by the Authority. The Owner will maintain complete and accurate records pertaining to the Affordable Units throughout the Covenant Period and for a four (4) year period thereafter. The Authority shall have the right upon written notice of no less than two (2) business days to the Owner, at any time during normal business hours of 9:00 am to 5:00 pm, to examine of all books, records or other documents maintained by the Owner or by any of the Owner’s agents which pertain to any Affordable Unit, including all executed leases or occupancy agreements and all Income Certifications, and obtain copies of any requested executed leases, occupancy agreements and Income Certifications within ten (10) business days following such examination and the Authority’s written request.

**2.10** Specific Performance. The Owner hereby agrees that specific enforcement of the Owner’s agreement to comply with the allowable rent and occupancy restrictions and covenants contained herein is one of the reasons and consideration for the Authority having entered into the DDLA, and that, in the event of the Owner’s breach of such requirements, potential monetary damages to the Authority and City, as well as to existing and prospective Extremely Low, 59% AMI Low or 80% AMI Low Income Households, would be difficult, if not impossible, to evaluate and quantify. Therefore, in addition to any other relief to which the Authority or City may be entitled as a

consequence of the breach hereof, the Owner agrees to the imposition of the remedy of specific performance against it in the case of any event of default by the Owner in complying with any provision of this Agreement beyond any applicable notice and cure period.

**2.11 Audit.** The Authority shall have the right to perform an audit of the Apartment Community to determine compliance with the provisions of this Agreement. Such audit shall not be undertaken more often than once each calendar year. All costs and expenses associated with the audit shall be paid by the Owner.

**2.12 Management.** The management agent of the Owner and any other contractor of Owner who provides services to occupants of the Apartment Community shall be subject to the reasonable written approval of the Authority. The Owner and/or the management agent (if not the Owner) shall operate the Apartment Community in a manner that will provide decent, safe and sanitary residential facilities to the occupants thereof, and will comply with provisions of this Agreement. Upon the written request of the Authority, the Owner shall cooperate with the Authority in the periodic review (but not more than once each calendar year) of the management practices and financial status of the Affordable Units. The purpose of each periodic review will be to enable the Authority to determine if the Affordable Units are being operated and managed in accordance with the requirements and standards of this Agreement. Results of such Authority review shall be provided to the City and to the Owner, and the Authority shall have the right to require the Owner to make modifications that are reasonably necessary to ensure the objectives of this Agreement are met.

**2.13 Binding for Term.** It is intended by the Parties that except as otherwise expressly provided herein, the provisions of this Agreement shall apply to the Apartment Community throughout the entire term hereof, as established in Section 3.1 below.

### **ARTICLE 3. TERM AND RECORDATION.**

**3.1 Term of Agreement.** This Agreement shall remain in full force and effect for the Required Covenant Period, unless the Owner and the Authority agree, in writing, to terminate this Agreement prior to the expiration of the Required Covenant Period. Unless terminated earlier pursuant to the prior sentence of this Section 3.1, or Section 3.3 below, the Parties intend that the provisions and effect of this Agreement and specifically of Article 2 hereof, shall remain in full force and effect for the entire Required Covenant Period.

**3.2 Agreement to Record.** The Owner represents, warrants, and covenants that this Agreement will be recorded in the real property records of Riverside County.

**3.2 Early Termination of Restrictions.** Notwithstanding the generality of the foregoing provisions of this Article 3 or any other provisions hereof, this Agreement and all of the terms and restrictions contained herein shall be suspended during involuntary noncompliance as a result of unforeseen events such as fire or act of God which leaves the entire Apartment Community uninhabitable (and the proceeds of insurance available to the Owner as a result thereof are insufficient to reconstruct the Apartment Community), or a change in a federal or state law or an action by the federal government, the State or a court of competent jurisdiction, after the date of

recordation hereof, that prevents the Authority from enforcing the provisions of this Agreement, or a condemnation or a similar event.

#### ARTICLE 4. DEFAULT; REMEDIES.

4.1 An Event of Default. Each of the following shall constitute an “Event of Default” by the Owner under this Agreement:

4.1.1 Failure by the Owner to duly perform, comply with and observe any of the conditions, terms, or covenants of any agreement with the Authority or the City concerning the Apartment Community, or of this Agreement, if such failure remains uncured thirty (30) days after written notice of such failure from the Authority to the Owner in the manner provided herein or, with respect to a default that cannot be cured within thirty (30) days, if the Owner fails to commence such cure within such thirty (30) day period or thereafter fails to diligently and continuously proceed with such cure to completion. However, if a different period or notice requirement is specified under any other section of this Agreement, then the specific provision shall control.

4.1.2 Any representation or warranty contained in this Agreement or in any application, financial statement, certificate, or report submitted by the Owner to the Authority or the City proves to have been incorrect in any material respect when made..

4.1.3 A court having jurisdiction shall have made or rendered a decree or order: (i) adjudging the Owner to be bankrupt or insolvent; (ii) approving as properly filed a petition seeking reorganization of the Owner or seeking any arrangement on behalf of the Owner under the bankruptcy laws or any other applicable debtor’s relief law or statute of the United States or of any state or other jurisdiction; (iii) appointing a receiver, trustee, liquidator, or assignee of the Owner in bankruptcy or insolvency or for any of its properties; or (iv) directing the winding up or liquidation of the Owner, providing, however, that any such decree or order described in any of the foregoing subsections shall have continued unstayed or undischarged for a period of ninety (90) days.

4.1.4 The Owner shall have assigned its assets for the benefit of its creditors or suffered a sequestration or attachment or execution on any substantial part of its property, unless the property so assigned, sequestered, attached, or executed upon shall have been returned or released within ninety (90) days after such event (unless a lesser time period is permitted for cure hereunder) or prior to sale pursuant to such sequestration, attachment, or execution. If the Owner is diligently working to obtain a return or release of the property and the City’s and the Authority’s interests hereunder are not imminently threatened in its reasonable business judgment, then the City shall not declare a default under this subsection.

4.1.5 The Owner shall have voluntarily suspended its business or dissolved.

4.1.6 The seizure or appropriation of all or, in the reasonable opinion of the Authority, a substantial part of the Apartment Community, except for condemnation initiated by the City, the Authority or any other governmental agency or authority.

4.1.7 The seizure or appropriation of all or, in the reasonable opinion of the Authority, a substantial part of the Apartment Community, except for condemnation initiated by the City, the Authority or any other governmental agency or authority.

4.1.8 There should occur any default declared by any lender under any loan document or deed of trust relating to any loan made in connection with the Apartment Community, which loan is secured by a deed of trust or other instrument affecting the Apartment Community, and such default remains uncured following the expiration of any applicable cure period.

4.2 Option to Lease. [INTENTIONALLY OMITTED]

4.3 Authority Remedies. The Authority and City shall each have the right to mandamus or other suit, action or proceeding at law or in equity to require the Owner to perform its obligations and covenants under this Agreement or to enjoin acts or things which may be unlawful or in violation of the provisions hereof, provided that in any such case the Authority has first provided the required notice of any alleged default and the Owner has had the requisite opportunity to cure pursuant to Section 4.1.1, above.

4.4 Action at Law; No Remedy Exclusive. The Authority and/or the City may take whatever action at law or in equity as may be necessary to enforce performance and observance of any obligation, agreement or covenant of the Owner under this Agreement. No remedy herein conferred upon or reserved by the Authority or City is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law, in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of such right or power, but any such right or power may be exercised from time to time and as often as the Authority may deem expedient. In order to entitle the Authority or City to exercise any remedy reserved to it in this Agreement, it shall not be necessary to give any notice, other than such notice as may be herein otherwise expressly required or required by law to be given.

## ARTICLE 5. GENERAL PROVISIONS.

5.1 Limitations on Recourse. Notwithstanding anything to the contrary contained in this Agreement, except in the event of fraud, waste, or illegal acts, or with regard to any indemnity obligations imposed upon the Owner under the terms of this Agreement, (i) no partner, member, officer or director, as applicable, of the Owner (each, an "Owner Affiliate") shall have any direct, indirect or derivative personal liability for the obligations of the Owner under this Agreement, and (ii) the Authority and the City shall not exercise any rights or institute any action against any Owner Affiliate directly, indirectly or derivatively for the payment of any sum of money that is or may become payable hereunder.

5.2 Maintenance, Repair, Alterations. The Owner shall maintain and preserve the Apartment Community in good condition and repair and in a prudent and businesslike manner. The Owner shall comply with all laws, ordinances, rules, regulations, covenants, conditions, restrictions, and orders of any governmental authority now or hereafter affecting the conduct or operation of the Apartment Community or any part thereof or requiring any alteration or improvement to be made



thereon. The Owner shall not commit, suffer, or permit any act to be done in, upon, or to the Apartment Community or any part thereof in violation of any such laws, ordinances, rules, regulations, or orders. The Owner hereby agrees that the Authority may conduct from time to time through representatives, upon reasonable notice of no less than twenty-four (24) hours, on-site inspections and observation of: (i) the maintenance and repair of the Apartment Community, including a review of all maintenance and repair programs and practices and all reports and records pertaining thereto, including records of expenditures relating thereto; and (ii) such other facilities, practices, and records of the Owner relating to the Affordable Units as the Authority reasonably deems to be necessary or appropriate in order to monitor the Owner's compliance with the provisions of this Agreement.

**5.3 Notices.** All notices (other than telephone notices), certificates or other communications (other than telephone communications) required or permitted hereunder shall be sufficiently given and should be deemed given when mailed by certified mail, postage prepaid, or twenty-four (24) hours following delivery of such notice to Federal Express or similar commercial carrier for overnight or next business day delivery, addressed as follows:

If to the Authority or City:

Palm Desert Housing Authority  
City of Palm Desert  
73-510 Fred Waring Drive  
Palm Desert, CA 92260-2578  
Attn: Housing Division

If to the Owner:

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100 Pacifica, Suite 203  
Irvine, CA 92618  
Attn: President

**5.4 Relationship of Parties.** Nothing contained in this Agreement shall be interpreted or understood by any of the Parties, or by any third persons, as creating the relationship of employer and employee, principal and agent, limited or general partnership, or joint venture between the City and the Owner or the Owner's agents, employees or contractors, or the Authority and the Owner or the Owner's agents, employees or contractors, and the Owner shall at all times be deemed an independent contractor and shall be wholly responsible for the manner in which it or its agents, or both, perform the services required of it by the terms of this Agreement for the operation of the Apartment Community. The Owner has and hereby retains the right to exercise full control of employment, direction, compensation and discharge of all persons assisting in the performance of services hereunder. In regards to the on-site operation of the Apartment Community, the Owner shall be solely responsible for all matters relating to payment of its employees, including compliance with Social Security, withholding and all other laws and regulations governing such matters. The Owner agrees to be solely responsible for its own acts and those of its agents and employees.

**5.5 No Claims.** Nothing contained in this Agreement shall create or justify any claim against the City or the Authority by any person the Owner may have employed or with whom the Owner may have contracted relative to the purchase of materials, supplies or equipment, or the furnishing or the performance of any work or services with respect to the operation of the Affordable Units.

**5.6 Conflict of Interests.** No member, official or employee of the Authority or City shall make any decision relating to this Agreement which affects his or her personal interests or the interests of any corporation, partnership or association in which he or she is directly or indirectly interested. No officer or employee of the Owner shall acquire any interest in conflict with or inimical to the interests of the City or the Authority.

**5.7 Non-Liability of City Officials, Employees and Agents.** No member, official, employee or agent of the City or the Authority shall be personally liable to the Owner, or any successor in interest, in the event of any default or breach by the City or the Authority or for any amount which may become due to the Owner or successor in connection with this Agreement or on any obligation of the City or the Authority under the terms of this Agreement.

**5.8 Unavoidable Delay; Extension of Time of Performance.** In addition to specific provisions of this Agreement, and except for performance under the DDLA (which is governed by the terms of the DDLA), performance of a construction obligation by any Party hereunder shall not be deemed to be in default where it is due to an "Unavoidable Delay." "Unavoidable Delay" means a delay due to the elements (including unseasonable weather), fire, earthquakes or other acts of God, strikes, pandemics, labor disputes, lockouts, shortages of construction materials experienced generally in the construction industry in the local area, acts of the public enemy, riots, insurrections or governmental regulation of the sale or transportation of materials, supply or labor; provided, however, that to the extent a delay is caused by any other reason that the Owner reasonably believes is beyond its control, the Owner may request, on a case-by-case basis, that the City and/or Authority excuse any such delay as an Unavoidable Delay and the City and Authority shall make their determinations as to whether such delay constitutes an Unavoidable Delay using their reasonable judgment.

**5.9 Indemnity.** The Owner shall indemnify, defend and hold harmless the Authority and the City and all officials, employees and agents of the Authority and/or the City (with counsel reasonably satisfactory to the Authority) against any costs, liabilities, damages or judgments arising from claims or litigation of any nature whatsoever brought by third parties and directly or indirectly arising from the Owner's ownership or operation of the Apartment Community, or the Owner's performance of its obligations under this Agreement, and in the event of settlement, compromise or judgment hold the City and the Authority free and harmless therefrom. The provisions of this Section 5.9 shall survive the term of this Agreement.

**5.10 Rights and Remedies Cumulative.** Except as otherwise expressly stated in this Agreement, the rights and remedies of the Parties are cumulative, and the exercise or failure to exercise one or more of such rights or remedies by either Party shall not preclude the exercise by it, at the same time or different times, of any right or remedy for the same default or any other default by the other Party. No waiver of any default or breach by the Owner hereunder shall be implied from any omission by the Authority or the City to take action on account of such default if such default persists or is repeated, and no express waiver shall affect any default other than the default



specified in the waiver, and such waiver shall be operative only for the time and to the extent therein stated. Waivers of any covenant, term, or condition contained herein shall not be construed as a waiver of any subsequent breach of the same covenant, term or condition. The consent or approval by the City or the Authority to or of any act by the Owner requiring further consent or approval shall not be deemed to waive or render unnecessary the consent or approval to or of any subsequent similar act. The exercise of any right, power, or remedy shall in no event constitute a cure or a waiver of any default under this Agreement, nor shall it invalidate any act done pursuant to notice of default, or prejudice the Authority in the exercise of any right, power, or remedy hereunder or under any agreements ancillary or related hereto.

**5.11 Applicable Law.** This Agreement shall be interpreted under and pursuant to the laws of the State of California.

**5.12 Severability.** If any term, provision, covenant or condition of this Agreement is held in a final disposition by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions shall continue in full force and effect unless the rights and obligations of the Parties have been materially altered or abridged by such invalidation, voiding or unenforceability.

**5.13 Legal Actions.** In the event any legal action is commenced to interpret or to enforce the terms of this Agreement or to collect damages as a result of any breach thereof, the Party prevailing in any such action shall be entitled to recover against the Party not prevailing all reasonable attorneys' fees and costs incurred in such action (including all legal fees incurred in any appeal or in any action to enforce any resulting judgment), as awarded by a court of competent jurisdiction.

**5.14 Binding Upon Successors.** This Agreement shall be binding upon and inure to the benefit of the permitted heirs, administrators, executors, successors in interest and assigns of each of the Parties. Any reference in this Agreement to a specifically named Party shall be deemed to apply to any successor, heir, administrator, executor or assign of such Party who has acquired an interest in compliance with the terms hereof or under law.

**5.15 Time of the Essence.** In all matters under this Agreement, time is of the essence.

**5.16 Approvals by the Authority or City.** Any approvals required under this Agreement to be made by the Authority shall be made by the Executive Director of the Authority or his or her designee, and any approvals by the City shall be made by the City Manager or his or her designee. Any such approval or consent shall not be unreasonably withheld, conditioned, delayed or made, except where it is specifically provided herein that another standard applies, in which case the specified standard shall apply.

**5.17 Complete Understanding of the Parties.** The DDLA, this Agreement and the attached Exhibits constitute the entire understanding and agreement of the Parties with respect to the matters described herein.

**5.18 Covenants to Run With the Land.** The Owner hereby subjects the Apartment Community to the covenants, reservations, and restrictions set forth in this Agreement. The Authority, the City and the Owner hereby declare their express intent that the covenants, reservations, and restrictions set forth herein shall be deemed covenants running with the land and shall pass to and be binding upon the Owner's successors in title to the Apartment Community; provided, however, that on the

termination of this Agreement said covenants, reservations and restrictions shall expire. Each and every contract, deed or other instrument hereafter executed covering or conveying the Apartment Community or any portion thereof shall conclusively be held to have been executed, delivered and accepted subject to such covenants, reservations and restrictions, regardless of whether such covenants, reservations and restrictions are set forth in such contract, deed or other instruments. No breach of any of the provisions of this Agreement shall defeat or render invalid the lien of a mortgage or deed of trust made in good faith and for value encumbering the Property or any interest of the Owner therein.

**5.19 Burden and Benefit.** The Authority, the City and the Owner hereby declare their understanding and intent that: (i) the burden of the covenants, reservations, restrictions, and agreements set forth herein touch and concern the Property and the Apartment Community, in that Owner's legal interest in the Apartment Community is rendered less valuable thereby, (ii) the covenants, reservations, restrictions, and agreements set forth herein directly benefit the Property and the Apartment Community (a) by enhancing and increasing the enjoyment and use of the Apartment Community by certain Extremely Low, 59% AMI Low or 80% AMI Low Income Households, the intended beneficiaries of such covenants, reservations, restrictions, and agreements, (b) by making possible the obtaining of advantageous financing for the Property and the Apartment Community, and (c) by furthering the public purposes advanced by the Authority and the City, and (iii) the covenants, reservations, restrictions and agreements set forth herein shall run with the Property and shall be binding for the benefit of and enforceable by the Authority and the City and their successors and assigns for the entire term of this Agreement.

**5.20 Counterparts.** This Agreement may be executed in two or more counterparts, each of which shall be an original, but all of which shall constitute one and the same instrument.

**5.21 Amendments.** This Agreement may be amended only by the written agreement of the Authority, the City and the Owner.

WHEREFORE, the undersigned has executed this Agreement as of the date first-above written.

	<p><b><u>OWNER:</u></b></p> <p>_____</p> <p><b><u>AUTHORITY:</u></b></p> <p>PALM DESERT HOUSING AUTHORITY, a public body, corporate and politic</p> <p>By: _____</p> <p>Print Name: _____</p> <p>Title: _____</p>
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## CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

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 \_\_\_\_\_, 2022, before me, \_\_\_\_\_,  
(insert name and title of the officer)

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.

Signature \_\_\_\_\_(Seal)

## CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

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 \_\_\_\_\_, 2022, before me, \_\_\_\_\_,  
(insert name and title of the officer)

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.

Signature \_\_\_\_\_(Seal)

## CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

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 \_\_\_\_\_, 2022, before me, \_\_\_\_\_,  
(insert name and title of the officer)

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.

Signature \_\_\_\_\_(Seal)

## EXHIBIT "A"

### LEGAL DESCRIPTION OF THE PROPERTY

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

EXHIBIT “B”

HOUSEHOLD INCOME CERTIFICATION

(Attached)



# AFFORDABLE HOUSING HOUSEHOLD INCOME CERTIFICATION

Applicant (s) Name: \_\_\_\_\_

Address: \_\_\_\_\_ Unit No. \_\_\_\_\_ # Bedrooms: \_\_\_\_\_

Program Eligibility and Affordability verifications for Low Income Households shall be performed as required by Title 25 subject to eligibility verification procedures and requirements described therein, and as amended from time to time. The following outlines how annual income is calculated to determine household income eligibility, which is required in order to determine a person, family or Household to be a "Qualified Household" as established by the Program and Redevelopment Law.

The following questions will assist you in completing the HOUSEHOLD INCOME CERTIFICATION. When answering the questions answer "Yes" if any of the information requested or income source pertains to any person, co-applicant, or adult individual member of the household (Individuals 18 years and older) during the 12 months following the date of the certification.

HOUSEHOLD COMPOSITION (List all members of the household including yourself that will occupy the unit applied for.)			
Last Name	First Name & Middle Initial	Relationship to Head of Household	Date of Birth (MM/YYYY)
		Self	
TOTAL HOUSEHOLD MEMBERS:			#

## PART I. HOUSEHOLD INCOME INFORMATION

YES	NO	All sources are to be disclosed below for all household members unless otherwise excluded by Title 25 Section	MONTHLY AMOUNT
<input type="checkbox"/>	<input type="checkbox"/>	1 EMPLOYMENT (wages, overtime, etc.) <i>List name of employer: _____</i>	(use <u>gross</u> income; amount before any pay deductions) \$ _____
<input type="checkbox"/>	<input type="checkbox"/>	2 SELF EMPLOYED <i>List nature of self employment: _____</i>	(use <u>net</u> income from business) \$ _____
<input type="checkbox"/>	<input type="checkbox"/>	3 OTHER EMPLOYMENT RELATED COMPENSATION (i.e.; tips, bonuses)	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	4 SOCIAL SECURITY INCOME	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	5 SUPPLEMENTAL SECURITY INCOME (SSI)	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	6 CASH CONTRIBUTIONS (i.e.; From third parties including gifts for rent or utility payments)	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	7 PUBLIC ASSISTANCE INCOME (Welfare, food stamps, foster care assistance)	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	8 UNEMPLOYMENT BENEFITS	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	9 VETERAN'S BENEFIT/INCOME	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	10 DISABILITY OR DEATH BENEFITS OTHER THAN SSI	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	CHILD SUPPORT/ALIMONY/SPOUSAL SUPPORT PAYMENTS (Received by any and all household members. Note for how many children did you receive support: _____)	\$ _____

Rev 3/12/10

HOUSEHOLD INCOME CERTIFICATION  
PAGE 2 OF 3

FILE NO. \_\_\_\_\_  
EFFECTIVE DATE \_\_\_\_\_

YES	NO	INCOME INFORMATION (CONTINUED) All sources are to be disclosed below for all household members unless otherwise excluded by Title 25 Section		MONTHLY AMOUNT
<input type="checkbox"/>	<input type="checkbox"/>	12	TRUSTS PAYMENTS, ANNUITY PAYMENTS, RETIREMENT PAYMENTS, WORKERS COMPENSATION PAYMENTS, SEVERANCE PAYMENTS, LOTTERY WINNINGS OR OTHER INCOME. <i>List sources:</i> _____	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	13	RENTAL, REAL OR PERSONAL PROPERTY INCOME	\$ _____
<b>TOTAL MONTHLY INCOME (BOX A)</b>				\$ _____

**PART II. HOUSEHOLD ASSET INFORMATION**

YES	NO	All sources are to be disclosed below for all household members unless otherwise excluded by Title 25 Section		CASH VALUE
<input type="checkbox"/>	<input type="checkbox"/>	1	CHECKING ACCOUNT(S): <i>List bank(s):</i> _____	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	2	SAVINGS ACCOUNT(S): <i>List bank(s):</i> _____	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	3	TRUST ACCOUNT(S): <i>List bank(s):</i> _____	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	4	REAL ESTATE: <i>Provide description:</i> _____	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	5	STOCKS, BONDS, OR TREASURY BILLS: <i>List sources/bank names:</i> _____	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	6	CERTIFICATES OF DEPOSIT (CD) OR MONEY MARKET ACCOUNT(S): <i>List Sources/bank names:</i> _____	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	7	IRA/LUMP SUM PENSION/KEOGH ACCOUNT/401 K: <i>List bank(s):</i> _____	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	8	LIFE INSURANCE POLICY CASH VALUE: <i>How many policies:</i> _____	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	9	DISPOSED OF ASSETS (i.e. gave away money/assets for less than the fair market value in the past 2 years) <i>List items and date disposed:</i> _____	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	10	OTHER ASSETS OR CAPITAL INVESTMENTS <i>Describe source:</i> _____	\$ _____
<b>TOTAL ASSET VALUE (BOX B)</b>				\$ _____

**PART III. HOUSEHOLD STUDENT STATUS**

YES	NO	All sources are to be disclosed below for all household members who are <u>STUDENTS</u> unless otherwise excluded by Title 25 Section	AMOUNT
<input type="checkbox"/>	<input type="checkbox"/>	1 IS ANY HOUSEHOLD MEMBER A FULL-TIME STUDENT (i.e.; College/University, trade school, etc.)	
IF QUESTION NO. 1 IS NO, SKIP TO PART IV			
<input type="checkbox"/>	<input type="checkbox"/>	2 DOES STUDENT FILE A JOINT TAX RETURN WITH OTHER HOUSEHOLD MEMBERS	
<input type="checkbox"/>	<input type="checkbox"/>	3 IS STUDENT A DEPENDENT OF ANOTHER INDIVIDUAL Explain: _____	
<input type="checkbox"/>	<input type="checkbox"/>	4 DOES STUDENT RECEIVE FINANCIAL AID. IF YES ENTER AMOUNT (i.e.; Public or private, not including student loans).	\$ _____
IF QUESTION NO. 4 IS NO, SKIP TO PART IV			
<input type="checkbox"/>	<input type="checkbox"/>	5 DOES STUDENT RECEIVE FINANCIAL AID THAT INCLUDES HOUSING/SHELTER ALLOWANCE. IF YES ENTER AMOUNT.	\$ _____
TOTAL FINANCIAL AID ASSISTANCE (BOX C)			\$ _____

**PART IV. HOUSEHOLD UNUSUAL EXPENSES**

YES	NO	All sources are to be disclosed below for all household members unless otherwise excluded by Title 25 Section	AMOUNT
<input type="checkbox"/>	<input type="checkbox"/>	1 MEDICAL EXPENSES NOT COVERED BY INSURANCE EXCEEDING 25% OF THE GROSS HOUSEHOLD ANNUAL INCOME INCLUDING INSURANCE MONTHLY PREMIUM  Describe: _____	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	2 UNUSUAL EXPENSES PAID BY HEAD OF HOUSEHOLD UNUSUAL FOR THE CARE OF MINORS UNDER 13 YEARS OF AGE, DISABLED, OR HANDICAPPED HOUSEHOLD MEMBERS NECESSARY FOR GAINFUL EMPLOYMENT  Describe: _____	\$ _____
TOTAL ANNUAL UNUSUAL EXPENSES (BOX D) (Explanation of Benefits must be provided as proof and all receipts for the non-covered medical expenses.)			\$ _____

**TOTAL NET ANNUAL HOUSEHOLD INCOME FROM ALL SOURCES**  
(Box (A + B + C) - (D) = total)

\$ \_\_\_\_\_

**HOUSEHOLD CERTIFICATION & SIGNATURES**

The information on this form will be used to determine maximum household income eligibility. I/we have provided each person(s) set forth in Part I acceptable verification of current anticipated annual income. I/we agree to notify immediately upon any changes in income, household size or composition, or any other information.

