

AGREEMENT FOR PROPERTY MANAGEMENT SERVICES

THIS AGREEMENT FOR PROPERTY MANAGEMENT SERVICES (this "Agreement") is made and entered into as of February 27, 2025, by and between the PALM DESERT HOUSING AUTHORITY, a public body, corporate and politic having a principal place of business at 73-510 Fred Waring Drive, Palm Desert, California, (the "Authority") and National Community Renaissance of California, a California Nonprofit Public Benefit Corporation, having a principal place of business at 9692 Haven Avenue, Suite 100, Rancho Cucamonga, California 91730 (the "Manager"). The Authority and the Manager may be referred to herein individually as a "Party" and collectively as the "Parties."

RECITALS

A. The Authority is a public body, corporate and politic, designated to be the operator of those certain real properties described on Exhibit A attached hereto and incorporated herein by this reference (the "Properties").

B. The Manager is engaged in the business of managing, maintaining, repairing, operating and leasing apartment buildings, and has represented to the Authority that the Manager is experienced and competent in said business.

C. The Authority and the Manager desire to enter into this Agreement.

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

1. Effective Date. The effective date of this Agreement (the "Effective Date") shall be June 1, 2025.

2. Appointment. The Authority hereby appoints the Manager and the Manager accepts appointment as the manager of the Properties on the terms and conditions set forth in this Agreement. The Parties acknowledge and agree that this Agreement is only a Management Agreement between the Parties, that the Parties are not joint venturers or partners, and that the Manager shall not be deemed to be an employee of the Authority. The Manager shall at all times be an independent contractor. The Manager agrees and covenants that it is not entitled to and will not take any tax position that is inconsistent with being a service provider to the Authority with respect to the Properties. By way of example only, the Manager hereby agrees and covenants that it will not claim any depreciation or amortization deduction, investment tax credit, or deduction for any payment of rent with respect to the Properties or any portion thereof.

3. Professional Management Standards and the Administrative Plan.

(a) The Manager agrees to exert its best efforts, to furnish the services of its organization, and to exercise the highest degree of professional competence in managing the Properties and to provide the Authority with the economic return consistent with proper management under the guidelines provided by Authority for affordable housing.

(b) The Manager shall manage, maintain, repair, operate and lease the Properties consistent with other multi-unit apartment complexes or similar type properties in the surrounding vicinity with comparable facilities and amenities.

(c) Notwithstanding the authority granted to the Manager by this Agreement, the Manager agrees to abide by those standards and instructions that Authority may issue from time to time in connection with the Administrative Plan (the "Administrative Plan"). In the event of any inconsistency between this Agreement and the Administrative Plan, this Agreement shall control. The Administrative Plan adopted by Resolution No. HA-100, a copy of which shall be on file with the City Clerk, and any amendments thereto, include the statements of policies of the Authority for the purpose of property operations.

(d) The Manager hereby covenants and agrees to use the Manager's best efforts to actively manage, maintain, repair, operate and lease the Properties at their maximum potential, considering the Authority's guidelines for affordable housing and the Administrative Plan. Manager will provide copies of any procedural manuals created for the purpose of implementing said Administrative Plan.

(e) The Manager shall be responsive to all tenant requests and concerns in a timely manner and shall make its best efforts to satisfy tenant requests and concerns at on-site offices. The Manager shall make its best efforts to notify Authority of tenant requests and concerns which are likely to be expressed by a tenant directly to the Authority. The Manager shall establish policies in order to address tenant requests and concerns and resolution in the event of a dispute in accordance with the Administrative Plan.

(f) Each of the Properties having sixteen (16) or more units shall have a member of the Manager's management staff that shall live on-site, and serve as the caretaker for the Property at which they live ("On-site Caretaker"). The On-site Caretakers are expected to handle "routine after hours work" without having to incur overtime costs. The Authority shall not be responsible for furnishings, equipment, postage, utilities, telephone, or such other ancillary costs of the on-site staff. The specific apartment shall be approved by the Authority prior to occupancy by staff. All other Properties having less than sixteen (16) units shall have a caretaker that lives on-site. All Properties will have an emergency contact available seven days a week, 24 hours a day. "Routine after hours work" shall include, without limitation, the following: (i) checks on security alarms or disturbances in common areas; (ii) assisting residents who are locked out of their units;

(iii) minor repairs of appliances, lighting or plumbing in units; (iv) maintenance of lighting in common areas; and (iv) locking and securing laundry rooms and other shared facilities.

4. Periodic Requirements

The Manager shall perform the following:

(a) Not less than once each week:

(i) A member of the Manager's management staff will walk each property in its entirety to identify any items of concern that may or may not be visible from frequently traveled thoroughfare and prepare a detailed report of findings to be provided to Authority weekly.

(ii) Inspect all mechanical and physical systems located on the Properties and provide a report to Authority of said inspections monthly, or immediately if finding is of an emergency nature.

(b) Not less than once during every calendar month:

(i) Analyze the occupancy level of the Properties.

(ii) Analyze