Under penalty of perjury of the laws of the State of California, I/we certify that the information presented in the Certification is true and accurate to the best of my/our knowledge and belief. The undersigned further understands that providing false representations herein constitutes an act of fraud. False, misleading or incomplete information may result in the termination of the lease agreement.

_____ Signature	_____ Date	_____ Signature	_____ Date
_____ Signature	_____ Date	_____ Signature	_____ Date

EXHIBIT “C”

CERTIFICATE OF CONTINUING COMPLIANCE

(Attached)

**CITY OF PALM DESERT**  
**OWNER'S CERTIFICATE OF CONTINUING PROGRAM COMPLIANCE**

To: City of Palm Desert  
73-510 Fred Waring Drive  
Palm Desert, CA 92260  
ATTN: HOUSING DIVISION

Report Date: \_\_\_\_\_

Certification Dates: From: \_\_\_\_\_

To: \_\_\_\_\_

Project Name: \_\_\_\_\_

Project No.: \_\_\_\_\_

Project Address: \_\_\_\_\_

City: \_\_\_\_\_ Zip: \_\_\_\_\_

Tax ID # of Ownership Entity: \_\_\_\_\_

The undersigned \_\_\_\_\_ on behalf of \_\_\_\_\_ (the "Owner"), hereby certifies that:

- ☐ No buildings have been placed in service.
- ☐ At least one building has been placed in service, but owner elects to begin credit period in the following year.

If either of the above applies, please check the appropriate box, and proceed to page 3 to sign and date this form.

- ☐ All buildings ARE in service.

1. The Project meets the minimum requirements of (as outlined in the Agreement):

- ☐ \_\_\_\_\_
- ☐ \_\_\_\_\_

2. Has there been a change in any building in the Project?

- ☐ No Change ☐ Change

If "Change", list the applicable change in the project for the certification year on page 4.

3. The Owner has received an annual Household Income Certification from each low-income resident and documentation to support that certification, at their initial occupancy and annually.

- ☐ Yes ☐ No

4. Each low-income unit in the Project has been rent-restricted pursuant to Section \_\_\_\_\_ of the Agreement:

- ☐ Yes ☐ No

5. Has there been a finding of discrimination under the Fair Housing Act, 42 U.S.C. 3601-3619, for this Project? A finding of discrimination includes an adverse final decision by the Secretary of Housing and Urban Development (HUD), 24 CFR 180.680, an adverse final decision by a substantially equivalent state or local fair housing agency, 42 U.S.C. 3616a(a)(1), or an adverse judgment from a federal court:

☐ No Finding ☐ Finding

If "Finding", state the nature of the finding on page 4.

6. Each building in the Project is and has been suitable for occupancy, taking into account local health, safety and building codes (or other habitability standards), and the state or local government unit responsible for making building code inspections did not issue a report of a violation for any building or low-income unit in the project:

☐ Yes ☐ No

If "No," state the nature of violation on page 4 and attach a copy of the violation report and any documentation of correction.

7. Has there been a **change in the eligible basis** (as defined in \_\_\_\_\_ of the Agreement) of any building in the project since last certification submission?

☐ No Change ☐ Change

If "Change," state nature of change on page 4 (e.g., a common area has become commercial space, a fee is now charged for a tenant facility formerly provided without charge, or the project owner has received federal subsidies with respect to the project which had not been disclosed).

8. All tenant facilities included, such as swimming pools, other recreational facilities, parking areas, washer/dryer hookups and appliances were provided on a comparable basis without charge to all tenants in the buildings:

☐ Yes ☐ No

9. If a low-income unit in the Project has been vacant during the year, reasonable attempts were, or are being, made to rent that unit or the next available unit of comparable or smaller size to tenants having a qualifying income before any units were or will be rented to tenants not having a qualifying income:

☐ Yes ☐ No

10. If the income of tenants of a low-income unit in any building increased above the limit, the next available unit of comparable or smaller size in that building was or will be rented to residents having a qualifying income:

☐ Yes ☐ No

11. An extended low-income housing commitment, wherein an owner cannot refuse to lease a unit in the project to an applicant because the applicant holds a voucher or certificate of eligibility under Section 8 of the United States Housing Act of 1937, 42 U.S.C. 1437s. Owner has not refused to lease a unit to an applicant based solely on their status as a holder of a Section 8 voucher:

☐ Yes ☐ No ☐ N/A

12. The owner has complied with and not evicted or terminated the tenancy of an existing tenant of any low-income unit other than for good cause:

☐ Yes ☐ No

13. Has there been a change in the ownership or management of the Project?

☐ No Change

☐ Change

If "Change," complete page 4 detailing the changes in ownership or management of the project.

NOTE: Failure to complete this form in its entirety will result in noncompliance with the program requirements. In addition, any individual other than an owner or general partner of the project is not permitted to sign this form.

The project is otherwise in compliance with Affordable Housing Agreement No. \_\_\_\_\_ and all other applicable laws, rules, and regulations. This Certification and any attachments are made **UNDER PENALTY OF PERJURY** of the Laws of the State of California.

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**PLEASE EXPLAIN ANY ITEMS THAT WERE  
ANSWERED "NO," "CHANGE" OR  
"FINDING ON QUESTIONS 1-15.**

Question #	Explanation (if applicable)
2	
5	
6	
7	
13	

**CHANGES IN OWNERSHIP OR MANAGEMENT**  
(To be completed **ONLY** if "CHANGE" marked for  
Question 15 above)

**TRANSFER OF OWNERSHIP:**

Date of Change:	
Taxpayer ID Number:	
Legal Owner Name:	
General Partnership:	
Status of Partnership (LLC, etc.):	

**CHANGE IN OWNER CONTACT:**

Date of Change:	
Owner Contact:	
Owner Contact Phone:	
Owner Contact Email:	

**CHANGE IN MANAGEMENT CONTACT**

Date of Change:	
Management Co. Name:	
Management Address:	
Management city, state, zip:	
Management Contact:	
Management Contact Phone:	
Management Contact Email:	



Exhibit H-2 goes here

RECORDING REQUESTED BY, AND  
WHEN RECORDED RETURN TO:

City of Palm Desert  
73-510 Fred Waring Drive  
Palm Desert, CA 92260-2578  
Attn: \_\_\_\_\_

*SPACE ABOVE THIS LINE FOR RECORDER'S USE ONLY*

**This Document is recorded for the benefit of the City of Palm Desert and is exempt  
from recording fees pursuant to Sections 6103, 27383 and 27388.1  
of the California Government Code.**

**HOUSING AGREEMENT  
(LMIHF Agreement; Phase I)**

by and between

the **PALM DESERT HOUSING AUTHORITY**

and

\_\_\_\_\_

**DATED AS OF \_\_\_\_\_, 202\_\_**

## HOUSING AGREEMENT

THIS HOUSING AGREEMENT (the “**Agreement**”) is dated as of \_\_\_\_\_, 202\_\_, and is by and between the PALM DESERT HOUSING AUTHORITY, a public body, corporate and politic (the “**Authority**”), and \_\_\_\_\_ (the “**Owner**”). Authority, City and Owner are sometimes referred to herein individually as a “Party” and collectively as “Parties”.

### RECITALS

This Agreement is predicated upon the following facts:

A. The Owner is the owner of the land described in “**Exhibit A**” attached hereto (the “Property”).

B. The City, the Authority and Owner have entered into that certain Amended and Restated Disposition, Development and Loan Agreement dated in April, 2024 (“DDLA”), pursuant to which the City conveyed the Property to the Owner for the development described in the DDLA (“Development” or “Apartment Community”) pursuant to which the Authority made a loan to Owner for the purchase price of the Property (“City Loan”). Capitalized terms used but not defined herein shall have the meaning set forth in the DDLA.

C. Pursuant to the DDLA, the Owner executed a Promissory Note in favor of Authority and a deed of trust in favor of Authority securing such Promissory Note and the Authority is obligated to make disbursements of loan proceeds subject to and in accordance with the DDLA.

D. The Authority loan was made with moneys in the Low and Moderate Income Housing Asset Fund established and held by the Authority as successor to the housing assets of the former Palm Desert Redevelopment Agency, and California law and the DDLA require that the Authority obtain recorded restrictions on the Property and Development thereon restricting the apartment units on the Property to extremely low and low income households at an affordable rent.

E. Additionally, the Owner has applied for and obtained a density bonus from the City for the Development which permits greater density and less parking than would otherwise be required, and in exchange, the City also requires that the apartment units be so restricted, and that such restrictions not be subordinate or subordinated to any deeds of trust or other consensual liens. Such restrictions are contained in a separate Housing Agreement between the City and the Owner.

G. This Agreement is the restriction agreement described in Recital D above.

NOW, THEREFORE, in consideration of the mutual covenants and undertakings set forth herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Authority, the City and the Owner hereby agree as follows:

### ARTICLE 1. DEFINITIONS AND INTERPRETATION.

## 1.1 Definitions.

Capitalized terms used herein shall have the following meanings unless the context in which they are used clearly requires otherwise.

“**Affordable Units**” shall mean 119 of the 120 units in the Apartment Community available to and occupied by, or held vacant for occupancy only by, Extremely Low Income Households, 59% AMI Low Income Households and 80% AMI Low Income Households and rented at an Affordable Rent. Specifically, the Affordable Units consist of 36 units for Extremely Low Income Households, 60 units for 59% AMI Low Income Households and 23 units for 80% AMI Low Income Households. The Affordable Units will include the number of bedrooms shown on the following table:

Bedroom Size	Extremely Low Income Household Affordable Units	59% AMI Low Income Household Affordable Units)	80% AMI Low Income Household Affordable Units
One	6	9	0
Two	27	48	0
Three	3	4	23
<b>Total</b>	36	61	23

“**Affordable Rent**” shall mean rent for an Affordable Unit, including a Reasonable Utility Allowance, determined pursuant to California Health and Safety Code Section 50053(b) and the state regulations adopted by the California Department of Housing and Community Development (“HCD”) pursuant thereto, as amended from time to time, based upon the AMI adjusted for a Household Size Appropriate to the Affordable Unit. More specifically, (1) for each of the 36 Affordable Units reserved for Extremely Low Income Households, the maximum monthly Affordable Rent, including a Reasonable Utility Allowance, may not exceed thirty percent (30%) of thirty percent (30%) of the AMI, adjusted for a Household Size Appropriate to the Affordable Unit, divided by twelve, (2) for each of the 60 Affordable Units reserved for 59% AMI Low Income Households, the maximum monthly Affordable Rent, including a Reasonable Utility Allowance, may not exceed thirty percent (30%) of fifty-nine percent (59%) of the AMI, adjusted for a Household Size Appropriate to the Affordable Unit, divided by twelve, and (3) for each of the 23 Affordable Units reserved for 80% AMI Low Income Households, the maximum monthly Affordable Rent, including a Reasonable Utility Allowance, may not exceed thirty percent (30%) of fifty-nine percent (59%) of the AMI, adjusted for a Household Size Appropriate to the Affordable Unit, divided by twelve.

“**AMI**” shall mean the area median income for Riverside County as published by the California Department of Housing and Community Development pursuant to Health and Safety Code Section 50052.5, or successor statute, as adjusted for family size in accordance with the state regulations adopted pursuant to California Health and Safety Code Section 50052.5.

**“Extremely Low Income Household”** shall mean persons and families whose income does not exceed the qualifying limits for extremely low income households set forth in California Health and Safety Code Section 50106 and Title 25 of the California Code of Regulations, as such statute and regulations may be amended from time to time.

**“Household Size Appropriate to the Affordable Unit”** in the absence of pertinent federal statutes or regulations applicable to the Apartment Community, shall have the meaning set forth in California Health and Safety Code Section 50052.5(h), as amended from time to time.

**“59% AMI Low Income Household”** shall mean persons and families whose income does not exceed the 59% of the AMI as set forth in California Health and Safety Code Section 50079.5 and Title 25 of the California Code of Regulations, including Section 6912, as such statute and regulations may be amended from time to time.

**“80% AMI Low Income Household”** shall mean persons and families whose income does not exceed the qualifying limits for lower income households set forth in California Health and Safety Code Section 50079.5 and Title 25 of the California Code of Regulations, including Section 6912, as such statute and regulations may be amended from time to time.

**“Reasonable Utility Allowance”** shall mean a utility allowance for utilities paid by a tenant (not including telephone, internet or cable service) utilizing the utility allowance schedule published annually by the Housing Authority of the County of Riverside.

**“Required Covenant Period”** shall mean the period commencing on the date all units in the Apartment Community have been completed as evidenced by the City’s issuance of a final Certificate of Occupancy for the Apartment Community, and ending as of the fifty-fifth (55th) anniversary thereof.

## **1.2 Rules of Construction.**

**1.2.1** The singular form of any word used herein, including the terms defined herein shall include the plural and vice versa. The use herein of a word of any gender shall include correlative words of all genders.

**1.2.2** Unless otherwise specified, references to articles, sections, and other subdivisions of this Agreement are to the designated articles, sections, and other subdivisions of this Agreement as originally executed. The words “hereof,” “herein,” “hereunder,” and words of similar import shall refer to this Agreement as a whole.

**1.2.3** All of the terms and provisions hereof shall be construed to effectuate the purposes set forth in this Agreement and to sustain the validity hereof.

**1.2.4** Headings or titles of the several articles and sections hereof and the table of contents appended to copies hereof shall be solely for convenience of reference and shall not affect the meaning, construction, or effect of the provisions hereof.

## **ARTICLE 2. ONGOING APARTMENT COMMUNITY OBLIGATIONS.**

## 2.1 Apartment Community and Affordable Units.

The Owner shall develop and construct the Apartment Community within a portion of the Project on the Property in conformity with the DDLA. Thereafter, during the Required Covenant Period, the Owner agrees that not less than 239 units in the Apartment Community shall be Affordable Units, meaning that (a) 36 of such units shall be continually available to and occupied by, or held vacant for occupancy only by, Extremely Low Income Households, (b) 61 of such units shall be continually available to and occupied by, or held vacant for occupancy only by, 59% AMI Low Income Households, and (c) 23 of such units shall be continually available to and occupied by, or held vacant for occupancy only by, 80% AMI Low Income Households. All of the rental units in the Apartment Community shall be similarly constructed and generally constructed at the same time. The Affordable Units shall be of comparable quality to those rental units in the Apartment Community which are available to other tenants. The Owner agrees that, to the extent commercially reasonable, Affordable Units will not be underutilized. No persons shall be permitted to occupy any Affordable Unit in excess of applicable limit of maximum occupancy set by the City's Municipal Code and the laws of the State of California, or by Authority Resolution HA-84 adopted on December 14, 2017 (and the occupancy policy attached as Exhibit A thereto) and any amendments or replacements thereof.

## 2.2 Residential Rental Property.

The Owner covenants to operate the Apartment Community as residential rental property. During the Required Covenant Period, the Affordable Units will be held and used for the purpose of providing residential living, and the Owner shall own, manage and operate, or cause the management and operation of, the Apartment Community to provide such affordable rental housing. All of the rental units in the Apartment Community with the exception of one (1) manager's units, will be available for rental on a continuous basis to members of the general public and the Owner will not give preference to any particular class or group in renting the units in the Apartment Community, except as required under this Agreement. The Owner shall not convert any Affordable Unit(s) to condominiums or cooperative ownership or sell condominium or cooperative conversion rights to any Affordable Unit(s) during the term of this Agreement.

## 2.3 Extremely Low, 59% AMI Low and 80% AMI Low Income Households.

**2.3.1 Income Qualification; Initial Certification.** Subject to the applicable provisions hereof, throughout the Required Covenant Period, Affordable Units will be exclusively occupied by, or available for occupancy only by, Extremely Low, 59% AMI Low and 80% AMI Low Income Households as described above. Prior to the rental or lease of an Affordable Unit and in accordance with Section 2.6 hereof, the Owner will obtain and maintain on file a Household Income Certification ("Income Certification") substantially in the form attached hereto as Exhibit "B" and incorporated herein by this reference for each Extremely Low, 59% AMI Low and 80% AMI Low Income Households, as applicable, and shall provide copies of same to the Authority at such times as the Authority may, from time to time, reasonably require. In addition, the Owner will provide such further information as may reasonably be required in the future by the Authority. The Income Certification shall be dated immediately prior to the applicable household's initial occupancy of an Affordable Unit. The Owner shall make a good faith effort to verify that the income provided by an applicant in an Income Certification is accurate by taking any one or more

of the following steps as part of the verification process for all household members over the age of eighteen (18) as appropriate:

- (i) Obtain two (2) pay stubs for the two (2) most recent pay periods;
- (ii) Obtain a true copy of an income tax return for the most recent tax year in which a return was filed;
- (iii) Obtain an income verification form from the household member's current employer;
- (iv) Obtain an income verification form from the Social Security Administration and/or the State Department of Social Services, or its equivalent, if the household member receives assistance from either of those agencies;
- (v) If the household member is unemployed and has no tax return, obtain another form of independent verification; or
- (vi) Obtain such other documentation as may be reasonably acceptable pursuant to Title 25 of the California Code of Regulations, as amended from time to time, to verify income.

2.3.2 Certificate of Continuing Program Compliance; Annual Report; Annual Monitoring/Administration Fee. Throughout the Required Covenant Period, the Owner will prepare and submit to the Authority, at such periodic frequency as the Authority might reasonably require, but not more than once annually, a Certificate of Continuing Compliance in substantially the form attached hereto as Exhibit "C" and incorporated herein by this reference, and executed by the Owner. The Owner will also prepare and submit to the Authority on or before each anniversary date of the commencement of the Required Covenant Period, and for the preceding calendar year, a report in form and substance reasonably satisfactory to the Authority summarizing the vacancy rate of the Apartment Community, including the number of Affordable Units held vacant for occupancy by Extremely Low, 59% AMI Low and 80% AMI Low Income Households for such calendar year. Owner shall pay an annual monitoring/administration fee in the amount of Ten Thousand Dollars (\$10,000.00), increasing by three percent (3%) annually, concurrently with Developer's annual payments of Residual Receipts to Authority under the Authority Loan.

2.4 Affordable Rent. Throughout the Required Covenant Period, an Affordable Rent shall be charged to the Extremely Low, 59% AMI Low and 80% Low Income Household occupants of Affordable Units, as more specifically described above.

2.5 Rent Increases. Rents for Affordable Units may be increased not more than once per year and twelve (12) months must have elapsed since the date of the tenant's initial occupancy or the last rent increase. The rents charged following such an increase, or upon a vacancy and new occupancy by an Extremely Low, 59% AMI Low or 80% AMI Low Income Household, as applicable, shall not exceed an Affordable Rent. The Owner shall, consistent with applicable law, give proper written notice to tenants of all rent increases, and upon written request, provide the Authority with reasonable detail concerning the amount of and rationale for such rent increases.

**2.6 Income Recertification of Affordable Units.** Annually, on the anniversary date of occupancy of an Affordable Unit by an Extremely Low, 59% AMI Low or 80% AMI Low Income Household, as applicable, the Owner shall obtain and maintain on file an annual income certification, in form and substance reasonably satisfactory to the Authority, from each household occupying an Affordable Unit, based upon the current income of each household member over the age of eighteen (18). The Owner shall make a good faith effort to verify that the income provided by the household is accurate in accordance with Section 2.3.1, above.

**2.6.1** A rental unit occupied by a household that qualifies as an Extremely Low, 59% AMI Low or 80% AMI Low Income Household, as applicable, at the time the household first occupies an Affordable Unit shall be deemed to continue to be so occupied until a recertification of such household's income demonstrates that such household no longer qualifies as an Extremely Low, 59% AMI Low or 80% AMI Low Income Household, as applicable. At such time as a household ceases to qualify as an Extremely Low, 59% AMI Low or 80% AMI Low Income Household, as applicable, based on income recertification, the Owner shall designate the next available unit (one that is not occupied by a tenant) with the same number of bedrooms as the occupied Affordable Unit and it shall be leased to an Extremely Low, 59% AMI Low or 80% AMI Low Income Household, as applicable, so that the number of Affordable Units occupied by or reserved for occupancy by Extremely Low, 59% AMI Low or 80% Low Income Households will remain constant. For purposes of this Agreement, such designated unit will be considered an Affordable Unit if it is held vacant and available solely for occupancy by an Extremely Low, 59% AMI Low or 80% AMI Low Income Household, as applicable, and, upon occupancy, the income eligibility of the household as an Extremely Low, 59% AMI Low or 80% AMI Low Income Household is verified and the unit is rented at Affordable Rent.

**2.7 Lease or Occupancy Agreement.** Prior to the rental or lease of an Affordable Unit to an Extremely Low, 59% AMI Low or 80% AMI Low Income Household, the Owner shall require the tenant to execute a written lease or occupancy agreement. The Owner shall maintain on file throughout the Required Covenant Period and for a four (4) year period thereafter, the executed lease or occupancy agreement of each tenant occupying an Affordable Unit. The form of lease or occupancy agreement used by the Owner for the lease or rental of Affordable Units shall be that which is reasonable and customary in residential leasing. In addition, each lease or occupancy agreement for an Affordable Unit shall (i) provide that the tenants of such Affordable Unit shall be subject to annual recertification of income and subject to rental increases in accordance with Sections 2.5 and 2.6 of this Agreement, and (ii) contain a provision to the effect that the Owner has relied on the income certification and supporting information supplied by the tenant in determining qualification for occupancy of the Affordable Unit, and that any material misstatement in such certification (whether or not intentional) may be cause for immediate termination of such lease or occupancy agreement.

**2.7.1 No Discrimination.** Owner covenants, by and for itself and any successors in interest, that there shall be no discrimination against or segregation of any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Site, nor shall Owner, itself or any person claiming under or through it, establish or permit any such practice or practices of



discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, subleases or vendees in the Site.

**2.7.2 Required Clauses.** All deeds, subleases or contracts made relative to the Site, the improvements thereon or any part thereof, shall contain or be subject to substantially the following nondiscrimination and nonsegregation clauses:

"(1) Grantee herein covenants by and for itself, its successors and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) and (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955 and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the property herein conveyed, nor shall the grantee or any person claiming under or through the grantee, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the property herein conveyed. The foregoing covenant shall run with the land.

(2) Notwithstanding paragraph (1), with respect to familial status, paragraph (1) shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in paragraph (1) shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the Civil Code and subdivisions (n), (o), and (p) of Section 12955 of the Government Code shall apply to paragraph (1)."

(a) In leases: "The lessee herein covenants, by and for himself or herself, his or her heirs, executors, administrators and assigns, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions:

(b) That there shall be no discrimination against or segregation of any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the leasing, subleasing, transferring, use, occupancy, tenure or enjoyment of the land herein leased, nor shall the lessee, himself or herself or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subleases, subtenants or vendees in the land herein leased.

(c) Notwithstanding paragraph (a), with respect to familial status, paragraph (a) shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in paragraph (a) shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11 and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivisions (d) of Section 51 and Section 1360 of the Civil Code

and subdivision (n), (o), and (p) of Section 12955 of the Government Code shall apply to paragraph (a).”

(3) **In contracts:** “There shall be no discrimination against or segregation of any person or group of persons on any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the land, nor shall the transferee, himself or herself or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subleases, subtenants or vendees in the land.

**2.7.3** The Owner shall refrain from restricting the rental or lease of Affordable Units on the basis of race, color, religion, sex, marital status, disability, ancestry or national origin of any person.

**2.7.4** The Owner shall refrain from restricting the rental or lease of Affordable Units on the basis of race, color, religion, sex, marital status, disability, ancestry or national origin of any person.

**2.7.5** The Authority is the beneficiary of the terms and provisions of the covenants herein, both for and in its own right and for the purposes of protecting the interests of the community and other parties, public or private, for whose benefit these covenants running with the land have been provided.

**2.8** Security Deposits. The Owner may require security deposits on Affordable Units in amounts which are consistent with applicable law.

**2.9** Additional Information; Books and Records. The Owner shall provide any additional information concerning the Affordable Units reasonably requested by the Authority. The Owner will maintain complete and accurate records pertaining to the Affordable Units throughout the Covenant Period and for a four (4) year period thereafter. The Authority shall have the right upon written notice of no less than two (2) business days to the Owner, at any time during normal business hours of 9:00 am to 5:00 pm, to examine of all books, records or other documents maintained by the Owner or by any of the Owner’s agents which pertain to any Affordable Unit, including all executed leases or occupancy agreements and all Income Certifications, and obtain copies of any requested executed leases, occupancy agreements and Income Certifications within ten (10) business days following such examination and the Authority’s written request.

**2.10** Specific Performance. The Owner hereby agrees that specific enforcement of the Owner’s agreement to comply with the allowable rent and occupancy restrictions and covenants contained herein is one of the reasons and consideration for the Authority having entered into the DDLA, and that, in the event of the Owner’s breach of such requirements, potential monetary damages to the Authority and City, as well as to existing and prospective Extremely Low, 59% AMI Low or 80% AMI Low Income Households, would be difficult, if not impossible, to evaluate and quantify. Therefore, in addition to any other relief to which the Authority or City may be entitled as a

consequence of the breach hereof, the Owner agrees to the imposition of the remedy of specific performance against it in the case of any event of default by the Owner in complying with any provision of this Agreement beyond any applicable notice and cure period.

**2.11 Audit.** The Authority shall have the right to perform an audit of the Apartment Community to determine compliance with the provisions of this Agreement. Such audit shall not be undertaken more often than once each calendar year. All costs and expenses associated with the audit shall be paid by the Owner.

**2.12 Management.** The management agent of the Owner and any other contractor of Owner who provides services to occupants of the Apartment Community shall be subject to the reasonable written approval of the Authority. The Owner and/or the management agent (if not the Owner) shall operate the Apartment Community in a manner that will provide decent, safe and sanitary residential facilities to the occupants thereof, and will comply with provisions of this Agreement. Upon the written request of the Authority, the Owner shall cooperate with the Authority in the periodic review (but not more than once each calendar year) of the management practices and financial status of the Affordable Units. The purpose of each periodic review will be to enable the Authority to determine if the Affordable Units are being operated and managed in accordance with the requirements and standards of this Agreement. Results of such Authority review shall be provided to the City and to the Owner, and the Authority shall have the right to require the Owner to make modifications that are reasonably necessary to ensure the objectives of this Agreement are met.

**2.13 Binding for Term.** It is intended by the Parties that except as otherwise expressly provided herein, the provisions of this Agreement shall apply to the Apartment Community throughout the entire term hereof, as established in Section 3.1 below.

### **ARTICLE 3. TERM AND RECORDATION.**

**3.1 Term of Agreement.** This Agreement shall remain in full force and effect for the Required Covenant Period, unless the Owner and the Authority agree, in writing, to terminate this Agreement prior to the expiration of the Required Covenant Period. Unless terminated earlier pursuant to the prior sentence of this Section 3.1, or Section 3.3 below, the Parties intend that the provisions and effect of this Agreement and specifically of Article 2 hereof, shall remain in full force and effect for the entire Required Covenant Period.

**3.2 Agreement to Record.** The Owner represents, warrants, and covenants that this Agreement will be recorded in the real property records of Riverside County.

**3.2 Early Termination of Restrictions.** Notwithstanding the generality of the foregoing provisions of this Article 3 or any other provisions hereof, this Agreement and all of the terms and restrictions contained herein shall be suspended during involuntary noncompliance as a result of unforeseen events such as fire or act of God which leaves the entire Apartment Community uninhabitable (and the proceeds of insurance available to the Owner as a result thereof are insufficient to reconstruct the Apartment Community), or a change in a federal or state law or an action by the federal government, the State or a court of competent jurisdiction, after the date of

recordation hereof, that prevents the Authority from enforcing the provisions of this Agreement, or a condemnation or a similar event.

#### ARTICLE 4. DEFAULT; REMEDIES.

4.1 An Event of Default. Each of the following shall constitute an “Event of Default” by the Owner under this Agreement:

4.1.1 Failure by the Owner to duly perform, comply with and observe any of the conditions, terms, or covenants of any agreement with the Authority or the City concerning the Apartment Community, or of this Agreement, if such failure remains uncured thirty (30) days after written notice of such failure from the Authority to the Owner in the manner provided herein or, with respect to a default that cannot be cured within thirty (30) days, if the Owner fails to commence such cure within such thirty (30) day period or thereafter fails to diligently and continuously proceed with such cure to completion. However, if a different period or notice requirement is specified under any other section of this Agreement, then the specific provision shall control.

4.1.2 Any representation or warranty contained in this Agreement or in any application, financial statement, certificate, or report submitted by the Owner to the Authority or the City proves to have been incorrect in any material respect when made..

4.1.3 A court having jurisdiction shall have made or rendered a decree or order: (i) adjudging the Owner to be bankrupt or insolvent; (ii) approving as properly filed a petition seeking reorganization of the Owner or seeking any arrangement on behalf of the Owner under the bankruptcy laws or any other applicable debtor’s relief law or statute of the United States or of any state or other jurisdiction; (iii) appointing a receiver, trustee, liquidator, or assignee of the Owner in bankruptcy or insolvency or for any of its properties; or (iv) directing the winding up or liquidation of the Owner, providing, however, that any such decree or order described in any of the foregoing subsections shall have continued unstayed or undischarged for a period of ninety (90) days.

4.1.4 The Owner shall have assigned its assets for the benefit of its creditors or suffered a sequestration or attachment or execution on any substantial part of its property, unless the property so assigned, sequestered, attached, or executed upon shall have been returned or released within ninety (90) days after such event (unless a lesser time period is permitted for cure hereunder) or prior to sale pursuant to such sequestration, attachment, or execution. If the Owner is diligently working to obtain a return or release of the property and the City’s and the Authority’s interests hereunder are not imminently threatened in its reasonable business judgment, then the City shall not declare a default under this subsection.

4.1.5 The Owner shall have voluntarily suspended its business or dissolved.

4.1.6 The seizure or appropriation of all or, in the reasonable opinion of the Authority, a substantial part of the Apartment Community, except for condemnation initiated by the City, the Authority or any other governmental agency or authority.

- The seizure or appropriation of all or, in the reasonable opinion of the Authority, a substantial part of the Apartment Community, except for condemnation initiated by the City, the Authority or any other governmental agency or authority.

4.1.7 There should occur any default declared by any lender under any loan document or deed of trust relating to any loan made in connection with the Apartment Community, which loan is secured by a deed of trust or other instrument affecting the Apartment Community, and such default remains uncured following the expiration of any applicable cure period.

4.2 Option to Lease. [INTENTIONALLY OMITTED]

4.3 Authority Remedies. The Authority and City shall each have the right to mandamus or other suit, action or proceeding at law or in equity to require the Owner to perform its obligations and covenants under this Agreement or to enjoin acts or things which may be unlawful or in violation of the provisions hereof, provided that in any such case the Authority has first provided the required notice of any alleged default and the Owner has had the requisite opportunity to cure pursuant to Section 4.1.1, above.

4.4 Action at Law; No Remedy Exclusive. The Authority and/or the City may take whatever action at law or in equity as may be necessary to enforce performance and observance of any obligation, agreement or covenant of the Owner under this Agreement. No remedy herein conferred upon or reserved by the Authority or City is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law, in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of such right or power, but any such right or power may be exercised from time to time and as often as the Authority may deem expedient. In order to entitle the Authority or City to exercise any remedy reserved to it in this Agreement, it shall not be necessary to give any notice, other than such notice as may be herein otherwise expressly required or required by law to be given.

## ARTICLE 5. GENERAL PROVISIONS.

5.1 Limitations on Recourse. Notwithstanding anything to the contrary contained in this Agreement, except in the event of fraud, waste, or illegal acts, or with regard to any indemnity obligations imposed upon the Owner under the terms of this Agreement, (i) no partner, member, officer or director, as applicable, of the Owner (each, an "Owner Affiliate") shall have any direct, indirect or derivative personal liability for the obligations of the Owner under this Agreement, and (ii) the Authority and the City shall not exercise any rights or institute any action against any Owner Affiliate directly, indirectly or derivatively for the payment of any sum of money that is or may become payable hereunder.

5.2 Maintenance, Repair, Alterations. The Owner shall maintain and preserve the Apartment Community in good condition and repair and in a prudent and businesslike manner. The Owner shall comply with all laws, ordinances, rules, regulations, covenants, conditions, restrictions, and orders of any governmental authority now or hereafter affecting the conduct or operation of the Apartment Community or any part thereof or requiring any alteration or improvement to be made

thereon. The Owner shall not commit, suffer, or permit any act to be done in, upon, or to the Apartment Community or any part thereof in violation of any such laws, ordinances, rules, regulations, or orders. The Owner hereby agrees that the Authority may conduct from time to time through representatives, upon reasonable notice of no less than twenty-four (24) hours, on-site inspections and observation of: (i) the maintenance and repair of the Apartment Community, including a review of all maintenance and repair programs and practices and all reports and records pertaining thereto, including records of expenditures relating thereto; and (ii) such other facilities, practices, and records of the Owner relating to the Affordable Units as the Authority reasonably deems to be necessary or appropriate in order to monitor the Owner's compliance with the provisions of this Agreement.

**5.3 Notices.** All notices (other than telephone notices), certificates or other communications (other than telephone communications) required or permitted hereunder shall be sufficiently given and should be deemed given when mailed by certified mail, postage prepaid, or twenty-four (24) hours following delivery of such notice to Federal Express or similar commercial carrier for overnight or next business day delivery, addressed as follows:

If to the Authority or City:

Palm Desert Housing Authority  
City of Palm Desert  
73-510 Fred Waring Drive  
Palm Desert, CA 92260-2578  
Attn: Housing Division

If to the Owner:

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100 Pacifica, Suite 203  
Irvine, CA 92618  
Attn: President

**5.4 Relationship of Parties.** Nothing contained in this Agreement shall be interpreted or understood by any of the Parties, or by any third persons, as creating the relationship of employer and employee, principal and agent, limited or general partnership, or joint venture between the City and the Owner or the Owner's agents, employees or contractors, or the Authority and the Owner or the Owner's agents, employees or contractors, and the Owner shall at all times be deemed an independent contractor and shall be wholly responsible for the manner in which it or its agents, or both, perform the services required of it by the terms of this Agreement for the operation of the Apartment Community. The Owner has and hereby retains the right to exercise full control of employment, direction, compensation and discharge of all persons assisting in the performance of services hereunder. In regards to the on-site operation of the Apartment Community, the Owner shall be solely responsible for all matters relating to payment of its employees, including compliance with Social Security, withholding and all other laws and regulations governing such matters. The Owner agrees to be solely responsible for its own acts and those of its agents and employees.



**5.5 No Claims.** Nothing contained in this Agreement shall create or justify any claim against the City or the Authority by any person the Owner may have employed or with whom the Owner may have contracted relative to the purchase of materials, supplies or equipment, or the furnishing or the performance of any work or services with respect to the operation of the Affordable Units.

**5.6 Conflict of Interests.** No member, official or employee of the Authority or City shall make any decision relating to this Agreement which affects his or her personal interests or the interests of any corporation, partnership or association in which he or she is directly or indirectly interested. No officer or employee of the Owner shall acquire any interest in conflict with or inimical to the interests of the City or the Authority.

**5.7 Non-Liability of City Officials, Employees and Agents.** No member, official, employee or agent of the City or the Authority shall be personally liable to the Owner, or any successor in interest, in the event of any default or breach by the City or the Authority or for any amount which may become due to the Owner or successor in connection with this Agreement or on any obligation of the City or the Authority under the terms of this Agreement.

**5.8 Unavoidable Delay; Extension of Time of Performance.** In addition to specific provisions of this Agreement, and except for performance under the DDLA (which is governed by the terms of the DDLA), performance of a construction obligation by any Party hereunder shall not be deemed to be in default where it is due to an "Unavoidable Delay." "Unavoidable Delay" means a delay due to the elements (including unseasonable weather), fire, earthquakes or other acts of God, strikes, pandemics, labor disputes, lockouts, shortages of construction materials experienced generally in the construction industry in the local area, acts of the public enemy, riots, insurrections or governmental regulation of the sale or transportation of materials, supply or labor; provided, however, that to the extent a delay is caused by any other reason that the Owner reasonably believes is beyond its control, the Owner may request, on a case-by-case basis, that the City and/or Authority excuse any such delay as an Unavoidable Delay and the City and Authority shall make their determinations as to whether such delay constitutes an Unavoidable Delay using their reasonable judgment.

**5.9 Indemnity.** The Owner shall indemnify, defend and hold harmless the Authority and the City and all officials, employees and agents of the Authority and/or the City (with counsel reasonably satisfactory to the Authority) against any costs, liabilities, damages or judgments arising from claims or litigation of any nature whatsoever brought by third parties and directly or indirectly arising from the Owner's ownership or operation of the Apartment Community, or the Owner's performance of its obligations under this Agreement, and in the event of settlement, compromise or judgment hold the City and the Authority free and harmless therefrom. The provisions of this Section 5.9 shall survive the term of this Agreement.

**5.10 Rights and Remedies Cumulative.** Except as otherwise expressly stated in this Agreement, the rights and remedies of the Parties are cumulative, and the exercise or failure to exercise one or more of such rights or remedies by either Party shall not preclude the exercise by it, at the same time or different times, of any right or remedy for the same default or any other default by the other Party. No waiver of any default or breach by the Owner hereunder shall be implied from any omission by the Authority or the City to take action on account of such default if such default persists or is repeated, and no express waiver shall affect any default other than the default

specified in the waiver, and such waiver shall be operative only for the time and to the extent therein stated. Waivers of any covenant, term, or condition contained herein shall not be construed as a waiver of any subsequent breach of the same covenant, term or condition. The consent or approval by the City or the Authority to or of any act by the Owner requiring further consent or approval shall not be deemed to waive or render unnecessary the consent or approval to or of any subsequent similar act. The exercise of any right, power, or remedy shall in no event constitute a cure or a waiver of any default under this Agreement, nor shall it invalidate any act done pursuant to notice of default, or prejudice the Authority in the exercise of any right, power, or remedy hereunder or under any agreements ancillary or related hereto.

**5.11 Applicable Law.** This Agreement shall be interpreted under and pursuant to the laws of the State of California.

**5.12 Severability.** If any term, provision, covenant or condition of this Agreement is held in a final disposition by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions shall continue in full force and effect unless the rights and obligations of the Parties have been materially altered or abridged by such invalidation, voiding or unenforceability.

**5.13 Legal Actions.** In the event any legal action is commenced to interpret or to enforce the terms of this Agreement or to collect damages as a result of any breach thereof, the Party prevailing in any such action shall be entitled to recover against the Party not prevailing all reasonable attorneys' fees and costs incurred in such action (including all legal fees incurred in any appeal or in any action to enforce any resulting judgment), as awarded by a court of competent jurisdiction.

**5.14 Binding Upon Successors.** This Agreement shall be binding upon and inure to the benefit of the permitted heirs, administrators, executors, successors in interest and assigns of each of the Parties. Any reference in this Agreement to a specifically named Party shall be deemed to apply to any successor, heir, administrator, executor or assign of such Party who has acquired an interest in compliance with the terms hereof or under law.

**5.15 Time of the Essence.** In all matters under this Agreement, time is of the essence.

**5.16 Approvals by the Authority or City.** Any approvals required under this Agreement to be made by the Authority shall be made by the Executive Director of the Authority or his or her designee, and any approvals by the City shall be made by the City Manager or his or her designee. Any such approval or consent shall not be unreasonably withheld, conditioned, delayed or made, except where it is specifically provided herein that another standard applies, in which case the specified standard shall apply.

**5.17 Complete Understanding of the Parties.** The DDLA, this Agreement and the attached Exhibits constitute the entire understanding and agreement of the Parties with respect to the matters described herein.

**5.18 Covenants to Run With the Land.** The Owner hereby subjects the Apartment Community to the covenants, reservations, and restrictions set forth in this Agreement. The Authority, the City and the Owner hereby declare their express intent that the covenants, reservations, and restrictions set forth herein shall be deemed covenants running with the land and shall pass to and be binding upon the Owner's successors in title to the Apartment Community; provided, however, that on the



termination of this Agreement said covenants, reservations and restrictions shall expire. Each and every contract, deed or other instrument hereafter executed covering or conveying the Apartment Community or any portion thereof shall conclusively be held to have been executed, delivered and accepted subject to such covenants, reservations and restrictions, regardless of whether such covenants, reservations and restrictions are set forth in such contract, deed or other instruments. No breach of any of the provisions of this Agreement shall defeat or render invalid the lien of a mortgage or deed of trust made in good faith and for value encumbering the Property or any interest of the Owner therein.

**5.19 Burden and Benefit.** The Authority, the City and the Owner hereby declare their understanding and intent that: (i) the burden of the covenants, reservations, restrictions, and agreements set forth herein touch and concern the Property and the Apartment Community, in that Owner's legal interest in the Apartment Community is rendered less valuable thereby, (ii) the covenants, reservations, restrictions, and agreements set forth herein directly benefit the Property and the Apartment Community (a) by enhancing and increasing the enjoyment and use of the Apartment Community by certain Extremely Low, 59% AMI Low or 80% AMI Low Income Households, the intended beneficiaries of such covenants, reservations, restrictions, and agreements, (b) by making possible the obtaining of advantageous financing for the Property and the Apartment Community, and (c) by furthering the public purposes advanced by the Authority and the City, and (iii) the covenants, reservations, restrictions and agreements set forth herein shall run with the Property and shall be binding for the benefit of and enforceable by the Authority and the City and their successors and assigns for the entire term of this Agreement.

**5.20 Counterparts.** This Agreement may be executed in two or more counterparts, each of which shall be an original, but all of which shall constitute one and the same instrument.

**5.21 Amendments.** This Agreement may be amended only by the written agreement of the Authority, the City and the Owner.

WHEREFORE, the undersigned has executed this Agreement as of the date first-above written.

	<b><u>OWNER:</u></b>
	_____
	<b><u>AUTHORITY:</u></b>
	PALM DESERT HOUSING AUTHORITY, a public body, corporate and politic
	By: _____
	Print Name: _____
	Title: _____

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## CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

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 \_\_\_\_\_, 2022, before me, \_\_\_\_\_,  
(insert name and title of the officer)

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.

Signature \_\_\_\_\_(Seal)

## CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

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 \_\_\_\_\_, 2022, before me, \_\_\_\_\_,  
(insert name and title of the officer)

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.

Signature \_\_\_\_\_(Seal)

## CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

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 \_\_\_\_\_, 2022, before me, \_\_\_\_\_,  
(insert name and title of the officer)

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.

Signature \_\_\_\_\_(Seal)

EXHIBIT "A"

LEGAL DESCRIPTION OF THE PROPERTY

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

EXHIBIT “B”

HOUSEHOLD INCOME CERTIFICATION

(Attached)

# AFFORDABLE HOUSING HOUSEHOLD INCOME CERTIFICATION

Applicant (s) Name: \_\_\_\_\_

Address: \_\_\_\_\_ Unit No. \_\_\_\_\_ # Bedrooms: \_\_\_\_\_

Program Eligibility and Affordability verifications for Low Income Households shall be performed as required by Title 25 subject to eligibility verification procedures and requirements described therein, and as amended from time to time. The following outlines how annual income is calculated to determine household income eligibility, which is required in order to determine a person, family or Household to be a "Qualified Household" as established by the Program and Redevelopment Law.

The following questions will assist you in completing the HOUSEHOLD INCOME CERTIFICATION. When answering the questions answer "Yes" if any of the information requested or income source pertains to any person, co-applicant, or adult individual member of the household (Individuals 18 years and older) during the 12 months following the date of the certification.

HOUSEHOLD COMPOSITION (List all members of the household including yourself that will occupy the unit applied for.)			
Last Name	First Name & Middle Initial	Relationship to Head of Household	Date of Birth (MM/DD/YYYY)
		Self	
TOTAL HOUSEHOLD MEMBERS:			#

## PART I. HOUSEHOLD INCOME INFORMATION

YES	NO	All sources are to be disclosed below for all household members unless otherwise excluded by Title 25 Section	MONTHLY AMOUNT
<input type="checkbox"/>	<input type="checkbox"/>	1 EMPLOYMENT (wages, overtime, etc.) <i>List name of employer: _____</i>	(use <u>gross</u> income; amount before any pay deductions) \$ _____
<input type="checkbox"/>	<input type="checkbox"/>	2 SELF EMPLOYED <i>List nature of self employment: _____</i>	(use <u>net</u> income from business) \$ _____
<input type="checkbox"/>	<input type="checkbox"/>	3 OTHER EMPLOYMENT RELATED COMPENSATION (i.e.; tips, bonuses)	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	4 SOCIAL SECURITY INCOME	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	5 SUPPLEMENTAL SECURITY INCOME (SSI)	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	6 CASH CONTRIBUTIONS (i.e.; From third parties including gifts for rent or utility payments)	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	7 PUBLIC ASSISTANCE INCOME (Welfare, food stamps, foster care assistance)	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	8 UNEMPLOYMENT BENEFITS	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	9 VETERAN'S BENEFIT/INCOME	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	10 DISABILITY OR DEATH BENEFITS OTHER THAN SSI	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	CHILD SUPPORT/ALIMONY/SPOUSAL SUPPORT PAYMENTS (Received by any and all household members. Note for how many children did you receive support: _____)	\$ _____

Rev 3/12/10



HOUSEHOLD INCOME CERTIFICATION  
PAGE 2 OF 3

FILE NO. \_\_\_\_\_  
EFFECTIVE DATE \_\_\_\_\_

YES	NO	INCOME INFORMATION (CONTINUED) All sources are to be disclosed below for all household members unless otherwise excluded by Title 25 Section		MONTHLY AMOUNT
<input type="checkbox"/>	<input type="checkbox"/>	12	TRUSTS PAYMENTS, ANNUITY PAYMENTS, RETIREMENT PAYMENTS, WORKERS COMPENSATION PAYMENTS, SEVERANCE PAYMENTS, LOTTERY WINNINGS OR OTHER INCOME. <i>List sources:</i> _____	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	13	RENTAL, REAL OR PERSONAL PROPERTY INCOME	\$ _____
<b>TOTAL MONTHLY INCOME (BOX A)</b>				\$ _____

**PART II. HOUSEHOLD ASSET INFORMATION**

YES	NO	All sources are to be disclosed below for all household members unless otherwise excluded by Title 25 Section		CASH VALUE
<input type="checkbox"/>	<input type="checkbox"/>	1	CHECKING ACCOUNT(S): <i>List bank(s):</i> _____	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	2	SAVINGS ACCOUNT(S): <i>List bank(s):</i> _____	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	3	TRUST ACCOUNT(S): <i>List bank(s):</i> _____	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	4	REAL ESTATE: <i>Provide description:</i> _____	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	5	STOCKS, BONDS, OR TREASURY BILLS: <i>List sources/bank names:</i> _____	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	6	CERTIFICATES OF DEPOSIT (CD) OR MONEY MARKET ACCOUNT(S): <i>List Sources/bank names:</i> _____	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	7	IRA/LUMP SUM PENSION/KEOGH ACCOUNT/401 K: <i>List bank(s):</i> _____	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	8	LIFE INSURANCE POLICY CASH VALUE: <i>How many policies:</i> _____	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	9	DISPOSED OF ASSETS (i.e. gave away money/assets for less than the fair market value in the past 2 years) <i>List items and date disposed:</i> _____	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	10	OTHER ASSETS OR CAPITAL INVESTMENTS <i>Describe source:</i> _____	\$ _____
<b>TOTAL ASSET VALUE (BOX B)</b>				\$ _____

[https://palmdesertcity-mt.sharepoint.com/personal/coburns\\_dtycpalmdesert\\_org/Documents/Desktop/Household Income Certification Form Celine Edit 9.1.22.doc](https://palmdesertcity-mt.sharepoint.com/personal/coburns_dtycpalmdesert_org/Documents/Desktop/Household%20Income%20Certification%20Form%20Celine%20Edit%209.1.22.doc)

**PART III. HOUSEHOLD STUDENT STATUS**

YES	NO		All sources are to be disclosed below for all household members who are <u>STUDENTS</u> unless otherwise excluded by Title 25 Section	AMOUNT
<input type="checkbox"/>	<input type="checkbox"/>	1	IS ANY HOUSEHOLD MEMBER A FULL-TIME STUDENT (i.e.; College/University, trade school, etc.)	
IF QUESTION NO. 1 IS NO, SKIP TO PART IV				
<input type="checkbox"/>	<input type="checkbox"/>	2	DOES STUDENT FILE A JOINT TAX RETURN WITH OTHER HOUSEHOLD MEMBERS	
<input type="checkbox"/>	<input type="checkbox"/>	3	IS STUDENT A DEPENDENT OF ANOTHER INDIVIDUAL Explain: _____	
<input type="checkbox"/>	<input type="checkbox"/>	4	DOES STUDENT RECEIVE FINANCIAL AID. IF YES ENTER AMOUNT (i.e.; Public or private, not including student loans).	\$ _____
IF QUESTION NO. 4 IS NO, SKIP TO PART IV				
<input type="checkbox"/>	<input type="checkbox"/>	5	DOES STUDENT RECEIVE FINANCIAL AID THAT INCLUDES HOUSING/SHELTER ALLOWANCE. IF YES ENTER AMOUNT.	\$ _____
				TOTAL FINANCIAL AID ASSISTANCE (BOX C) \$ _____

**PART IV. HOUSEHOLD UNUSUAL EXPENSES**

YES	NO		All sources are to be disclosed below for all household members unless otherwise excluded by Title 25 Section	AMOUNT
<input type="checkbox"/>	<input type="checkbox"/>	1	MEDICAL EXPENSES NOT COVERED BY INSURANCE EXCEEDING 25% OF THE GROSS HOUSEHOLD ANNUAL INCOME INCLUDING INSURANCE MONTHLY PREMIUM  Describe: _____	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	2	UNUSUAL EXPENSES PAID BY HEAD OF HOUSEHOLD UNUSUAL FOR THE CARE OF MINORS UNDER 13 YEARS OF AGE, DISABLED, OR HANDICAPPED HOUSEHOLD MEMBERS NECESSARY FOR GAINFUL EMPLOYMENT  Describe: _____	\$ _____
				TOTAL ANNUAL UNUSUAL EXPENSES (BOX D)
(Explanation of Benefits must be provided as proof and all receipts for the non-covered medical expenses.)				\$ _____

**TOTAL NET ANNUAL HOUSEHOLD INCOME FROM ALL SOURCES**  
(Box (A + B + C) - (D) = total)

\$ \_\_\_\_\_

**HOUSEHOLD CERTIFICATION & SIGNATURES**

The information on this form will be used to determine maximum household income eligibility. I/we have provided each person(s) set forth in Part I acceptable verification of current anticipated annual income. I/we agree to notify immediately upon any changes in income, household size or composition, or any other information.

Under penalty of perjury of the laws of the State of California, I/we certify that the information presented in the Certification is true and accurate to the best of my/our knowledge and belief. The undersigned further understands that providing false representations herein constitutes an act of fraud. False, misleading or incomplete information may result in the termination of the lease agreement.

_____ Signature	_____ Date	_____ Signature	_____ Date
_____ Signature	_____ Date	_____ Signature	_____ Date

EXHIBIT “C”

CERTIFICATE OF CONTINUING COMPLIANCE

(Attached)

**CITY OF PALM DESERT**  
**OWNER'S CERTIFICATE OF CONTINUING PROGRAM COMPLIANCE**

To: City of Palm Desert  
73-510 Fred Waring Drive  
Palm Desert, CA 92260  
ATTN: HOUSING DIVISION

Report Date: \_\_\_\_\_

Certification Dates: From: \_\_\_\_\_

To: \_\_\_\_\_

Project Name: \_\_\_\_\_

Project No.: \_\_\_\_\_

Project Address: \_\_\_\_\_

City: \_\_\_\_\_ Zip: \_\_\_\_\_

Tax ID # of Ownership Entity: \_\_\_\_\_

The undersigned \_\_\_\_\_ on behalf of \_\_\_\_\_ (the "Owner"), hereby certifies that:

- ☐ No buildings have been placed in service.
- ☐ At least one building has been placed in service, but owner elects to begin credit period in the following year.

If either of the above applies, please check the appropriate box, and proceed to page 3 to sign and date this form.

- ☐ All buildings ARE in service.

1. The Project meets the minimum requirements of (as outlined in the Agreement):

- ☐ \_\_\_\_\_
- ☐ \_\_\_\_\_

2. Has there been a change in any building in the Project?

- ☐ No Change ☐ Change

If "Change", list the applicable change in the project for the certification year on page 4.

3. The Owner has received an annual Household Income Certification from each low-income resident and documentation to support that certification, at their initial occupancy and annually.

- ☐ Yes ☐ No

4. Each low-income unit in the Project has been rent-restricted pursuant to Section \_\_\_\_\_ of the Agreement:

- ☐ Yes ☐ No

5. Has there been a finding of discrimination under the Fair Housing Act, 42 U.S.C. 3601-3619, for this Project? A finding of discrimination includes an adverse final decision by the Secretary of Housing and Urban Development (HUD), 24 CFR 180.680, an adverse final decision by a substantially equivalent state or local fair housing agency, 42 U.S.C. 3616a(a)(1), or an adverse judgment from a federal court:

☐ No Finding ☐ Finding

If "Finding", state the nature of the finding on page 4.

6. Each building in the Project is and has been suitable for occupancy, taking into account local health, safety and building codes (or other habitability standards), and the state or local government unit responsible for making building code inspections did not issue a report of a violation for any building or low-income unit in the project:

☐ Yes ☐ No

If "No," state the nature of violation on page 4 and attach a copy of the violation report and any documentation of correction.

7. Has there been a **change in the eligible basis** (as defined in \_\_\_\_\_ of the Agreement) of any building in the project since last certification submission?

☐ No Change ☐ Change

If "Change," state nature of change on page 4 (e.g., a common area has become commercial space, a fee is now charged for a tenant facility formerly provided without charge, or the project owner has received federal subsidies with respect to the project which had not been disclosed).

8. All tenant facilities included, such as swimming pools, other recreational facilities, parking areas, washer/dryer hookups and appliances were provided on a comparable basis without charge to all tenants in the buildings:

☐ Yes ☐ No

9. If a low-income unit in the Project has been vacant during the year, reasonable attempts were, or are being, made to rent that unit or the next available unit of comparable or smaller size to tenants having a qualifying income before any units were or will be rented to tenants not having a qualifying income:

☐ Yes ☐ No

10. If the income of tenants of a low-income unit in any building increased above the limit, the next available unit of comparable or smaller size in that building was or will be rented to residents having a qualifying income:

☐ Yes ☐ No

11. An extended low-income housing commitment, wherein an owner cannot refuse to lease a unit in the project to an applicant because the applicant holds a voucher or certificate of eligibility under Section 8 of the United States Housing Act of 1937, 42 U.S.C. 1437s. Owner has not refused to lease a unit to an applicant based solely on their status as a holder of a Section 8 voucher:

☐ Yes ☐ No ☐ N/A

12. The owner has complied with and not evicted or terminated the tenancy of an existing tenant of any low-income unit other than for good cause:

☐ Yes ☐ No

13. Has there been a change in the ownership or management of the Project?

☐ No Change

☐ Change

If "Change," complete page 4 detailing the changes in ownership or management of the project.

NOTE: Failure to complete this form in its entirety will result in noncompliance with the program requirements. In addition, any individual other than an owner or general partner of the project is not permitted to sign this form.

The project is otherwise in compliance with Affordable Housing Agreement No. \_\_\_\_\_ and all other applicable laws, rules, and regulations. This Certification and any attachments are made **UNDER PENALTY OF PERJURY** of the Laws of the State of California.

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**PLEASE EXPLAIN ANY ITEMS THAT WERE  
ANSWERED "NO," "CHANGE" OR  
"FINDING ON QUESTIONS 1-15.**

Question #	Explanation (if applicable)
2	
5	
6	
7	
13	

**CHANGES IN OWNERSHIP OR MANAGEMENT**  
(To be completed **ONLY** if "CHANGE" marked for  
Question 15 above)

**TRANSFER OF OWNERSHIP:**

Date of Change:	
Taxpayer ID Number:	
Legal Owner Name:	
General Partnership:	
Status of Partnership (LLC, etc.):	

**CHANGE IN OWNER CONTACT:**

Date of Change:	
Owner Contact:	
Owner Contact Phone:	
Owner Contact Email:	

**CHANGE IN MANAGEMENT CONTACT**

Date of Change:	
Management Co. Name:	
Management Address:	
Management city, state, zip:	
Management Contact:	
Management Contact Phone:	
Management Contact Email:	

## **EXHIBIT I**

### **SCOPE OF DEVELOPMENT (PHASE I AND PHASE II)**

Pursuant to that certain Amended and Restated Disposition, Development and Loan Agreement (“DDLA”) dated in 2024 executed by and among the City of Palm Desert, a municipal corporation (the “City”), the Palm Desert Housing Authority, a public body corporate and politic (the “Authority”) and Palm Companies, LLC (“Palm”), the single asset tax credit limited partnership created and controlled by Palm and approved by the City Manager as the entity who will take title to the Property at the Close of Escrow shall develop a two hundred forty-one (241) unit multifamily rental housing development, including units for extremely low, very low, and low income households (*i.e.*, the Development) on the Property. All capitalized terms not defined herein shall have the meaning ascribed to such terms in the DDLA.

The Development shall conform to plans approved by City (Precise Plan 22-0003/Tentative Parcel Map 38366, and Environmental Assessment 22-0003), including all conditions and mitigation measures imposed by the City in connection with the entitlement/development approval process of the City. This shall include any subsequent updates or extensions to the approvals as approved by the City.

The Development shall be constructed on the Property (such property consisting of approximately 10.49 acres of city-owned vacant land located at the north side of Gerald Ford Drive, between Portola Road and Cook Street in the City of Palm Desert). The project/development, which will be called “Palm Villas at Millennium”, will be built as in two phases, and each phase will include on on-site manager’s unit. The quality of construction shall be of a high level.

**PHASES:** The Development shall be constructed in two phases, one phase on the Phase I Parcel and the second Phase on the Phase II Parcel. Phase I shall consist of 120 affordable units and one manager’s unit; Phase II shall consist of 119 affordable units and one manager’s unit.

#### **HOUSING TYPE**

Palm Villas at Millennium will target families with incomes from 30% to 80% AMI and will consist of a mix of one, two and three-bedroom units. Units will be restricted by recorded Housing Agreements on each Phase (one with the City in connection with a density bonus; the other with the Authority, required due to the Authority’s purchase money loan for Phase I and purchase money and construction loan for Phase II, as described in the DDLA). One two-bedroom unit and one three-bedroom unit, respectively, will be used for the on-site property managers.

#### **SITE AMENITIES---TO BE CONSTRUCTED AS PART OF PHASE I, UNLESS LOCATED ON PHASE II PARCEL**

- (31) Community Center
  - Leasing Office
  - Computer Lab



- Flex-Space
- (32) Surveillance Cameras
- (33) Picnic Areas (covered)
- (34) Laundry Facilities
- (35) Tot-Lot/Playground (covered)
- (36) Swimming Pool(s):
  - One pool will be a minimum of 935 square feet and shall include pool restrooms; the other pool will be a minimum of 700 square feet
  - Alternatively, a single pool, no smaller than 1600 square feet, shall be completed
- On-Site Property Management
- Gated Access
- Assigned Parking

### **CONSTRUCTION TYPE & ARCHITECTURAL GOALS**

All buildings will be garden style Type V walk-ups with concrete slab-on-grade foundations. The building architecture will be designed to blend with the character of the area and will incorporate Universal Design concepts throughout that emphasizes overall project accessibility. The site will have a spacious feel with open desert landscaped areas and surface parking. Construction of the project is subject to California State prevailing wages, and may be subject to Federal Davis Bacon prevailing wages.

### **SUSTAINABLE BUILDING / GREEN BUILDING PRACTICES**

Palm Communities strives to implement building technologies that produce “green” and sustainable developments. Palm Villas at Millennium will be built per minimum TCAC requirements, which based on current regulations includes achieving minimum CalGreen and CAS compliance.

### **UNIT AMENITIES**

- Energy Star Appliances
  - Oven/Stove
  - Refrigerator
  - Dishwasher
  - Garbage Disposal
- Solid Surface Countertops
- Upgraded Cabinets
- Central Air Conditioning/Heating
- Window Blinds
- Carpet/Vinyl or Tile
- Patio or Balcony

### **SOCIAL SERVICE PROGRAMS**

- Service amenities will be conducted in the community buildings and available for all tenants free of charge. A program coordinator will be hired to provide family appropriate classes for the residents, as well as collaborate with outside nonprofits and agencies to expand program options. Residents will have input as to which classes and programs are

offered at the center. Typically, the classes will include the following:  
English as a Second Language

- Literacy Programs
- Computer Training
- “Basics of Life” Courses
- Entering the Workforce Courses
- Nutrition and Wellness Programs

The developer shall commence and complete the Development in accordance with the Schedule of Performance. The Development shall conform to and shall complete and satisfy any and all conditions from the City’s entitlement approval of Project number PP22-0003/TPM 38366.

## **I. DEVELOPMENT STANDARDS**

The Improvements shall conform to all applicable Governmental Requirements, including without limitation local subdivision, zoning, building code and other applicable ordinances, resolutions, policies, applicable general and Specific Plans, and regulations of the City of Palm Desert (“City Ordinances”) and the following development standards:

### **A. General Requirements:**

**1. Vehicular Access.** The placement of vehicular driveways shall be coordinated with the needs of proper street traffic flow as approved by the City in accordance with City Ordinances. In the interest of minimizing traffic congestion, the City of Palm Desert will control the number and location of curb breaks for access to the Site for off-street parking and truck loading. All access driveways shall require written approval of the City.

**2. Building Signs.** Signs shall be limited in size, subdued and otherwise designed to contribute positively to the environment. Signs identifying the building use will be permitted, but their height, size, location, color, lighting and design will be subject to City approval, and signs must conform to the City Ordinances.

**3. Screening.** All outdoor storage of materials or equipment shall be enclosed or screened to the extent and in the manner required by the City.

**4. Landscaping.** The developer shall provide and maintain landscaping within the public rights-of-way and within setback area along all street frontages and conforming to the plans as hereafter approved by the City. Landscaping shall consist of trees, shrubs and installation of an automatic irrigation system adequate to maintain such plant material. The type and size of trees to be planted, together with a landscaping plan.

**5. Utilities.** All utilities on the Property provided to service the units constructed by developer shall be underground at developer’s expense.

**6. Building Design.** Buildings shall be constructed such that the Improvements shall be of high architectural quality, and shall be effectively and aesthetically designed and in conformance with City approvals.

**7. Energy Considerations.** The design of the Improvements shall include, where feasible, energy conservation construction techniques and design, including co-generation facilities and active and passive solar energy design. The developer shall be required to demonstrate consideration of such energy features during the design review process and to consistency with energy conservation provisions of the building code.

**8. Site Preparation.** Palm, at its cost and expense, shall prepare Property (also sometimes referred to herein as the “Site”) for development. Such Site preparations shall consist of the complete demolition and removal of all existing improvements if any.

**9. Environmental Impact Mitigation Measures.** To the extent required under the terms of the DDLA, the developer shall implement any and all mitigation measures and/or mitigation monitoring requirements as identified in any certified environmental document or mitigated negative declaration certified in connection with the project.

**10. Construction Fence.** The developer shall install a temporary construction chain link fence. The construction fence shall be maintained free of litter and in good repair for the duration of its installation.

**11. Development Identification Signs.** Prior to commencement of construction on the Site, the developer shall prepare and install, at its cost and expense, one sign on the barricade around the Site which identifies the development. The sign shall be at least four (4) feet by six (6) feet and be visible to passing pedestrians and vehicular traffic. The design of the sign, as well as the proposed location, shall be submitted to the City and Authority for review and approval prior to installation. The sign shall, at a minimum, include:

- Illustration of development
- Development name
- Palm
- Logo of the City of Palm Desert
- List of City Council Members
- Information number
- Completion Date

**B. Design Features:**

The following design features are considered essential components to the Improvements:

Handicapped Units – An agreed upon number of units are to be fully handicapped accessible in compliance with State Housing Code – Title 24 requirements.

Overall Design Quality, Materials, Colors, Design Features – Quality of design is important, materials and colors are to be approved by City.

Housing Type – The project shall consist of development of a multi-family apartment complex with two hundred forty-one (241) units, in the two Phases described above.

Mobility – All facilities shall comply, to the extent feasible, with current CTCAC standards.

Green Building Standards – All facilities shall comply, to the extent feasible, with CTCAC minimum green building standards.

## **II. DEMOLITION AND SOILS**

Except to the extent otherwise expressly provided in the DDLA, the developer assumes all responsibility for surface and subsurface conditions at the Site, and the suitability of the Site for the Improvements. The developer has undertaken all investigation of the Site as it shall deem necessary and has not received or relied upon any representations of City or the Authority, or their respective officers, agents and employees.

## **III. SPECIAL AMENITIES**

The developer shall undertake all improvements required by the City as a condition of development of the Site, as more particularly provided in the City approvals given for the Site.

## **IV. MAINTENANCE OF SITE**

The developer shall maintain the site free of all weeds and trash prior to start of construction.

## **EXHIBIT J**

### **SCHEDULES OF PERFORMANCE (PHASE I AND PHASE II)**

All of the **construction** deadlines described below shall be subject to extension as a result “Force Majeure” in accordance with Section 10.3 of the DDLA.

#### **PHASE I SCHEDULE OF PERFORMANCE:**

#	TASK	DEADLINE
1	Open escrow for Phase I Parcel	Promptly after execution of DDLA
2	Developer shall obtain the City Approvals and obtain permit ready letter for all permits necessary to construct the Development, and pay the grading permit fees and all Final Map fees, and shall cause all security required for the Final Map under the conditions thereto (including security under the Subdivision Improvement Agreement, which must be signed and delivered as a condition to Close of Escrow).	Prior to or concurrent with the conveyance of the Phase I Parcel.
3	Developer shall submit evidence of financing commitments consistent with the Financing Plan.	At least thirty (30) days prior to Close of Escrow.
4	All construction financing to close, and evidence of committed equity to be provided (all consistent with final Project Budget)	By or concurrently with Close of Escrow
5	Closing of the conveyance of the Phase I Parcel	January 1, 2025
6	Developer and City to execute and deliver all documents required for Closing into Escrow, as applicable, and satisfy all applicable closing conditions	Prior to Close of Escrow.
7	Developer commences Construction	March 30, 2025
8	Completion of Grading	October 1, 2025

#	TASK	DEADLINE
9	Completion and issuance of final Certificate of Occupancy	May 30, 2027

**PHASE II SCHEDULE OF PERFORMANCE:**

#	TASK	DEADLINE
1	Parties to open escrow for the conveyance of the Phase II Parcel.	Upon closing of conveyance of Phase I Parcel.
2	Developer shall obtain the City Approvals and obtain permit ready letter for all permits necessary to construct the Development, and pay the grading permit fees and all Final Map fees, and shall cause all security required for the Final Map under the conditions thereto (including security under the Subdivision Improvement Agreement, which must be signed and delivered as a condition to Close of Escrow).	Prior to or concurrent with the conveyance of the Phase II Parcel.
3	Developer shall submit evidence of financing commitments consistent with the Financing Plan.	At least thirty (30) days prior to Close of Escrow.
4	All construction financing to close, and evidence of committed equity to be provided (all consistent with final Project Budget)	By or concurrently with Close of Escrow
5	Closing of the conveyance of the Phase II Parcel	March 1, 2026
6	Developer and City to execute and deliver all documents required for Closing into Escrow, as applicable, and satisfy all applicable closing conditions	Prior to Close of Escrow.
7	Developer commences Construction	May 30, 2026
8	Completion of Grading	October 1, 2026
9	Completion and issuance of final Certificate of Occupancy	May 30, 2028

**EXHIBIT K-1**

**FINANCING PLAN – PHASE I**



APPENDIX A - TABLE 1

**ESTIMATED DEVELOPMENT COSTS <sup>1</sup>**  
**PALM VILLAS AT MILLENNIUM - PHASE I**  
**PALM DESERT, CALIFORNIA**

<b>I. <u>Land Assemblage Costs</u></b>				
Acquisition Price <sup>2</sup>	121 Units	\$16,248 /Unit		\$1,966,000
Closing Costs	0% of Purchase Price			0
<b>Total Land Assemblage Costs</b>	<b>121 Units</b>	<b>\$16,200 /Unit</b>		<b>\$1,966,000</b>
<b>II. <u>Direct Costs</u> <sup>3</sup></b>				
Off-site Improvements <sup>4</sup>	Allowance			\$4,487,000
On-site Improvements	262,231 Sf Land	\$34 /Sf Land		8,953,000
Extraordinary Costs <sup>5</sup>	121 Units	\$8,653 /Unit		1,047,000
Residential Structure	122,513 Sf GBA	\$251 /Unit		30,752,000
Community Building	3,781 Sf GBA	\$519 of Construction Costs		1,963,000
Furnishings, Fixtures & Equipment	121 Units	\$620 of Construction Costs		75,000
Contractor Fees / General Requirements	14% of Construction Costs			6,621,000
Construction Insurance / Bonds	1% of Construction Costs			538,000
Contingency Allowance	5% of Other Direct Costs			2,718,000
<b>Total Direct Costs</b>	<b>121 Units</b>	<b>\$472,300 /Unit</b>		<b>\$57,154,000</b>
<b>III. <u>Indirect Costs</u></b>				
Architecture, Engineering & Consultants	4% of Direct Costs			\$2,133,000
Permits & Fees <sup>6</sup>	121 Units	\$21,033 /Unit		2,545,000
Taxes, Insurance, Legal & Accounting	2% of Direct Costs			1,396,000
Marketing & Leasing	121 Units	\$496 /Unit		60,000
Developer Fee <sup>7</sup>				10,070,000
Contingency Allowance	3% of Other Indirect Costs			500,000
<b>Total Indirect Costs</b>	<b>121 Units</b>	<b>\$138,000 /Unit</b>		<b>\$16,704,000</b>
<b>IV. <u>Financing Costs</u></b>				
Tax-Exempt Bonds Interest <sup>8</sup>	\$44,853,250 TEBs	8.00% Interest		\$4,662,000
Taxable Bonds Interest	\$0 Txble Bonds	8.00% Interest		0
<u>Financing Fees</u>				
Construction Loan	\$44,853,250 Loan	1.11 Points		498,000
Permanent Loan	\$13,910,000 Loan	1.14 Points		159,000
Issuance Costs	\$44,853,250 TEBs	0.52 Points		231,000
Tax Credit Fees	121 Units	\$1,044 /Unit		126,000
<u>Capitalized Reserves</u>				
Operating Reserves	\$186,046 /Mo	3 Months		558,000
SLP Fee	20 Years	\$5,000 /Year		100,000
<b>Total Financing Costs</b>	<b>121 Units</b>	<b>\$52,300 /Unit</b>		<b>\$6,334,000</b>
<b>V. <u>Total Development Costs</u></b>	<b>121 Units</b>	<b>\$679,000 /Unit</b>		<b>\$82,158,000</b>

<sup>1</sup> Based on Developer's estimates, which KMA determined to be reasonable based on experience.

<sup>2</sup> Based on City appraisal from June 2022.

<sup>3</sup> Project will be required to pay both Federal and State prevailing wages.

<sup>4</sup> All offsite improvements required will be constructed in Phase I.

<sup>5</sup> Includes solar, swimming pool and parking space shade covers.

<sup>6</sup> Does not include SCE and TUMF fees, which will be waived or refunded.

<sup>7</sup> Maximum developer fee allowed by TCAC.

<sup>8</sup> Assumes a 24-month development period and a 65% average outstanding balance.

APPENDIX A - TABLE 2A

AFFORDABILITY MIX  
PALM VILLAS AT MILLENNIUM - PHASE I  
PALM DESERT, CALIFORNIA

	Number of Units	TCAC Rent	HCD Rent	DB Rent	Applicable Gross Rent	Utility Allowance	Applicable Net Rent
<b>30% TCAC, ELI HCD, VLI DB</b>	<b>12</b>	<b>30% AMI</b>	<b>ELI HCD</b>	<b>VLI HCD</b>			
1-Bdrm Units	2	\$524	\$567	\$945	\$524	\$29	\$495
2-Bdrm Units	7	\$629	\$638	\$1,063	\$629	\$24	\$605
3-Bdrm Units	3	\$727	\$709	\$1,181	\$709	\$20	\$689
<b>30% TCAC, ELI HCD</b>	<b>24</b>	<b>30% AMI</b>	<b>ELI HCD</b>	<b>N/A</b>			
1-Bdrm Units	4	\$524	\$567	N/A	\$524	\$29	\$495
2-Bdrm Units	20	\$629	\$638	N/A	\$629	\$24	\$605
3-Bdrm Units	0	\$727	\$709	N/A	\$709	\$20	\$689
<b>30% TCAC, 59% HCD</b>	<b>14</b>	<b>30% AMI</b>	<b>59% Low</b>	<b>N/A</b>			
1-Bdrm Units	9	\$524	\$1,115	N/A	\$524	\$29	\$495
2-Bdrm Units	1	\$629	\$1,254	N/A	\$629	\$24	\$605
3-Bdrm Units	4	\$727	\$1,394	N/A	\$727	\$20	\$707
<b>30% TCAC, Low HCD</b>	<b>10</b>	<b>30% AMI</b>	<b>Low</b>	<b>N/A</b>			
1-Bdrm Units	0	\$524	\$1,134	N/A	\$524	\$29	\$495
2-Bdrm Units	0	\$629	\$1,276	N/A	\$629	\$24	\$605
3-Bdrm Units	10	\$727	\$1,418	N/A	\$727	\$20	\$707
<b>60% TCAC, 59% HCD</b>	<b>47</b>	<b>60% AMI</b>	<b>59% Low</b>	<b>N/A</b>			
1-Bdrm Units	0	\$1,049	\$1,115	N/A	\$1,049	\$29	\$1,020
2-Bdrm Units	47	\$1,258	\$1,254	N/A	\$1,254	\$24	\$1,230
3-Bdrm Units	0	\$1,454	\$1,394	N/A	\$1,394	\$20	\$1,374
<b>60% TCAC, Low HCD</b>	<b>13</b>	<b>60% AMI</b>	<b>Low</b>	<b>N/A</b>			
1-Bdrm Units	0	\$1,049	\$1,134	N/A	\$1,049	\$29	\$1,020
2-Bdrm Units	0	\$1,258	\$1,276	N/A	\$1,258	\$24	\$1,234
3-Bdrm Units	13	\$1,454	\$1,418	N/A	\$1,418	\$20	\$1,398
<b>Manager Unit</b>	<b>1</b>						
1-Bdrm Units	0						
2-Bdrm Units	0						
3-Bdrm Units	1						
<b>PBV Overhang</b>	<b>60</b>			<b>FMR</b>	<b>Tenant Rent</b>	<b>Overhang</b>	<b>Utility Allowance</b>
1-Bdrm Units	15			\$1,772	\$495	\$1,277	\$29.37
2-Bdrm Units	28			\$2,211	\$605	\$1,606	\$24.06
3-Bdrm Units	3			\$2,977	\$689	\$2,288	\$20.48
3-Bdrm Units	14			\$2,977	\$707	\$2,270	\$20.48
							<b>Net Overhang</b>
1-Bdrm Units	15						\$1,248.00
2-Bdrm Units	28						\$1,582.00
3-Bdrm Units	3						\$2,268.00
3-Bdrm Units	14						\$2,250.00

Note: Rents are based on 2023 rents and the utility allowances are based on Developer CAUC estimates on 3/12/24 for all electric building.

<b>TOTAL UNITS</b>	<b>121</b>
1-Bdrm Units	15
2-Bdrm Units	75
3-Bdrm Units	31
<b>PBV SUBSIDY</b>	<b>60</b>
1-Bdrm Units	15
2-Bdrm Units	28
3-Bdrm Units	17

<b>TCAC Regulatory Agreement:</b>	
30% AMI Units	60
40% AMI Units	0
50% AMI Units	0
60% AMI Units	60
70% AMI Units	0
<b>Total Restricted Units</b>	<b>120</b>

<b>AVERAGE AFFORDABILITY:</b>	<b>45%</b>
<b>POTENTIAL GROSS INCOME - BASE:</b>	<b>\$1,347,475</b>
<b>POTENTIAL GROSS INCOME - PBV:</b>	<b>\$1,215,840</b>

<b>LMIHAF City Regulatory Agreement:</b>	<b>120</b>
ELI HCD Units	36
VLI HCD Units	0
59% HCD Units	61
Low HCD Units	23

<b>Density Bonus City Regulatory Agreement</b>	
VLI HCD Units	12

## APPENDIX A - TABLE 2B

### STABILIZED NET OPERATING INCOME PALM VILLAS AT MILLENNIUM - PHASE I PALM DESERT, CALIFORNIA

<b>I. Project Income</b>				
Projected Gross Income - Base Rents <sup>1</sup>	121 Units	\$928 /Unit/Mo		\$1,347,475
Projected Gross Income - PBV Subsidy <sup>1</sup>	60 PBVs	\$1,689 /Unit/Mo		1,215,840
Miscellaneous Income <sup>2</sup>	121 Units	\$12 /Unit/Mo		18,000
<b>Projected Gross Income</b>				<b>\$2,581,315</b>
(Less) Vacancy & Collection Allowance <sup>2</sup>	5% of PGI			(129,065)
<b>Effective Gross Income</b>				<b>\$2,452,249</b>
<b>II. Operating Expenses <sup>2</sup></b>				
General Operating Expenses	121 Units	\$8,130 /Unit		\$983,712
Property Taxes & Assessments	121 Units	\$58 /Unit		7,000
Social Services	121 Units	\$653 /Unit		78,972
County Monitoring Fee	121 Units	\$100 /Unit		12,100
City Monitoring Fee	121 Units	\$41 /Unit		4,961
Bond Issuer Fee	Allowance			5,000
Replacement Reserves	121 Units	\$350 /Unit		42,350
<b>Total Operating Expenses</b>	121 Units	\$9,373 /Unit		<b>\$1,134,095</b>
<b>III. Net Operating Income</b>				<b>\$1,318,154</b>

<sup>1</sup> See Table 2A.

<sup>2</sup> Based on Developer estimates, which KMA determined to be reasonable based on experience.  
Prepared by: KMA  
Filename: Palm Villas Phases 1 and 2 - 03.26.24 - FINAL; PF - Ph 1; jlr; 3/26/2024

APPENDIX A - TABLE 3

**FINANCIAL GAP ANALYSIS <sup>1</sup>**  
**PALM VILLAS AT MILLENNIUM - PHASE I**  
**PALM DESERT, CALIFORNIA**

<b>I. <u>Available Funding Sources</u></b>				
<b>A. Permanent Loan</b>	1.20 DCR 7.50% Interest	\$1,098,462	Debt Svc 40 Years	<b>\$13,910,000</b>
<b>B. Federal Tax Credit Equity</b>	\$40,147,466	Gross TC	\$0.86 Equity	<b>\$34,523,000</b>
<b>C. State Tax Credit Equity</b>	\$22,659,500	Gross TC	\$0.78 Equity	<b>\$17,618,000</b>
<b>D. County Loan <sup>2</sup></b>	121 Units	\$55,400	/Unit	<b>\$6,700,000</b>
<b>E. Contributed Developer Fee <sup>3</sup></b>	0% of Developr Fee			<b>\$0</b>
<b>F. Deferred Developer Fee</b>	74% of Developr Fee			<b>\$7,441,000</b>
<b>Total Available Funding Sources</b>	121 Units	\$662,700	/Unit	<b>\$80,192,000</b>
<b>II. <u>Financial Gap Calculation</u></b>				
Total Development Costs				\$82,158,000
(Less) Available Funding Sources				<u>(80,192,000)</u>
<b>Financial Gap</b>	121 Units	\$16,200	/Unit	<b>\$1,966,000</b>
<b>III. <u>Authority Funding Sources</u></b>				
HOME Funds				\$0
LMIHAF Funds				1,966,000
PLHA Funds				<u>0</u>
<b>Total Authority Assistance</b>	121 Units	\$16,200	/Unit	<b>\$1,966,000</b>

<sup>1</sup> Based on Developer estimates, which KMA determined to be reasonable based on experience.

<sup>2</sup> Previously awarded by County for entire Project; however, County has verified willingness to allow the entire amount to be used in Phase I only.

<sup>3</sup> Per TCAC draft guidelines, a portion of the deferred fee may be required to be contributed to the Project.

APPENDIX A - TABLE 4

CASH FLOW ANALYSIS <sup>1</sup>

PALM VILLAS AT MILLENNIUM - PHASE I  
PALM DESERT, CALIFORNIA

			<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>	<u>Year 6</u>	<u>Year 7</u>	<u>Year 8</u>	<u>Year 9</u>	<u>Year 10</u>
<b>I. Project Income</b>												
Projected Gross Income - Base Rents	102.5% /Year		\$1,347,475	\$1,381,161	\$1,415,691	\$1,451,083	\$1,487,360	\$1,524,544	\$1,562,657	\$1,601,724	\$1,641,767	\$1,682,811
Projected Gross Income - PBV Subsidy	102.5% /Year		1,215,840	1,246,236	1,277,392	1,309,327	1,342,060	1,375,611	1,410,002	1,445,252	1,481,383	1,518,418
Miscellaneous Income	102.5% /Year		18,000	18,450	18,911	19,384	19,869	20,365	20,874	21,396	21,931	22,480
<b>Projected Gross Income</b>			<b>\$2,581,315</b>	<b>\$2,645,847</b>	<b>\$2,711,994</b>	<b>\$2,779,793</b>	<b>\$2,849,288</b>	<b>\$2,920,521</b>	<b>\$2,993,534</b>	<b>\$3,068,372</b>	<b>\$3,145,081</b>	<b>\$3,223,708</b>
(Less) Vacancy & Collection Allowance	5% of PGI		(129,065)	(132,292)	(135,599)	(138,989)	(142,464)	(146,026)	(149,676)	(153,418)	(157,254)	(161,185)
<b>Effective Gross Income</b>			<b>\$2,452,249</b>	<b>\$2,513,555</b>	<b>\$2,576,394</b>	<b>\$2,640,804</b>	<b>\$2,706,824</b>	<b>\$2,774,495</b>	<b>\$2,843,857</b>	<b>\$2,914,954</b>	<b>\$2,987,827</b>	<b>\$3,062,523</b>
<b>II. Operating Expenses</b>												
General Operating Expenses	103.5% /Year		\$983,712	1,018,142	1,053,777	1,090,659	1,128,832	1,168,341	1,209,233	1,251,556	1,295,361	1,340,698
Property Taxes & Assessments	102.0% /Year		7,000	7,140	7,283	7,428	7,577	7,729	7,883	8,041	8,202	8,366
Social Services	103.5% /Year		78,972	81,736	84,597	87,558	90,622	93,794	97,077	100,474	103,991	107,631
County Monitoring Fee	103.5% /Year		12,100	12,524	12,962	13,415	13,885	14,371	14,874	15,395	15,933	16,491
City Monitoring Fee	103.0% /Year		4,961	5,110	5,263	5,421	5,584	5,751	5,924	6,101	6,284	6,473
Bond Issuer Fee	103.5% /Year		5,000	5,175	5,356	5,544	5,738	5,938	6,146	6,361	6,584	6,814
Replacement Reserves	103.5% /Year		42,350	43,832	45,366	46,954	48,598	50,299	52,059	53,881	55,767	57,719
<b>Total Operating Expenses</b>			<b>\$1,134,095</b>	<b>\$1,173,659</b>	<b>\$1,214,604</b>	<b>\$1,256,979</b>	<b>\$1,300,835</b>	<b>\$1,346,223</b>	<b>\$1,393,196</b>	<b>\$1,441,810</b>	<b>\$1,492,122</b>	<b>\$1,544,192</b>
<b>III. Net Operating Income</b>			<b>\$1,318,154</b>	<b>\$1,339,897</b>	<b>\$1,361,790</b>	<b>\$1,383,825</b>	<b>\$1,405,989</b>	<b>\$1,428,272</b>	<b>\$1,450,661</b>	<b>\$1,473,144</b>	<b>\$1,495,705</b>	<b>\$1,518,331</b>
(Less) Annual Debt Service			(1,098,462)	(1,098,462)	(1,098,462)	(1,098,462)	(1,098,462)	(1,098,462)	(1,098,462)	(1,098,462)	(1,098,462)	(1,098,462)
(Less) AGP Asset Management Fee <sup>2</sup>	103.0% /Year		(5,000)	(5,150)	(5,305)	(5,464)	(5,628)	(5,796)	(5,970)	(6,149)	(6,334)	(6,524)
(Less) MGP Asset Management Fee <sup>2</sup>	103.0% /Year		(10,000)	(10,300)	(10,609)	(10,927)	(11,255)	(11,593)	(11,941)	(12,299)	(12,668)	(13,048)
<b>IV. Cash Flow Available for Distribution</b>			<b>\$204,692</b>	<b>\$225,985</b>	<b>\$247,415</b>	<b>\$268,972</b>	<b>\$290,645</b>	<b>\$312,421</b>	<b>\$334,289</b>	<b>\$356,234</b>	<b>\$378,242</b>	<b>\$400,298</b>
<b>V. Deferred Developer Fee Payment <sup>3</sup></b>			<b>\$204,692</b>	<b>\$225,985</b>	<b>\$247,415</b>	<b>\$268,972</b>	<b>\$290,645</b>	<b>\$312,421</b>	<b>\$334,289</b>	<b>\$356,234</b>	<b>\$378,242</b>	<b>\$400,298</b>
Accrued Payment	\$7,441,000		204,692	430,677	678,092	947,064	1,237,709	1,550,130	1,884,419	2,240,652	2,618,894	3,019,192
<b>VI. Residual Receipts</b>			<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>VII. Authority Loan</b>												
Beginning Balance			\$1,966,000	\$2,024,980	\$2,083,960	\$2,142,940	\$2,201,920	\$2,260,900	\$2,319,880	\$2,378,860	\$2,437,840	\$2,496,820
Beginning Balance (Interest Calc)			1,966,000	1,966,000	1,966,000	1,966,000	1,966,000	1,966,000	1,966,000	1,966,000	1,966,000	1,966,000
Add: Interest	3.00%		58,980	58,980	58,980	58,980	58,980	58,980	58,980	58,980	58,980	58,980
(Less) Payments <sup>4</sup>	11.34%		0	0	0	0	0	0	0	0	0	0
Ending Balance			2,024,980	2,083,960	2,142,940	2,201,920	2,260,900	2,319,880	2,378,860	2,437,840	2,496,820	2,555,800

<sup>1</sup> Based on Table 2B and typical escalations for affordable housing

<sup>2</sup> LP fee is provided for in development costs as a capitalized fee.

<sup>3</sup> While deferred fee is not projected to be paid off within 15 years per IRS requiremetns; this issue can be managed by contributing a portion of the deferred fee if it is still an issue once the funding sources are secured.

<sup>4</sup> The County will receive 38.65% of the residual receives based on the

APPENDIX A - TABLE 4

CASH FLOW ANALYSIS <sup>1</sup>

PALM VILLAS AT MILLENNIUM - PHASE I  
PALM DESERT, CALIFORNIA

			<u>Year 11</u>	<u>Year 12</u>	<u>Year 13</u>	<u>Year 14</u>	<u>Year 15</u>	<u>Year 16</u>	<u>Year 17</u>	<u>Year 18</u>	<u>Year 19</u>	<u>Year 20</u>
<b>I. Project Income</b>												
Projected Gross Income - Base Rents	102.5% /Year		\$1,724,881	\$1,768,003	\$1,812,204	\$1,857,509	\$1,903,946	\$1,951,545	\$2,000,334	\$2,050,342	\$2,101,601	\$2,154,141
Projected Gross Income - PBV Subsidy	102.5% /Year		1,556,378	1,595,287	1,635,170	1,676,049	1,717,950	1,760,899	1,804,921	1,850,044	1,896,295	1,943,703
Miscellaneous Income	102.5% /Year		23,042	23,618	24,208	24,813	25,434	26,069	26,721	27,389	28,074	28,776
<b>Projected Gross Income</b>			<b>\$3,304,301</b>	<b>\$3,386,908</b>	<b>\$3,471,581</b>	<b>\$3,558,371</b>	<b>\$3,647,330</b>	<b>\$3,738,513</b>	<b>\$3,831,976</b>	<b>\$3,927,775</b>	<b>\$4,025,970</b>	<b>\$4,126,619</b>
(Less) Vacancy & Collection Allowance	5% of PGI		(165,215)	(169,345)	(173,579)	(177,918)	(182,366)	(186,925)	(191,598)	(196,388)	(201,298)	(206,331)
<b>Effective Gross Income</b>			<b>\$3,139,086</b>	<b>\$3,217,563</b>	<b>\$3,298,002</b>	<b>\$3,380,452</b>	<b>\$3,464,964</b>	<b>\$3,551,588</b>	<b>\$3,640,378</b>	<b>\$3,731,387</b>	<b>\$3,824,672</b>	<b>\$3,920,289</b>
<b>II. Operating Expenses</b>												
General Operating Expenses	103.5% /Year		1,387,623	1,436,190	1,486,456	1,538,482	1,592,329	1,648,061	1,705,743	1,765,444	1,827,234	1,891,188
Property Taxes & Assessments	102.0% /Year		8,533	8,704	8,878	9,055	9,236	9,421	9,609	9,802	9,998	10,198
Social Services	103.5% /Year		111,398	115,297	119,332	123,509	127,832	132,306	136,936	141,729	146,690	151,824
County Monitoring Fee	103.5% /Year		17,068	17,666	18,284	18,924	19,586	20,272	20,981	21,716	22,476	23,262
City Monitoring Fee	103.0% /Year		6,667	6,867	7,073	7,285	7,504	7,729	7,961	8,200	8,446	8,699
Bond Issuer Fee	103.5% /Year		7,053	7,300	7,555	7,820	8,093	8,377	8,670	8,973	9,287	9,613
Replacement Reserves	103.5% /Year		59,739	61,830	63,994	66,234	68,552	70,951	73,434	76,005	78,665	81,418
<b>Total Operating Expenses</b>			<b>\$1,598,081</b>	<b>\$1,653,852</b>	<b>\$1,711,572</b>	<b>\$1,771,309</b>	<b>\$1,833,132</b>	<b>\$1,897,116</b>	<b>\$1,963,335</b>	<b>\$2,031,868</b>	<b>\$2,102,795</b>	<b>\$2,176,201</b>
<b>III. Net Operating Income</b>			<b>\$1,541,005</b>	<b>\$1,563,711</b>	<b>\$1,586,430</b>	<b>\$1,609,144</b>	<b>\$1,631,831</b>	<b>\$1,654,472</b>	<b>\$1,677,042</b>	<b>\$1,699,519</b>	<b>\$1,721,876</b>	<b>\$1,744,088</b>
(Less) Annual Debt Service			(1,098,462)	(1,098,462)	(1,098,462)	(1,098,462)	(1,098,462)	(1,098,462)	(1,098,462)	(1,098,462)	(1,098,462)	(1,098,462)
(Less) AGP Asset Management Fee <sup>2</sup>	103.0% /Year		(6,720)	(6,921)	(7,129)	(7,343)	(7,563)	(7,790)	(8,024)	(8,264)	(8,512)	(8,768)
(Less) MGP Asset Management Fee <sup>2</sup>	103.0% /Year		(13,439)	(13,842)	(14,258)	(14,685)	(15,126)	(15,580)	(16,047)	(16,528)	(17,024)	(17,535)
<b>IV. Cash Flow Available for Distribution</b>			<b>\$422,385</b>	<b>\$444,486</b>	<b>\$466,582</b>	<b>\$488,654</b>	<b>\$510,681</b>	<b>\$532,641</b>	<b>\$554,510</b>	<b>\$576,265</b>	<b>\$597,878</b>	<b>\$619,323</b>
<b>V. Deferred Developer Fee Payment <sup>3</sup></b>			<b>\$422,385</b>	<b>\$444,486</b>	<b>\$466,582</b>	<b>\$488,654</b>	<b>\$510,681</b>	<b>\$532,641</b>	<b>\$554,510</b>	<b>\$576,265</b>	<b>\$425,606</b>	<b>\$0</b>
Accrued Payment	\$7,441,000		3,441,576	3,886,062	4,352,644	4,841,298	5,351,978	5,884,619	6,439,129	7,015,394	7,441,000	7,441,000
<b>VI. Residual Receipts</b>			<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$172,272</b>	<b>\$619,323</b>
<b>VII. Authority Loan</b>												
Beginning Balance			\$2,555,800	\$2,614,780	\$2,673,760	\$2,732,740	\$2,791,720	\$2,850,700	\$2,909,680	\$2,968,660	\$3,027,640	\$3,067,079
Beginning Balance (Interest Calc)			1,966,000	1,966,000	1,966,000	1,966,000	1,966,000	1,966,000	1,966,000	1,966,000	1,966,000	1,966,000
Add: Interest	3.00%		58,980	58,980	58,980	58,980	58,980	58,980	58,980	58,980	58,980	58,980
(Less) Payments <sup>4</sup>	11.34%		0	0	0	0	0	0	0	0	(19,541)	(70,251)
Ending Balance			2,614,780	2,673,760	2,732,740	2,791,720	2,850,700	2,909,680	2,968,660	3,027,640	3,067,079	3,055,808

<sup>1</sup> Based on Table 2B and typical escalations for affordable housing

<sup>2</sup> LP fee is provided for in development costs as a capitalized fee.

<sup>3</sup> While deferred fee is not projected to be paid off within 15 years per IRS requiremetns; this issue can be managed by contributing a portion of the deferred fee if it is still an issue once the funding sources are secured.

<sup>4</sup> The County will receive 38.65% of the residual receives based on the

APPENDIX A - TABLE 4

CASH FLOW ANALYSIS <sup>1</sup>

PALM VILLAS AT MILLENNIUM - PHASE I

PALM DESERT, CALIFORNIA

		<u>Year 21</u>	<u>Year 22</u>	<u>Year 23</u>	<u>Year 24</u>	<u>Year 25</u>	<u>Year 26</u>	<u>Year 27</u>	<u>Year 28</u>	<u>Year 29</u>	<u>Year 30</u>
<b>I. Project Income</b>											
Projected Gross Income - Base Rents	102.5% /Year	\$2,207,994	\$2,263,194	\$2,319,774	\$2,377,768	\$2,437,212	\$2,498,143	\$2,560,596	\$2,624,611	\$2,690,226	\$2,757,482
Projected Gross Income - PBV Subsidy	102.5% /Year	1,992,295	2,042,103	2,093,155	2,145,484	2,199,121	2,254,099	2,310,452	2,368,213	2,427,419	2,488,104
Miscellaneous Income	102.5% /Year	29,495	30,232	30,988	31,763	32,557	33,371	34,205	35,060	35,937	36,835
<b>Projected Gross Income</b>		<b>\$4,229,785</b>	<b>\$4,335,529</b>	<b>\$4,443,917</b>	<b>\$4,555,015</b>	<b>\$4,668,891</b>	<b>\$4,785,613</b>	<b>\$4,905,253</b>	<b>\$5,027,885</b>	<b>\$5,153,582</b>	<b>\$5,282,421</b>
(Less) Vacancy & Collection Allowance	5% of PGI	(211,489)	(216,776)	(222,195)	(227,750)	(233,444)	(239,280)	(245,262)	(251,394)	(257,679)	(264,121)
<b>Effective Gross Income</b>		<b>\$4,018,296</b>	<b>\$4,118,753</b>	<b>\$4,221,722</b>	<b>\$4,327,265</b>	<b>\$4,435,447</b>	<b>\$4,546,333</b>	<b>\$4,659,991</b>	<b>\$4,776,491</b>	<b>\$4,895,903</b>	<b>\$5,018,301</b>
<b>II. Operating Expenses</b>											
General Operating Expenses	103.5% /Year	1,957,379	2,025,887	2,096,794	2,170,181	2,246,138	2,324,752	2,406,119	2,490,333	2,577,495	2,667,707
Property Taxes & Assessments	102.0% /Year	10,402	10,610	10,822	11,038	11,259	11,484	11,714	11,948	12,187	12,431
Social Services	103.5% /Year	157,138	162,637	168,330	174,221	180,319	186,630	193,162	199,923	206,920	214,162
County Monitoring Fee	103.5% /Year	24,076	24,919	25,791	26,694	27,628	28,595	29,596	30,632	31,704	32,814
City Monitoring Fee	103.0% /Year	8,960	9,229	9,506	9,791	10,085	10,387	10,699	11,020	11,350	11,691
Bond Issuer Fee	103.5% /Year	9,949	10,297	10,658	11,031	11,417	11,816	12,230	12,658	13,101	13,559
Replacement Reserves	103.5% /Year	84,268	87,217	90,270	93,429	96,699	100,083	103,586	107,212	110,964	114,848
<b>Total Operating Expenses</b>		<b>\$2,252,171</b>	<b>\$2,330,797</b>	<b>\$2,412,169</b>	<b>\$2,496,385</b>	<b>\$2,583,544</b>	<b>\$2,673,749</b>	<b>\$2,767,106</b>	<b>\$2,863,726</b>	<b>\$2,963,722</b>	<b>\$3,067,212</b>
<b>III. Net Operating Income</b>		<b>\$1,766,124</b>	<b>\$1,787,956</b>	<b>\$1,809,553</b>	<b>\$1,830,880</b>	<b>\$1,851,902</b>	<b>\$1,872,584</b>	<b>\$1,892,885</b>	<b>\$1,912,765</b>	<b>\$1,932,182</b>	<b>\$1,951,088</b>
(Less) Annual Debt Service		(1,098,462)	(1,098,462)	(1,098,462)	(1,098,462)	(1,098,462)	(1,098,462)	(1,098,462)	(1,098,462)	(1,098,462)	(1,098,462)
(Less) AGP Asset Management Fee <sup>2</sup>	103.0% /Year	(9,031)	(9,301)	(9,581)	(9,868)	(10,164)	(10,469)	(10,783)	(11,106)	(11,440)	(11,783)
(Less) MGP Asset Management Fee <sup>2</sup>	103.0% /Year	(18,061)	(18,603)	(19,161)	(19,736)	(20,328)	(20,938)	(21,566)	(22,213)	(22,879)	(23,566)
<b>IV. Cash Flow Available for Distribution</b>		<b>\$640,571</b>	<b>\$661,590</b>	<b>\$682,349</b>	<b>\$702,814</b>	<b>\$722,949</b>	<b>\$742,715</b>	<b>\$762,074</b>	<b>\$780,984</b>	<b>\$799,401</b>	<b>\$817,278</b>
<b>V. Deferred Developer Fee Payment <sup>3</sup></b>	\$7,441,000	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Accrued Payment		7,441,000	7,441,000	7,441,000	7,441,000	7,441,000	7,441,000	7,441,000	7,441,000	7,441,000	7,441,000
<b>VI. Residual Receipts</b>		<b>\$640,571</b>	<b>\$661,590</b>	<b>\$682,349</b>	<b>\$702,814</b>	<b>\$722,949</b>	<b>\$742,715</b>	<b>\$762,074</b>	<b>\$780,984</b>	<b>\$799,401</b>	<b>\$817,278</b>
<b>VII. Authority Loan</b>											
Beginning Balance		\$3,055,808	\$3,042,127	\$3,026,061	\$3,007,641	\$2,986,900	\$2,963,874	\$2,938,607	\$2,911,143	\$2,881,535	\$2,849,838
Beginning Balance (Interest Calc)		1,966,000	1,966,000	1,966,000	1,966,000	1,966,000	1,966,000	1,966,000	1,966,000	1,966,000	1,966,000
Add: Interest	3.00%	58,980	58,980	58,980	58,980	58,980	58,980	58,980	58,980	58,980	58,980
(Less) Payments <sup>4</sup>	11.34%	(72,661)	(75,045)	(77,400)	(79,721)	(82,005)	(84,248)	(86,443)	(88,588)	(90,677)	(92,705)
Ending Balance		3,042,127	3,026,061	3,007,641	2,986,900	2,963,874	2,938,607	2,911,143	2,881,535	2,849,838	2,816,112

<sup>1</sup> Based on Table 2B and typical escalations for affordable housing

<sup>2</sup> LP fee is provided for in development costs as a capitalized fee.

<sup>3</sup> While deferred fee is not projected to be paid off within 15 years per IRS requiremetns; this issue can be managed by contributing a portion of the deferred fee if it is still an issue once the funding sources are secured.

<sup>4</sup> The County will receive 38.65% of the residual receives based on the

APPENDIX A - TABLE 4

CASH FLOW ANALYSIS <sup>1</sup>

PALM VILLAS AT MILLENNIUM - PHASE I  
PALM DESERT, CALIFORNIA

			<u>Year 31</u>	<u>Year 32</u>	<u>Year 33</u>	<u>Year 34</u>	<u>Year 35</u>	<u>Year 36</u>	<u>Year 37</u>	<u>Year 38</u>	<u>Year 39</u>	<u>Year 40</u>
<b>I. Project Income</b>												
Projected Gross Income - Base Rents	102.5% /Year		\$2,826,419	\$2,897,080	\$2,969,506	\$3,043,744	\$3,119,838	\$3,197,834	\$3,277,780	\$3,359,724	\$3,443,717	\$3,529,810
Projected Gross Income - PBV Subsidy	102.5% /Year		2,550,307	2,614,064	2,679,416	2,746,401	2,815,061	2,885,438	2,957,574	3,031,513	3,107,301	3,184,983
Miscellaneous Income	102.5% /Year		37,756	38,700	39,668	40,659	41,676	42,718	43,786	44,880	46,002	47,152
<b>Projected Gross Income</b>			<b>\$5,414,482</b>	<b>\$5,549,844</b>	<b>\$5,688,590</b>	<b>\$5,830,805</b>	<b>\$5,976,575</b>	<b>\$6,125,989</b>	<b>\$6,279,139</b>	<b>\$6,436,117</b>	<b>\$6,597,020</b>	<b>\$6,761,946</b>
(Less) Vacancy & Collection Allowance	5% of PGI		(270,724)	(277,492)	(284,429)	(291,540)	(298,828)	(306,299)	(313,956)	(321,805)	(329,850)	(338,097)
<b>Effective Gross Income</b>			<b>\$5,143,758</b>	<b>\$5,272,352</b>	<b>\$5,404,161</b>	<b>\$5,539,265</b>	<b>\$5,677,747</b>	<b>\$5,819,690</b>	<b>\$5,965,183</b>	<b>\$6,114,312</b>	<b>\$6,267,170</b>	<b>\$6,423,849</b>
<b>II. Operating Expenses</b>												
General Operating Expenses	103.5% /Year		2,761,077	2,857,714	2,957,734	3,061,255	3,168,399	3,279,293	3,394,068	3,512,861	3,635,811	3,763,064
Property Taxes & Assessments	102.0% /Year		12,680	12,933	13,192	13,456	13,725	13,999	14,279	14,565	14,856	15,153
Social Services	103.5% /Year		221,658	229,416	237,446	245,756	254,358	263,260	272,474	282,011	291,881	302,097
County Monitoring Fee	103.5% /Year		33,962	35,151	36,381	37,655	38,972	40,336	41,748	43,209	44,722	46,287
City Monitoring Fee	103.0% /Year		12,042	12,403	12,775	13,158	13,553	13,960	14,378	14,810	15,254	15,712
Bond Issuer Fee	103.5% /Year		14,034	14,525	15,034	15,560	16,104	16,668	17,251	17,855	18,480	19,127
Replacement Reserves	103.5% /Year		118,868	123,028	127,334	131,791	136,403	141,178	146,119	151,233	156,526	162,004
<b>Total Operating Expenses</b>			<b>\$3,174,320</b>	<b>\$3,285,171</b>	<b>\$3,399,896</b>	<b>\$3,518,630</b>	<b>\$3,641,515</b>	<b>\$3,768,694</b>	<b>\$3,900,318</b>	<b>\$4,036,544</b>	<b>\$4,177,530</b>	<b>\$4,323,444</b>
<b>III. Net Operating Income</b>			<b>\$1,969,438</b>	<b>\$1,987,182</b>	<b>\$2,004,265</b>	<b>\$2,020,635</b>	<b>\$2,036,232</b>	<b>\$2,050,996</b>	<b>\$2,064,864</b>	<b>\$2,077,769</b>	<b>\$2,089,640</b>	<b>\$2,100,405</b>
(Less) Annual Debt Service			(1,098,462)	(1,098,462)	(1,098,462)	(1,098,462)	(1,098,462)	(1,098,462)	(1,098,462)	(1,098,462)	(1,098,462)	(1,098,462)
(Less) AGP Asset Management Fee <sup>2</sup>	103.0% /Year		(12,136)	(12,500)	(12,875)	(13,262)	(13,660)	(14,069)	(14,491)	(14,926)	(15,374)	(15,835)
(Less) MGP Asset Management Fee <sup>2</sup>	103.0% /Year		(24,273)	(25,001)	(25,751)	(26,523)	(27,319)	(28,139)	(28,983)	(29,852)	(30,748)	(31,670)
<b>IV. Cash Flow Available for Distribution</b>			<b>\$834,568</b>	<b>\$851,219</b>	<b>\$867,177</b>	<b>\$882,388</b>	<b>\$896,792</b>	<b>\$910,327</b>	<b>\$922,928</b>	<b>\$934,528</b>	<b>\$945,056</b>	<b>\$954,438</b>
<b>V. Deferred Developer Fee Payment <sup>3</sup></b>			<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Accrued Payment	\$7,441,000		7,441,000	7,441,000	7,441,000	7,441,000	7,441,000	7,441,000	7,441,000	7,441,000	7,441,000	7,441,000
<b>VI. Residual Receipts</b>			<b>\$834,568</b>	<b>\$851,219</b>	<b>\$867,177</b>	<b>\$882,388</b>	<b>\$896,792</b>	<b>\$910,327</b>	<b>\$922,928</b>	<b>\$934,528</b>	<b>\$945,056</b>	<b>\$954,438</b>
<b>VII. Authority Loan</b>												
Beginning Balance			\$2,816,112	\$2,780,426	\$2,742,850	\$2,703,465	\$2,662,354	\$2,619,609	\$2,575,329	\$2,529,620	\$2,482,595	\$2,434,375
Beginning Balance (Interest Calc)			1,966,000	1,966,000	1,966,000	1,966,000	1,966,000	1,966,000	1,966,000	1,966,000	1,966,000	1,966,000
Add: Interest	3.00%		58,980	58,980	58,980	58,980	58,980	58,980	58,980	58,980	58,980	58,980
(Less) Payments <sup>4</sup>	11.34%		(94,667)	(96,555)	(98,365)	(100,091)	(101,725)	(103,260)	(104,689)	(106,005)	(107,199)	(108,264)
Ending Balance			2,780,426	2,742,850	2,703,465	2,662,354	2,619,609	2,575,329	2,529,620	2,482,595	2,434,375	2,385,092

<sup>1</sup> Based on Table 2B and typical escalations for affordable housing

<sup>2</sup> LP fee is provided for in development costs as a capitalized fee.

<sup>3</sup> While deferred fee is not projected to be paid off within 15 years per IRS requiremetns; this issue can be managed by contributing a portion of the deferred fee if it is still an issue once the funding sources are secured.

<sup>4</sup> The County will receive 38.65% of the residual receives based on the



APPENDIX A - TABLE 4

CASH FLOW ANALYSIS <sup>1</sup>

PALM VILLAS AT MILLENNIUM - PHASE I

PALM DESERT, CALIFORNIA

			<u>Year 41</u>	<u>Year 42</u>	<u>Year 43</u>	<u>Year 44</u>	<u>Year 45</u>	<u>Year 46</u>	<u>Year 47</u>	<u>Year 48</u>	<u>Year 49</u>	<u>Year 50</u>
<b>I. <u>Project Income</u></b>												
Projected Gross Income - Base Rents	102.5% /Year		\$3,618,055	\$3,708,507	\$3,801,219	\$3,896,250	\$3,993,656	\$4,093,498	\$4,195,835	\$4,300,731	\$4,408,249	\$4,518,455
Projected Gross Income - PBV Subsidy	102.5% /Year		3,264,608	3,346,223	3,429,879	3,515,626	3,603,516	3,693,604	3,785,944	3,880,593	3,977,608	4,077,048
Miscellaneous Income	102.5% /Year		48,331	49,539	50,778	52,047	53,349	54,682	56,049	57,451	58,887	60,359
<b>Projected Gross Income</b>			<b>\$6,930,994</b>	<b>\$7,104,269</b>	<b>\$7,281,876</b>	<b>\$7,463,923</b>	<b>\$7,650,521</b>	<b>\$7,841,784</b>	<b>\$8,037,829</b>	<b>\$8,238,774</b>	<b>\$8,444,744</b>	<b>\$8,655,862</b>
(Less) Vacancy & Collection Allowance	5% of PGI		(346,549)	(355,213)	(364,093)	(373,195)	(382,525)	(392,088)	(401,891)	(411,938)	(422,236)	(432,792)
<b>Effective Gross Income</b>			<b>\$6,584,445</b>	<b>\$6,749,057</b>	<b>\$6,917,783</b>	<b>\$7,090,728</b>	<b>\$7,267,996</b>	<b>\$7,449,696</b>	<b>\$7,635,938</b>	<b>\$7,826,836</b>	<b>\$8,022,507</b>	<b>\$8,223,070</b>
<b>II. <u>Operating Expenses</u></b>												
General Operating Expenses	103.5% /Year		3,894,771	4,031,088	4,172,176	4,318,203	4,469,340	4,625,767	4,787,668	4,955,237	5,128,670	5,308,173
Property Taxes & Assessments	102.0% /Year		15,456	15,765	16,081	16,402	16,730	17,065	17,406	17,754	18,109	18,472
Social Services	103.5% /Year		312,671	323,614	334,941	346,664	358,797	371,355	384,352	397,804	411,728	426,138
County Monitoring Fee	103.5% /Year		47,907	49,584	51,319	53,115	54,974	56,899	58,890	60,951	63,084	65,292
City Monitoring Fee	103.0% /Year		16,183	16,668	17,169	17,684	18,214	18,760	19,323	19,903	20,500	21,115
Bond Issuer Fee	103.5% /Year		19,796	20,489	21,206	21,949	22,717	23,512	24,335	25,186	26,068	26,980
Replacement Reserves	103.5% /Year		167,675	173,543	179,617	185,904	192,411	199,145	206,115	213,329	220,795	228,523
<b>Total Operating Expenses</b>			<b>\$4,474,459</b>	<b>\$4,630,753</b>	<b>\$4,792,509</b>	<b>\$4,959,920</b>	<b>\$5,133,183</b>	<b>\$5,312,502</b>	<b>\$5,498,090</b>	<b>\$5,690,165</b>	<b>\$5,888,955</b>	<b>\$6,094,694</b>
<b>III. <u>Net Operating Income</u></b>			<b>\$2,109,986</b>	<b>\$2,118,304</b>	<b>\$2,125,274</b>	<b>\$2,130,808</b>	<b>\$2,134,813</b>	<b>\$2,137,194</b>	<b>\$2,137,848</b>	<b>\$2,136,671</b>	<b>\$2,133,552</b>	<b>\$2,128,376</b>
(Less) Annual Debt Service												
(Less) AGP Asset Management Fee <sup>2</sup>	103.0% /Year		(16,310)	(16,799)	(17,303)	(17,823)	(18,357)	(18,908)	(19,475)	(20,059)	(20,661)	(21,281)
(Less) MGP Asset Management Fee <sup>2</sup>	103.0% /Year		(32,620)	(33,599)	(34,607)	(35,645)	(36,715)	(37,816)	(38,950)	(40,119)	(41,323)	(42,562)
<b>IV. <u>Cash Flow Available for Distribution</u></b>			<b>\$2,061,056</b>	<b>\$2,067,906</b>	<b>\$2,073,364</b>	<b>\$2,077,340</b>	<b>\$2,079,741</b>	<b>\$2,080,470</b>	<b>\$2,079,423</b>	<b>\$2,076,493</b>	<b>\$2,071,569</b>	<b>\$2,064,532</b>
<b>V. <u>Deferred Developer Fee Payment</u> <sup>3</sup></b>												
Accrued Payment	\$7,441,000		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
			7,441,000	7,441,000	7,441,000	7,441,000	7,441,000	7,441,000	7,441,000	7,441,000	7,441,000	7,441,000
<b>VI. <u>Residual Receipts</u></b>			<b>\$2,061,056</b>	<b>\$2,067,906</b>	<b>\$2,073,364</b>	<b>\$2,077,340</b>	<b>\$2,079,741</b>	<b>\$2,080,470</b>	<b>\$2,079,423</b>	<b>\$2,076,493</b>	<b>\$2,071,569</b>	<b>\$2,064,532</b>
<b>VII. <u>Authority Loan</u></b>												
Beginning Balance			\$2,385,092	\$2,210,282	\$2,034,696	\$1,858,491	\$1,678,609	\$1,493,059	\$1,301,859	\$1,105,042	\$902,653	\$694,751
Beginning Balance (Interest Calc)			1,966,000	1,966,000	1,966,000	1,858,491	1,678,609	1,493,059	1,301,859	1,105,042	902,653	694,751
Add: Interest	3.00%		58,980	58,980	58,980	55,755	50,358	44,792	39,056	33,151	27,080	20,843
(Less) Payments <sup>4</sup>	11.34%		(233,789)	(234,566)	(235,185)	(235,636)	(235,909)	(235,991)	(235,873)	(235,540)	(234,982)	(234,184)
Ending Balance			2,210,282	2,034,696	1,858,491	1,678,609	1,493,059	1,301,859	1,105,042	902,653	694,751	481,410

<sup>1</sup> Based on Table 2B and typical escalations for affordable housing

<sup>2</sup> LP fee is provided for in development costs as a capitalized fee.

<sup>3</sup> While deferred fee is not projected to be paid off within 15 years per IRS requiremetns; this issue can be managed by contributing a portion of the deferred fee if it is still an issue once the funding sources are secured.

<sup>4</sup> The County will receive 38.65% of the residual receives based on the

APPENDIX A - TABLE 4

CASH FLOW ANALYSIS <sup>1</sup>

PALM VILLAS AT MILLENNIUM - PHASE I

PALM DESERT, CALIFORNIA

			<u>Year 51</u>	<u>Year 52</u>	<u>Year 53</u>	<u>Year 54</u>	<u>Year 55</u>
<b>I. <u>Project Income</u></b>							
Projected Gross Income - Base Rents	102.5% /Year		\$4,631,417	\$4,747,202	\$4,865,882	\$4,987,529	\$5,112,217
Projected Gross Income - PBV Subsidy	102.5% /Year		4,178,974	4,283,449	4,390,535	4,500,298	4,612,806
Miscellaneous Income	102.5% /Year		61,868	63,415	65,000	66,625	68,291
<b>Projected Gross Income</b>			<b>\$8,872,259</b>	<b>\$9,094,065</b>	<b>\$9,321,417</b>	<b>\$9,554,452</b>	<b>\$9,793,314</b>
(Less) Vacancy & Collection Allowance	5% of PGI		(443,612)	(454,702)	(466,070)	(477,722)	(489,665)
<b>Effective Gross Income</b>			<b>\$8,428,647</b>	<b>\$8,639,363</b>	<b>\$8,855,347</b>	<b>\$9,076,731</b>	<b>\$9,303,649</b>
<b>II. <u>Operating Expenses</u></b>							
General Operating Expenses	103.5% /Year		5,493,960	5,686,248	5,885,267	6,091,251	6,304,445
Property Taxes & Assessments	102.0% /Year		18,841	19,218	19,602	19,994	20,394
Social Services	103.5% /Year		441,053	456,490	472,467	489,003	506,118
County Monitoring Fee	103.5% /Year		67,578	69,943	72,391	74,925	77,547
City Monitoring Fee	103.0% /Year		21,749	22,401	23,073	23,765	24,478
Bond Issuer Fee	103.5% /Year		27,925	28,902	29,914	30,961	32,044
Replacement Reserves	103.5% /Year		236,522	244,800	253,368	262,236	271,414
<b>Total Operating Expenses</b>			<b>\$6,307,626</b>	<b>\$6,528,002</b>	<b>\$6,756,081</b>	<b>\$6,992,135</b>	<b>\$7,236,441</b>
<b>III. <u>Net Operating Income</u></b>			<b>\$2,121,021</b>	<b>\$2,111,361</b>	<b>\$2,099,266</b>	<b>\$2,084,596</b>	<b>\$2,067,208</b>
(Less) Annual Debt Service							
(Less) AGP Asset Management Fee <sup>2</sup>	103.0% /Year		(21,920)	(22,577)	(23,254)	(23,952)	(24,671)
(Less) MGP Asset Management Fee <sup>2</sup>	103.0% /Year		(43,839)	(45,154)	(46,509)	(47,904)	(49,341)
<b>IV. <u>Cash Flow Available for Distribution</u></b>			<b>\$2,055,262</b>	<b>\$2,043,630</b>	<b>\$2,029,502</b>	<b>\$2,012,740</b>	<b>\$1,993,196</b>
<b>V. <u>Deferred Developer Fee Payment</u> <sup>3</sup></b>							
Accrued Payment	\$7,441,000		\$0	\$0	\$0	\$0	\$0
			7,441,000	7,441,000	7,441,000	7,441,000	7,441,000
<b>VI. <u>Residual Receipts</u></b>			<b>\$2,055,262</b>	<b>\$2,043,630</b>	<b>\$2,029,502</b>	<b>\$2,012,740</b>	<b>\$1,993,196</b>
<b>VII. <u>Authority Loan</u></b>							
Beginning Balance			\$481,410	\$262,720	\$38,789	\$0	\$0
Beginning Balance (Interest Calc)			481,410	262,720	38,789	0	0
Add: Interest	3.00%		14,442	7,882	1,164	0	0
(Less) Payments <sup>4</sup>	11.34%		(233,132)	(231,813)	(39,952)	0	0
Ending Balance			262,720	38,789	0	0	0

<sup>1</sup> Based on Table 2B and typical escalations for affordable housing

<sup>2</sup> LP fee is provided for in development costs as a capitalized fee.

<sup>3</sup> While deferred fee is not projected to be paid off within 15 years per IRS requirements; this issue can be managed by contributing a portion of the deferred fee if it is still an issue once the funding sources are secured.

<sup>4</sup> The County will receive 38.65% of the residual receives based on the

**EXHIBIT K-2**

**FINANCING PLAN – PHASE II**

APPENDIX B - TABLE 1

**ESTIMATED DEVELOPMENT COSTS <sup>1</sup>**  
**PALM VILLAS AT MILLENNIUM - PHASE II**  
**PALM DESERT, CALIFORNIA**

<b>I. <u>Land Assemblage Costs</u></b>				
Acquisition Price <sup>2</sup>	120 Units	\$12,158 /Unit		\$1,459,000
Closing Costs	0% of Purchase Price			0
<b>Total Land Assemblage Costs</b>	<b>120 Units</b>	<b>\$12,200 /Unit</b>		<b>\$1,459,000</b>
<b>II. <u>Direct Costs</u> <sup>3</sup></b>				
Off-site Improvements <sup>4</sup>	Allowance			\$0
On-site Improvements	194,713 Sf Land	\$46 /Sf Land		8,953,000
Extraordinary Costs <sup>5</sup>	120 Units	\$7,000 /Unit		840,000
Residential Structure	121,877 Sf GBA	\$250 /Unit		30,498,000
Community Building	0 Sf GBA	\$0 of Constructio		0
Furnishings, Fixtures & Equipment	120 Units	\$625 of Constructio		75,000
Contractor Fees / General Requirements	14% of Construction Costs			5,651,000
Construction Insurance / Bonds	1% of Construction Costs			459,000
Contingency Allowance	5% of Other Direct Costs			2,320,000
<b>Total Direct Costs</b>	<b>120 Units</b>	<b>\$406,600 /Unit</b>		<b>\$48,796,000</b>
<b>III. <u>Indirect Costs</u></b>				
Architecture, Engineering & Consultants	4% of Direct Costs			\$1,783,000
Permits & Fees <sup>6</sup>	120 Units	\$22,267 /Unit		2,672,000
Taxes, Insurance, Legal & Accounting	3% of Direct Costs			1,239,000
Marketing & Leasing	120 Units	\$500 /Unit		60,000
Developer Fee <sup>7</sup>				8,784,000
Contingency Allowance	3% of Other Indirect Costs			500,000
<b>Total Indirect Costs</b>	<b>120 Units</b>	<b>\$125,300 /Unit</b>		<b>\$15,038,000</b>
<b>IV. <u>Financing Costs</u></b>				
Tax-Exempt Bonds Interest <sup>8</sup>	\$41,391,683 TEBs	8.00% Interest		\$4,779,000
Taxable Bonds Interest	\$0 Txble Bonds	8.00% Interest		0
<u>Financing Fees</u>				
Construction Loan	\$41,391,683 Loan	1.12 Points		464,000
Permanent Loan	\$14,032,000 Loan	1.00 Points		140,000
Issuance Costs	\$41,391,683 TEBs	0.55 Points		229,000
Tax Credit Fees	120 Units	\$1,002 /Unit		120,000
<u>Capitalized Reserves</u>				
Operating Reserves	\$184,705 /Mo	3 Months		554,000
SLP Fee	20 Years	\$5,000 /Year		100,000
<b>Total Financing Costs</b>	<b>120 Units</b>	<b>\$53,200 /Unit</b>		<b>\$6,386,000</b>
<b>V. <u>Total Development Costs</u></b>	<b>120 Units</b>	<b>\$597,300 /Unit</b>		<b>\$71,679,000</b>

<sup>1</sup> Based on Developer's estimates.

<sup>2</sup> Based on City appraisal from June 2022.

<sup>3</sup> Project will be required to pay both Federal and State prevailing wages.

<sup>4</sup> All offsite improvements required will be constructed in Phase I.

<sup>5</sup> Includes solar, swimming pool and parking space shade covers.

<sup>6</sup> Does not include SCE and TUMF fees, which will be waived or refunded.

<sup>7</sup> Maximum developer fee allowed by TCAC.

<sup>8</sup> Assumes a 24-month development period and a 72% average outstanding balance.

APPENDIX B - TABLE 2A

AFFORDABILITY MIX  
PALM VILLAS AT MILLENNIUM - PHASE II  
PALM DESERT, CALIFORNIA

	Number of Units	TCAC Rent	HCD Rent	DB Rent	Applicable Gross Rent	Utility Allowance	Applicable Net Rent
<b>30% TCAC, ELI HCD, VLI DB</b>	<b>12</b>	<b>30% AMI</b>	<b>ELI HCD</b>	<b>VLI HCD</b>			
1-Bdrm Units	2	\$524	\$567	\$945	\$524	\$29	\$495
2-Bdrm Units	7	\$629	\$638	\$1,063	\$629	\$24	\$605
3-Bdrm Units	3	\$727	\$709	\$1,181	\$709	\$20	\$689
<b>30% TCAC, ELI HCD</b>	<b>24</b>	<b>30% AMI</b>	<b>ELI HCD</b>	<b>N/A</b>			
1-Bdrm Units	4	\$524	\$567	N/A	\$524	\$29	\$495
2-Bdrm Units	20	\$629	\$638	N/A	\$629	\$24	\$605
3-Bdrm Units	0	\$727	\$709	N/A	\$709	\$20	\$689
<b>30% TCAC, 59% HCD</b>	<b>14</b>	<b>30% AMI</b>	<b>59% Low</b>	<b>N/A</b>			
1-Bdrm Units	9	\$524	\$1,115	N/A	\$524	\$29	\$495
2-Bdrm Units	1	\$629	\$1,254	N/A	\$629	\$24	\$605
3-Bdrm Units	4	\$727	\$1,394	N/A	\$727	\$20	\$707
<b>30% TCAC, Low HCD</b>	<b>10</b>	<b>30% AMI</b>	<b>Low</b>	<b>N/A</b>			
1-Bdrm Units	0	\$524	\$1,134	N/A	\$524	\$29	\$495
2-Bdrm Units	0	\$629	\$1,276	N/A	\$629	\$24	\$605
3-Bdrm Units	10	\$727	\$1,418	N/A	\$727	\$20	\$707
<b>60% TCAC, 59% HCD</b>	<b>46</b>	<b>60% AMI</b>	<b>59% Low</b>	<b>N/A</b>			
1-Bdrm Units	0	\$1,049	\$1,115	N/A	\$1,049	\$29	\$1,020
2-Bdrm Units	46	\$1,258	\$1,254	N/A	\$1,254	\$24	\$1,230
3-Bdrm Units	0	\$1,454	\$1,394	N/A	\$1,394	\$20	\$1,374
<b>60% TCAC, Low HCD</b>	<b>13</b>	<b>60% AMI</b>	<b>Low</b>	<b>N/A</b>			
1-Bdrm Units	0	\$1,049	\$1,134	N/A	\$1,049	\$29	\$1,020
2-Bdrm Units	0	\$1,258	\$1,276	N/A	\$1,258	\$24	\$1,234
3-Bdrm Units	13	\$1,454	\$1,418	N/A	\$1,418	\$20	\$1,398
<b>Manager Unit</b>	<b>1</b>						
1-Bdrm Units	0						
2-Bdrm Units	1						
3-Bdrm Units	0						
<b>PBV Overhang</b>	<b>60</b>			<b>FMR</b>	<b>Tenant Rent</b>	<b>Overhang</b>	<b>Utility Allowance</b>
1-Bdrm Units	15			\$1,772	\$495	\$1,277	\$29
2-Bdrm Units	28			\$2,211	\$605	\$1,606	\$24
3-Bdrm Units	3			\$2,977	\$689	\$2,288	\$20
3-Bdrm Units	14			\$2,977	\$707	\$2,270	\$20
							<b>Net Overhang</b>
1-Bdrm Units	15						\$1,248
2-Bdrm Units	28						\$1,582
3-Bdrm Units	3						\$2,268
3-Bdrm Units	14						\$2,250

Note: Rents are based on 2023 rents and the utility allowances are based on Developer CAUC estimates on 3/12/24 for all electric building.

<b>TOTAL UNITS</b>	<b>120</b>
1-Bdrm Units	15
2-Bdrm Units	75
3-Bdrm Units	30
<b>PBV SUBSIDY</b>	<b>60</b>
1-Bdrm Units	15
2-Bdrm Units	28
3-Bdrm Units	17

<b>TCAC Regulatory Agreement:</b>	
30% AMI Units	60
40% AMI Units	0
50% AMI Units	0
60% AMI Units	59
70% AMI Units	0
<b>Total Restricted Units</b>	<b>119</b>

<b>AVERAGE AFFORDABILITY:</b>	<b>45%</b>
<b>POTENTIAL GROSS INCOME - BASE:</b>	<b>\$1,332,715</b>
<b>POTENTIAL GROSS INCOME - PBV:</b>	<b>\$1,215,840</b>

<b>LMIHAF City Regulatory Agreement:</b>	<b>119</b>
ELI HCD Units	36
VLI HCD Units	0
59% HCD Units	60
Low HCD Units	23

<b>Density Bonus City Regulatory Agreement</b>	
VLI HCD Units	12

APPENDIX B - TABLE 2B

STABILIZED NET OPERATING INCOME  
PALM VILLAS AT MILLENNIUM - PHASE II  
PALM DESERT, CALIFORNIA

<b>I. Project Income</b>			
Projected Gross Income - Base Rents <sup>1</sup>	120 Units	\$925 /Unit/Mo	\$1,332,715
Projected Gross Income - PBV Subsidy <sup>1</sup>	60 PBVs	\$1,689 /Unit/Mo	1,215,840
Miscellaneous Income <sup>2</sup>	120 Units	\$12 /Unit/Mo	17,850
<b>Projected Gross Income</b>			<b>\$2,566,405</b>
(Less) Vacancy & Collection Allowance <sup>2</sup>	5% of PGI		(128,320)
<b>Effective Gross Income</b>			<b>\$2,438,085</b>
<b>II. Operating Expenses <sup>2</sup></b>			
General Operating Expenses	120 Units	\$8,087 /Unit	\$970,446
Property Taxes & Assessments	120 Units	\$58 /Unit	7,000
Social Services	120 Units	\$658 /Unit	78,972
County Monitoring Fee	120 Units	\$0 /Unit	0
City Monitoring Fee	120 Units	\$41 /Unit	4,920
Bond Issuer Fee	Allowance		5,000
Replacement Reserves	120 Units	\$350 /Unit	42,000
<b>Total Operating Expenses</b>	120 Units	\$9,236 /Unit	<b>\$1,108,338</b>
<b>III. Net Operating Income</b>			<b>\$1,329,747</b>

<sup>1</sup> See Table 2A.

<sup>2</sup> Based on Developer estimates, which KMA determined to be reasonable based on experience.

## APPENDIX B - TABLE 3

### FINANCIAL GAP ANALYSIS PALM VILLAS AT MILLENNIUM - PHASE II PALM DESERT, CALIFORNIA

<b>I. <u>Available Funding Sources</u></b>			
<b>A. Permanent Loan</b>	1.20 DCR 7.50% Interest	\$1,108,122 Debt Svc 40 Years	<b>\$14,032,000</b>
<b>B. Federal Tax Credit Equity</b>	\$35,018,207 Gross TC	\$0.86 Equity	<b>\$30,112,000</b>
<b>C. State Tax Credit Equity</b>	\$20,202,812	\$0.82 Equity	<b>\$16,524,000</b>
<b>D. County Loan <sup>2</sup></b>	120 Units	\$0 /Unit	<b>\$0</b>
<b>E. Contributed Developer Fee <sup>3</sup></b>	0% of Developr Fee		<b>\$0</b>
<b>F. Deferred Developer Fee</b>	71% of Developr Fee		<b><u>\$6,222,000</u></b>
<b>Total Available Funding Sources</b>			<b>\$66,890,000</b>
<b>II. <u>Financial Gap Calculation</u></b>			
Total Development Costs			\$71,679,000
(Less) Available Funding Sources			<u>(66,890,000)</u>
<b>Financial Gap</b>	120 Units	\$39,908 /Unit	<b>\$4,789,000</b>
<b>III. <u>Authority Funding Sources per Developer Request</u></b>			
HOME Funds			\$0
LMIHAF Funds			4,789,000
PLHA Funds			<u>0</u>
<b>Total Authority Assistance</b>	120 Units	\$39,908 /Unit	<b>\$4,789,000</b>

<sup>1</sup> Based on Developer estimates, which KMA determined to be reasonable based on experience.

<sup>2</sup> Previously awarded by County for entire Project; however, County has verified willingness to allow the entire amount to be used in Phase I only.

<sup>3</sup> Per TCAC draft guidelines, a portion of the deferred fee may be required to be contributed to the Project.

APPENDIX B - TABLE 4

CASH FLOW ANALYSIS <sup>1</sup>

PALM VILLAS AT MILLENNIUM - PHASE II  
PALM DESERT, CALIFORNIA

		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
<b>I. Project Income</b>											
Projected Gross Income - Base Rents	102.5% /Year	\$1,332,715	\$1,366,033	\$1,400,184	\$1,435,189	\$1,471,068	\$1,507,845	\$1,545,541	\$1,584,180	\$1,623,784	\$1,664,379
Projected Gross Income - PBV Subsidy	102.5% /Year	1,215,840	1,246,236	1,277,392	1,309,327	1,342,060	1,375,611	1,410,002	1,445,252	1,481,383	1,518,418
Miscellaneous Income	102.5% /Year	17,850	18,296	18,754	19,222	19,703	20,196	20,701	21,218	21,748	22,292
<b>Projected Gross Income</b>		<b>\$2,566,405</b>	<b>\$2,630,565</b>	<b>\$2,696,330</b>	<b>\$2,763,738</b>	<b>\$2,832,831</b>	<b>\$2,903,652</b>	<b>\$2,976,243</b>	<b>\$3,050,649</b>	<b>\$3,126,916</b>	<b>\$3,205,089</b>
(Less) Vacancy & Collection Allowance	5% of PGI	(128,320)	(131,528)	(134,817)	(138,187)	(141,642)	(145,183)	(148,812)	(152,533)	(156,346)	(160,255)
<b>Effective Gross Income</b>		<b>\$2,438,085</b>	<b>\$2,499,037</b>	<b>\$2,561,513</b>	<b>\$2,625,551</b>	<b>\$2,691,189</b>	<b>\$2,758,469</b>	<b>\$2,827,431</b>	<b>\$2,898,117</b>	<b>\$2,970,570</b>	<b>\$3,044,834</b>
<b>II. Operating Expenses</b>											
General Operating Expenses	103.5% /Year	\$970,446	1,004,412	1,039,566	1,075,951	1,113,609	1,152,585	1,192,926	1,234,678	1,277,892	1,322,618
Property Taxes & Assessments	102.0% /Year	7,000	7,140	7,283	7,428	7,577	7,729	7,883	8,041	8,202	8,366
Social Services	103.5% /Year	78,972	81,736	84,597	87,558	90,622	93,794	97,077	100,474	103,991	107,631
County Monitoring Fee	103.5% /Year	0	0	0	0	0	0	0	0	0	0
City Monitoring Fee	103.0% /Year	4,920	5,068	5,220	5,376	5,538	5,704	5,875	6,051	6,233	6,419
Bond Issuer Fee	103.5% /Year	5,000	5,175	5,356	5,544	5,738	5,938	6,146	6,361	6,584	6,814
Replacement Reserves	103.5% /Year	42,000	43,470	44,991	46,566	48,196	49,883	51,629	53,436	55,306	57,242
<b>Total Operating Expenses</b>		<b>\$1,108,338</b>	<b>\$1,147,000</b>	<b>\$1,187,013</b>	<b>\$1,228,423</b>	<b>\$1,271,279</b>	<b>\$1,315,633</b>	<b>\$1,361,536</b>	<b>\$1,409,042</b>	<b>\$1,458,207</b>	<b>\$1,509,090</b>
<b>III. Net Operating Income</b>											
(Less) Annual Debt Service		(1,108,122)	(1,108,122)	(1,108,122)	(1,108,122)	(1,108,122)	(1,108,122)	(1,108,122)	(1,108,122)	(1,108,122)	(1,108,122)
(Less) AGP Asset Management Fee <sup>2</sup>	103.0% /Year	(5,000)	(5,150)	(5,305)	(5,464)	(5,628)	(5,796)	(5,970)	(6,149)	(6,334)	(6,524)
(Less) MGP Asset Management Fee <sup>2</sup>	103.0% /Year	(10,000)	(10,300)	(10,609)	(10,927)	(11,255)	(11,593)	(11,941)	(12,299)	(12,668)	(13,048)
<b>IV. Cash Flow Available for Distribution</b>		<b>\$206,624</b>	<b>\$228,464</b>	<b>\$250,464</b>	<b>\$272,615</b>	<b>\$294,905</b>	<b>\$317,325</b>	<b>\$339,862</b>	<b>\$362,505</b>	<b>\$385,238</b>	<b>\$408,050</b>
<b>V. Deferred Developer Fee Payment <sup>3</sup></b>											
Accrued Payment	\$6,222,000	\$206,624	\$228,464	\$250,464	\$272,615	\$294,905	\$317,325	\$339,862	\$362,505	\$385,238	\$408,050
		206,624	435,089	685,553	958,168	1,253,073	1,570,398	1,910,260	2,272,764	2,658,003	3,066,052
<b>VI. Residual Receipts</b>		<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>VII. Authority Loan</b>											
Beginning Balance		\$4,789,000	\$4,932,670	\$5,076,340	\$5,220,010	\$5,363,680	\$5,507,350	\$5,651,020	\$5,794,690	\$5,938,360	\$6,082,030
Beginning Balance (Interest Calc)		4,789,000	4,789,000	4,789,000	4,789,000	4,789,000	4,789,000	4,789,000	4,789,000	4,789,000	4,789,000
Add: Interest	3.00%	143,670	143,670	143,670	143,670	143,670	143,670	143,670	143,670	143,670	143,670
(Less) Payments <sup>4</sup>	50.00%	0	0	0	0	0	0	0	0	0	0
Ending Balance		4,932,670	5,076,340	5,220,010	5,363,680	5,507,350	5,651,020	5,794,690	5,938,360	6,082,030	6,225,700

<sup>1</sup> Based on Table 2B and typical escalations for affordable housing

<sup>2</sup> LP fee is provided for in development costs as a capitalized fee.

<sup>3</sup> While deferred fee is not projected to be paid off within 15 years per IRS requirements; this issue can be managed by contributing a portion of the deferred fee if it is still an issue once the funding sources are secured.

<sup>4</sup> The County will receive 0.00% of the residual receives based on the size of the County loan.



APPENDIX B - TABLE 4

CASH FLOW ANALYSIS <sup>1</sup>

PALM VILLAS AT MILLENNIUM - PHASE II  
PALM DESERT, CALIFORNIA

		<u>Year 11</u>	<u>Year 12</u>	<u>Year 13</u>	<u>Year 14</u>	<u>Year 15</u>	<u>Year 16</u>	<u>Year 17</u>	<u>Year 18</u>	<u>Year 19</u>	<u>Year 20</u>
<b>I. Project Income</b>											
Projected Gross Income - Base Rents	102.5% /Year	\$1,705,988	\$1,748,638	\$1,792,354	\$1,837,163	\$1,883,092	\$1,930,169	\$1,978,423	\$2,027,884	\$2,078,581	\$2,130,546
Projected Gross Income - PBV Subsidy	102.5% /Year	1,556,378	1,595,287	1,635,170	1,676,049	1,717,950	1,760,899	1,804,921	1,850,044	1,896,295	1,943,703
Miscellaneous Income	102.5% /Year	22,850	23,421	24,006	24,606	25,222	25,852	26,498	27,161	27,840	28,536
<b>Projected Gross Income</b>		<b>\$3,285,216</b>	<b>\$3,367,346</b>	<b>\$3,451,530</b>	<b>\$3,537,818</b>	<b>\$3,626,264</b>	<b>\$3,716,920</b>	<b>\$3,809,843</b>	<b>\$3,905,089</b>	<b>\$4,002,716</b>	<b>\$4,102,784</b>
(Less) Vacancy & Collection Allowance	5% of PGI	(164,261)	(168,368)	(172,577)	(176,891)	(181,313)	(185,846)	(190,492)	(195,255)	(200,136)	(205,140)
<b>Effective Gross Income</b>		<b>\$3,120,955</b>	<b>\$3,198,979</b>	<b>\$3,278,953</b>	<b>\$3,360,927</b>	<b>\$3,444,950</b>	<b>\$3,531,074</b>	<b>\$3,619,351</b>	<b>\$3,709,834</b>	<b>\$3,802,580</b>	<b>\$3,897,645</b>
<b>II. Operating Expenses</b>											
General Operating Expenses	103.5% /Year	1,368,910	1,416,822	1,466,411	1,517,735	1,570,856	1,625,836	1,682,740	1,741,636	1,802,593	1,865,684
Property Taxes & Assessments	102.0% /Year	8,533	8,704	8,878	9,055	9,236	9,421	9,609	9,802	9,998	10,198
Social Services	103.5% /Year	111,398	115,297	119,332	123,509	127,832	132,306	136,936	141,729	146,690	151,824
County Monitoring Fee	103.5% /Year	0	0	0	0	0	0	0	0	0	0
City Monitoring Fee	103.0% /Year	6,612	6,810	7,015	7,225	7,442	7,665	7,895	8,132	8,376	8,627
Bond Issuer Fee	103.5% /Year	7,053	7,300	7,555	7,820	8,093	8,377	8,670	8,973	9,287	9,613
Replacement Reserves	103.5% /Year	59,245	61,319	63,465	65,686	67,985	70,365	72,827	75,376	78,015	80,745
<b>Total Operating Expenses</b>		<b>\$1,561,751</b>	<b>\$1,616,251</b>	<b>\$1,672,655</b>	<b>\$1,731,030</b>	<b>\$1,791,444</b>	<b>\$1,853,969</b>	<b>\$1,918,678</b>	<b>\$1,985,648</b>	<b>\$2,054,958</b>	<b>\$2,126,690</b>
<b>III. Net Operating Income</b>		<b>\$1,559,204</b>	<b>\$1,582,727</b>	<b>\$1,606,298</b>	<b>\$1,629,897</b>	<b>\$1,653,506</b>	<b>\$1,677,105</b>	<b>\$1,700,673</b>	<b>\$1,724,186</b>	<b>\$1,747,622</b>	<b>\$1,770,955</b>
(Less) Annual Debt Service		(1,108,122)	(1,108,122)	(1,108,122)	(1,108,122)	(1,108,122)	(1,108,122)	(1,108,122)	(1,108,122)	(1,108,122)	(1,108,122)
(Less) AGP Asset Management Fee <sup>2</sup>	103.0% /Year	(6,720)	(6,921)	(7,129)	(7,343)	(7,563)	(7,790)	(8,024)	(8,264)	(8,512)	(8,768)
(Less) MGP Asset Management Fee <sup>2</sup>	103.0% /Year	(13,439)	(13,842)	(14,258)	(14,685)	(15,126)	(15,580)	(16,047)	(16,528)	(17,024)	(17,535)
<b>IV. Cash Flow Available for Distribution</b>		<b>\$430,923</b>	<b>\$453,842</b>	<b>\$476,789</b>	<b>\$499,747</b>	<b>\$522,695</b>	<b>\$545,613</b>	<b>\$568,480</b>	<b>\$591,271</b>	<b>\$613,963</b>	<b>\$636,530</b>
<b>V. Deferred Developer Fee Payment <sup>3</sup></b>	\$6,222,000	<b>\$430,923</b>	<b>\$453,842</b>	<b>\$476,789</b>	<b>\$499,747</b>	<b>\$522,695</b>	<b>\$545,613</b>	<b>\$226,340</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Accrued Payment		3,496,975	3,950,817	4,427,606	4,927,352	5,450,047	5,995,660	6,222,000	6,222,000	6,222,000	6,222,000
<b>VI. Residual Receipts</b>		<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$342,140</b>	<b>\$591,271</b>	<b>\$613,963</b>	<b>\$636,530</b>
<b>VII. Authority Loan</b>											
Beginning Balance		\$6,225,700	\$6,369,370	\$6,513,040	\$6,656,710	\$6,800,380	\$6,944,050	\$7,087,720	\$7,060,320	\$6,908,355	\$6,745,043
Beginning Balance (Interest Calc)		4,789,000	4,789,000	4,789,000	4,789,000	4,789,000	4,789,000	4,789,000	4,789,000	4,789,000	4,789,000
Add: Interest	3.00%	143,670	143,670	143,670	143,670	143,670	143,670	143,670	143,670	143,670	143,670
(Less) Payments <sup>4</sup>	50.00%	0	0	0	0	0	0	(171,070)	(295,636)	(306,982)	(318,265)
Ending Balance		6,369,370	6,513,040	6,656,710	6,800,380	6,944,050	7,087,720	7,060,320	6,908,355	6,745,043	6,570,448

<sup>1</sup> Based on Table 2B and typical escalations for affordable housing

<sup>2</sup> LP fee is provided for in development costs as a capitalized fee.

<sup>3</sup> While deferred fee is not projected to be paid off within 15 years per IRS requirements; this issue can be managed by contributing a portion of the deferred fee if it is still an issue once the funding sources are secured.

<sup>4</sup> The County will receive 0.00% of the residual receives based on the size of the County loan.

APPENDIX B - TABLE 4

CASH FLOW ANALYSIS <sup>1</sup>

PALM VILLAS AT MILLENNIUM - PHASE II  
PALM DESERT, CALIFORNIA

		<u>Year 21</u>	<u>Year 22</u>	<u>Year 23</u>	<u>Year 24</u>	<u>Year 25</u>	<u>Year 26</u>	<u>Year 27</u>	<u>Year 28</u>	<u>Year 29</u>	<u>Year 30</u>
<b>I. Project Income</b>											
Projected Gross Income - Base Rents	102.5% /Year	\$2,183,809	\$2,238,404	\$2,294,365	\$2,351,724	\$2,410,517	\$2,470,780	\$2,532,549	\$2,595,863	\$2,660,759	\$2,727,278
Projected Gross Income - PBV Subsidy	102.5% /Year	1,992,295	2,042,103	2,093,155	2,145,484	2,199,121	2,254,099	2,310,452	2,368,213	2,427,419	2,488,104
Miscellaneous Income	102.5% /Year	29,249	29,981	30,730	31,498	32,286	33,093	33,920	34,768	35,637	36,528
<b>Projected Gross Income</b>		<b>\$4,205,354</b>	<b>\$4,310,488</b>	<b>\$4,418,250</b>	<b>\$4,528,706</b>	<b>\$4,641,924</b>	<b>\$4,757,972</b>	<b>\$4,876,921</b>	<b>\$4,998,844</b>	<b>\$5,123,815</b>	<b>\$5,251,911</b>
(Less) Vacancy & Collection Allowance	5% of PGI	(210,268)	(215,525)	(220,913)	(226,436)	(232,097)	(237,899)	(243,846)	(249,943)	(256,191)	(262,596)
<b>Effective Gross Income</b>		<b>\$3,995,086</b>	<b>\$4,094,963</b>	<b>\$4,197,337</b>	<b>\$4,302,271</b>	<b>\$4,409,827</b>	<b>\$4,520,073</b>	<b>\$4,633,075</b>	<b>\$4,748,902</b>	<b>\$4,867,624</b>	<b>\$4,989,315</b>
<b>II. Operating Expenses</b>											
General Operating Expenses	103.5% /Year	1,930,983	1,998,567	2,068,517	2,140,915	2,215,847	2,293,402	2,373,671	2,456,749	2,542,735	2,631,731
Property Taxes & Assessments	102.0% /Year	10,402	10,610	10,822	11,038	11,259	11,484	11,714	11,948	12,187	12,431
Social Services	103.5% /Year	157,138	162,637	168,330	174,221	180,319	186,630	193,162	199,923	206,920	214,162
County Monitoring Fee	103.5% /Year	0	0	0	0	0	0	0	0	0	0
City Monitoring Fee	103.0% /Year	8,886	9,153	9,427	9,710	10,001	10,301	10,610	10,929	11,257	11,594
Bond Issuer Fee	103.5% /Year	9,949	10,297	10,658	11,031	11,417	11,816	12,230	12,658	13,101	13,559
Replacement Reserves	103.5% /Year	83,571	86,496	89,523	92,657	95,900	99,256	102,730	106,326	110,047	113,899
<b>Total Operating Expenses</b>		<b>\$2,200,928</b>	<b>\$2,277,760</b>	<b>\$2,357,277</b>	<b>\$2,439,572</b>	<b>\$2,524,743</b>	<b>\$2,612,890</b>	<b>\$2,704,117</b>	<b>\$2,798,533</b>	<b>\$2,896,247</b>	<b>\$2,997,377</b>
<b>III. Net Operating Income</b>		<b>\$1,794,158</b>	<b>\$1,817,203</b>	<b>\$1,840,060</b>	<b>\$1,862,699</b>	<b>\$1,885,084</b>	<b>\$1,907,183</b>	<b>\$1,928,958</b>	<b>\$1,950,369</b>	<b>\$1,971,377</b>	<b>\$1,991,938</b>
(Less) Annual Debt Service		(1,108,122)	(1,108,122)	(1,108,122)	(1,108,122)	(1,108,122)	(1,108,122)	(1,108,122)	(1,108,122)	(1,108,122)	(1,108,122)
(Less) AGP Asset Management Fee <sup>2</sup>	103.0% /Year	(9,031)	(9,301)	(9,581)	(9,868)	(10,164)	(10,469)	(10,783)	(11,106)	(11,440)	(11,783)
(Less) MGP Asset Management Fee <sup>2</sup>	103.0% /Year	(18,061)	(18,603)	(19,161)	(19,736)	(20,328)	(20,938)	(21,566)	(22,213)	(22,879)	(23,566)
<b>IV. Cash Flow Available for Distribution</b>		<b>\$658,944</b>	<b>\$681,176</b>	<b>\$703,196</b>	<b>\$724,972</b>	<b>\$746,470</b>	<b>\$767,654</b>	<b>\$788,486</b>	<b>\$808,927</b>	<b>\$828,936</b>	<b>\$848,467</b>
<b>V. Deferred Developer Fee Payment <sup>3</sup></b>	\$6,222,000	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Accrued Payment		6,222,000	6,222,000	6,222,000	6,222,000	6,222,000	6,222,000	6,222,000	6,222,000	6,222,000	6,222,000
<b>VI. Residual Receipts</b>		<b>\$658,944</b>	<b>\$681,176</b>	<b>\$703,196</b>	<b>\$724,972</b>	<b>\$746,470</b>	<b>\$767,654</b>	<b>\$788,486</b>	<b>\$808,927</b>	<b>\$828,936</b>	<b>\$848,467</b>
<b>VII. Authority Loan</b>											
Beginning Balance		\$6,570,448	\$6,384,646	\$6,187,728	\$5,979,800	\$5,760,984	\$5,531,419	\$5,291,262	\$5,040,688	\$4,779,895	\$4,508,824
Beginning Balance (Interest Calc)		4,789,000	4,789,000	4,789,000	4,789,000	4,789,000	4,789,000	4,789,000	4,789,000	4,779,895	4,508,824
Add: Interest	3.00%	143,670	143,670	143,670	143,670	143,670	143,670	143,670	143,670	143,397	135,265
(Less) Payments <sup>4</sup>	50.00%	(329,472)	(340,588)	(351,598)	(362,486)	(373,235)	(383,827)	(394,243)	(404,464)	(414,468)	(424,233)
Ending Balance		6,384,646	6,187,728	5,979,800	5,760,984	5,531,419	5,291,262	5,040,688	4,779,895	4,508,824	4,219,855

<sup>1</sup> Based on Table 2B and typical escalations for affordable housing

<sup>2</sup> LP fee is provided for in development costs as a capitalized fee.

<sup>3</sup> While deferred fee is not projected to be paid off within 15 years per IRS requirements; this issue can be managed by contributing a portion of the deferred fee if it is still an issue once the funding sources are secured.

<sup>4</sup> The County will receive 0.00% of the residual receives based on the size of the County loan.

APPENDIX B - TABLE 4

CASH FLOW ANALYSIS <sup>1</sup>

PALM VILLAS AT MILLENNIUM - PHASE II  
PALM DESERT, CALIFORNIA

		<u>Year 31</u>	<u>Year 32</u>	<u>Year 33</u>	<u>Year 34</u>	<u>Year 35</u>	<u>Year 36</u>	<u>Year 37</u>	<u>Year 38</u>	<u>Year 39</u>	<u>Year 40</u>
<b>I. Project Income</b>											
Projected Gross Income - Base Rents	102.5% /Year	\$2,795,460	\$2,865,347	\$2,936,981	\$3,010,405	\$3,085,665	\$3,162,807	\$3,241,877	\$3,322,924	\$3,405,997	\$3,491,147
Projected Gross Income - PBV Subsidy	102.5% /Year	2,550,307	2,614,064	2,679,416	2,746,401	2,815,061	2,885,438	2,957,574	3,031,513	3,107,301	3,184,983
Miscellaneous Income	102.5% /Year	37,442	38,378	39,337	40,320	41,329	42,362	43,421	44,506	45,619	46,759
<b>Projected Gross Income</b>		<b>\$5,383,209</b>	<b>\$5,517,789</b>	<b>\$5,655,734</b>	<b>\$5,797,127</b>	<b>\$5,942,055</b>	<b>\$6,090,606</b>	<b>\$6,242,872</b>	<b>\$6,398,943</b>	<b>\$6,558,917</b>	<b>\$6,722,890</b>
(Less) Vacancy & Collection Allowance	5% of PGI	(269,161)	(275,890)	(282,787)	(289,857)	(297,103)	(304,531)	(312,144)	(319,948)	(327,946)	(336,145)
<b>Effective Gross Income</b>		<b>\$5,114,048</b>	<b>\$5,241,899</b>	<b>\$5,372,946</b>	<b>\$5,507,270</b>	<b>\$5,644,952</b>	<b>\$5,786,076</b>	<b>\$5,930,728</b>	<b>\$6,078,996</b>	<b>\$6,230,971</b>	<b>\$6,386,745</b>
<b>II. Operating Expenses</b>											
General Operating Expenses	103.5% /Year	2,723,842	2,819,176	2,917,847	3,019,972	3,125,671	3,235,070	3,348,297	3,465,487	3,586,779	3,712,317
Property Taxes & Assessments	102.0% /Year	12,680	12,933	13,192	13,456	13,725	13,999	14,279	14,565	14,856	15,153
Social Services	103.5% /Year	221,658	229,416	237,446	245,756	254,358	263,260	272,474	282,011	291,881	302,097
County Monitoring Fee	103.5% /Year	0	0	0	0	0	0	0	0	0	0
City Monitoring Fee	103.0% /Year	11,942	12,300	12,669	13,049	13,441	13,844	14,260	14,687	15,128	15,582
Bond Issuer Fee	103.5% /Year	14,034	14,525	15,034	15,560	16,104	16,668	17,251	17,855	18,480	19,127
Replacement Reserves	103.5% /Year	117,885	122,011	126,282	130,702	135,276	140,011	144,911	149,983	155,232	160,666
<b>Total Operating Expenses</b>		<b>\$3,102,041</b>	<b>\$3,210,362</b>	<b>\$3,322,470</b>	<b>\$3,438,495</b>	<b>\$3,558,575</b>	<b>\$3,682,852</b>	<b>\$3,811,473</b>	<b>\$3,944,589</b>	<b>\$4,082,357</b>	<b>\$4,224,941</b>
<b>III. Net Operating Income</b>		<b>\$2,012,007</b>	<b>\$2,031,537</b>	<b>\$2,050,477</b>	<b>\$2,068,775</b>	<b>\$2,086,377</b>	<b>\$2,103,224</b>	<b>\$2,119,255</b>	<b>\$2,134,407</b>	<b>\$2,148,613</b>	<b>\$2,161,803</b>
(Less) Annual Debt Service		(1,108,122)	(1,108,122)	(1,108,122)	(1,108,122)	(1,108,122)	(1,108,122)	(1,108,122)	(1,108,122)	(1,108,122)	(1,108,122)
(Less) AGP Asset Management Fee <sup>2</sup>	103.0% /Year	(12,136)	(12,500)	(12,875)	(13,262)	(13,660)	(14,069)	(14,491)	(14,926)	(15,374)	(15,835)
(Less) MGP Asset Management Fee <sup>2</sup>	103.0% /Year	(24,273)	(25,001)	(25,751)	(26,523)	(27,319)	(28,139)	(28,983)	(29,852)	(30,748)	(31,670)
<b>IV. Cash Flow Available for Distribution</b>		<b>\$867,476</b>	<b>\$885,913</b>	<b>\$903,728</b>	<b>\$920,868</b>	<b>\$937,276</b>	<b>\$952,893</b>	<b>\$967,658</b>	<b>\$981,506</b>	<b>\$994,369</b>	<b>\$1,006,176</b>
<b>V. Deferred Developer Fee Payment <sup>3</sup></b>	\$6,222,000	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Accrued Payment		6,222,000	6,222,000	6,222,000	6,222,000	6,222,000	6,222,000	6,222,000	6,222,000	6,222,000	6,222,000
<b>VI. Residual Receipts</b>		<b>\$867,476</b>	<b>\$885,913</b>	<b>\$903,728</b>	<b>\$920,868</b>	<b>\$937,276</b>	<b>\$952,893</b>	<b>\$967,658</b>	<b>\$981,506</b>	<b>\$994,369</b>	<b>\$1,006,176</b>
<b>VII. Authority Loan</b>											
Beginning Balance		\$4,219,855	\$3,912,713	\$3,587,138	\$3,242,888	\$2,879,740	\$2,497,495	\$2,095,973	\$1,675,023	\$1,234,521	\$774,372
Beginning Balance (Interest Calc)		4,219,855	3,912,713	3,587,138	3,242,888	2,879,740	2,497,495	2,095,973	1,675,023	1,234,521	774,372
Add: Interest	3.00%	126,596	117,381	107,614	97,287	86,392	74,925	62,879	50,251	37,036	23,231
(Less) Payments <sup>4</sup>	50.00%	(433,738)	(442,957)	(451,864)	(460,434)	(468,638)	(476,447)	(483,829)	(490,753)	(497,185)	(503,088)
Ending Balance		3,912,713	3,587,138	3,242,888	2,879,740	2,497,495	2,095,973	1,675,023	1,234,521	774,372	294,515

<sup>1</sup> Based on Table 2B and typical escalations for affordable housing

<sup>2</sup> LP fee is provided for in development costs as a capitalized fee.

<sup>3</sup> While deferred fee is not projected to be paid off within 15 years per IRS requirements; this issue can be managed by contributing a portion of the deferred fee if it is still an issue once the funding sources are secured.

<sup>4</sup> The County will receive 0.00% of the residual receives based on the size of the County loan.

APPENDIX B - TABLE 4

CASH FLOW ANALYSIS <sup>1</sup>

PALM VILLAS AT MILLENNIUM - PHASE II  
PALM DESERT, CALIFORNIA

		<u>Year 41</u>	<u>Year 42</u>	<u>Year 43</u>	<u>Year 44</u>	<u>Year 45</u>	<u>Year 46</u>	<u>Year 47</u>	<u>Year 48</u>	<u>Year 49</u>	<u>Year 50</u>
<b>I. Project Income</b>											
Projected Gross Income - Base Rents	102.5% /Year	\$3,578,426	\$3,667,886	\$3,759,584	\$3,853,573	\$3,949,912	\$4,048,660	\$4,149,877	\$4,253,624	\$4,359,964	\$4,468,963
Projected Gross Income - PBV Subsidy	102.5% /Year	3,264,608	3,346,223	3,429,879	3,515,626	3,603,516	3,693,604	3,785,944	3,880,593	3,977,608	4,077,048
Miscellaneous Income	102.5% /Year	47,928	49,127	50,355	51,614	52,904	54,227	55,582	56,972	58,396	59,856
<b>Projected Gross Income</b>		<b>\$6,890,962</b>	<b>\$7,063,236</b>	<b>\$7,239,817</b>	<b>\$7,420,813</b>	<b>\$7,606,333</b>	<b>\$7,796,491</b>	<b>\$7,991,403</b>	<b>\$8,191,189</b>	<b>\$8,395,968</b>	<b>\$8,605,867</b>
(Less) Vacancy & Collection Allowance	5% of PGI	(344,549)	(353,162)	(361,991)	(371,041)	(380,317)	(389,825)	(399,571)	(409,560)	(419,799)	(430,294)
<b>Effective Gross Income</b>		<b>\$6,546,413</b>	<b>\$6,710,074</b>	<b>\$6,877,826</b>	<b>\$7,049,771</b>	<b>\$7,226,016</b>	<b>\$7,406,666</b>	<b>\$7,591,833</b>	<b>\$7,781,628</b>	<b>\$7,976,169</b>	<b>\$8,175,573</b>
<b>II. Operating Expenses</b>											
General Operating Expenses	103.5% /Year	3,842,248	3,976,726	4,115,912	4,259,969	4,409,068	4,563,385	4,723,104	4,888,412	5,059,507	5,236,589
Property Taxes & Assessments	102.0% /Year	15,456	15,765	16,081	16,402	16,730	17,065	17,406	17,754	18,109	18,472
Social Services	103.5% /Year	312,671	323,614	334,941	346,664	358,797	371,355	384,352	397,804	411,728	426,138
County Monitoring Fee	103.5% /Year	0	0	0	0	0	0	0	0	0	0
City Monitoring Fee	103.0% /Year	16,049	16,531	17,027	17,537	18,064	18,605	19,164	19,739	20,331	20,941
Bond Issuer Fee	103.5% /Year	19,796	20,489	21,206	21,949	22,717	23,512	24,335	25,186	26,068	26,980
Replacement Reserves	103.5% /Year	166,289	172,109	178,133	184,367	190,820	197,499	204,412	211,566	218,971	226,635
<b>Total Operating Expenses</b>		<b>\$4,372,509</b>	<b>\$4,525,235</b>	<b>\$4,683,299</b>	<b>\$4,846,888</b>	<b>\$5,016,195</b>	<b>\$5,191,421</b>	<b>\$5,372,772</b>	<b>\$5,560,462</b>	<b>\$5,754,713</b>	<b>\$5,955,755</b>
<b>III. Net Operating Income</b>		<b>\$2,173,904</b>	<b>\$2,184,839</b>	<b>\$2,194,527</b>	<b>\$2,202,883</b>	<b>\$2,209,820</b>	<b>\$2,215,245</b>	<b>\$2,219,061</b>	<b>\$2,221,167</b>	<b>\$2,221,456</b>	<b>\$2,219,819</b>
(Less) Annual Debt Service											
(Less) AGP Asset Management Fee <sup>2</sup>	103.0% /Year	(16,310)	(16,799)	(17,303)	(17,823)	(18,357)	(18,908)	(19,475)	(20,059)	(20,661)	(21,281)
(Less) MGP Asset Management Fee <sup>2</sup>	103.0% /Year	(32,620)	(33,599)	(34,607)	(35,645)	(36,715)	(37,816)	(38,950)	(40,119)	(41,323)	(42,562)
<b>IV. Cash Flow Available for Distribution</b>		<b>\$2,124,974</b>	<b>\$2,134,440</b>	<b>\$2,142,616</b>	<b>\$2,149,415</b>	<b>\$2,154,748</b>	<b>\$2,158,521</b>	<b>\$2,160,635</b>	<b>\$2,160,988</b>	<b>\$2,159,472</b>	<b>\$2,155,975</b>
<b>V. Deferred Developer Fee Payment <sup>3</sup></b>	\$6,222,000	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Accrued Payment		6,222,000	6,222,000	6,222,000	6,222,000	6,222,000	6,222,000	6,222,000	6,222,000	6,222,000	6,222,000
<b>VI. Residual Receipts</b>		<b>\$2,124,974</b>	<b>\$2,134,440</b>	<b>\$2,142,616</b>	<b>\$2,149,415</b>	<b>\$2,154,748</b>	<b>\$2,158,521</b>	<b>\$2,160,635</b>	<b>\$2,160,988</b>	<b>\$2,159,472</b>	<b>\$2,155,975</b>
<b>VII. Authority Loan</b>											
Beginning Balance		\$294,515	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Beginning Balance (Interest Calc)		294,515	0	0	0	0	0	0	0	0	0
Add: Interest	3.00%	8,835	0	0	0	0	0	0	0	0	0
(Less) Payments <sup>4</sup>	50.00%	(303,350)	0	0	0	0	0	0	0	0	0
Ending Balance		0	0	0	0	0	0	0	0	0	0

<sup>1</sup> Based on Table 2B and typical escalations for affordable housing

<sup>2</sup> LP fee is provided for in development costs as a capitalized fee.

<sup>3</sup> While deferred fee is not projected to be paid off within 15 years per IRS requirements; this issue can be managed by contributing a portion of the deferred fee if it is still an issue once the funding sources are secured.

<sup>4</sup> The County will receive 0.00% of the residual receives based on the size of the County loan.

APPENDIX B - TABLE 4

CASH FLOW ANALYSIS <sup>1</sup>

PALM VILLAS AT MILLENNIUM - PHASE II

PALM DESERT, CALIFORNIA

			<u>Year 51</u>	<u>Year 52</u>	<u>Year 53</u>	<u>Year 54</u>	<u>Year 55</u>
<b>I. Project Income</b>							
Projected Gross Income - Base Rents	102.5% /Year		\$4,580,687	\$4,695,205	\$4,812,585	\$4,932,899	\$5,056,222
Projected Gross Income - PBV Subsidy	102.5% /Year		4,178,974	4,283,449	4,390,535	4,500,298	4,612,806
Miscellaneous Income	102.5% /Year		61,352	62,886	64,458	66,070	67,722
<b>Projected Gross Income</b>			<b>\$8,821,014</b>	<b>\$9,041,539</b>	<b>\$9,267,578</b>	<b>\$9,499,267</b>	<b>\$9,736,749</b>
(Less) Vacancy & Collection Allowance	5% of PGI		(441,051)	(452,078)	(463,380)	(474,964)	(486,838)
<b>Effective Gross Income</b>			<b>\$8,379,963</b>	<b>\$8,589,462</b>	<b>\$8,804,198</b>	<b>\$9,024,303</b>	<b>\$9,249,911</b>
<b>II. Operating Expenses</b>							
General Operating Expenses	103.5% /Year		5,419,870	5,609,565	5,805,900	6,009,107	6,219,425
Property Taxes & Assessments	102.0% /Year		18,841	19,218	19,602	19,994	20,394
Social Services	103.5% /Year		441,053	456,490	472,467	489,003	506,118
County Monitoring Fee	103.5% /Year		0	0	0	0	0
City Monitoring Fee	103.0% /Year		21,569	22,216	22,882	23,569	24,276
Bond Issuer Fee	103.5% /Year		27,925	28,902	29,914	30,961	32,044
Replacement Reserves	103.5% /Year		234,567	242,777	251,274	260,069	269,171
<b>Total Operating Expenses</b>			<b>\$6,163,824</b>	<b>\$6,379,168</b>	<b>\$6,602,039</b>	<b>\$6,832,702</b>	<b>\$7,071,429</b>
<b>III. Net Operating Income</b>			<b>\$2,216,138</b>	<b>\$2,210,294</b>	<b>\$2,202,159</b>	<b>\$2,191,601</b>	<b>\$2,178,482</b>
(Less) Annual Debt Service							
(Less) AGP Asset Management Fee <sup>2</sup>	103.0% /Year		(21,920)	(22,577)	(23,254)	(23,952)	(24,671)
(Less) MGP Asset Management Fee <sup>2</sup>	103.0% /Year		(43,839)	(45,154)	(46,509)	(47,904)	(49,341)
<b>IV. Cash Flow Available for Distribution</b>			<b>\$2,150,380</b>	<b>\$2,142,563</b>	<b>\$2,132,396</b>	<b>\$2,119,745</b>	<b>\$2,104,470</b>
<b>V. Deferred Developer Fee Payment <sup>3</sup></b>	\$6,222,000		<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Accrued Payment			6,222,000	6,222,000	6,222,000	6,222,000	6,222,000
<b>VI. Residual Receipts</b>			<b>\$2,150,380</b>	<b>\$2,142,563</b>	<b>\$2,132,396</b>	<b>\$2,119,745</b>	<b>\$2,104,470</b>
<b>VII. Authority Loan</b>							
Beginning Balance			\$0	\$0	\$0	\$0	\$0
Beginning Balance (Interest Calc)			0	0	0	0	0
Add: Interest	3.00%		0	0	0	0	0
(Less) Payments <sup>4</sup>	50.00%		0	0	0	0	0
Ending Balance			0	0	0	0	0

<sup>1</sup> Based on Table 2B and typical escalations for affordable housing

<sup>2</sup> LP fee is provided for in development costs as a capitalized fee.

<sup>3</sup> While deferred fee is not projected to be paid off within 15 years per IRS requirements; this issue can be managed by contributing a portion of the deferred fee if it is still an issue once the funding sources are secured.

<sup>4</sup> The County will receive 0.00% of the residual receives based on the size of the County loan.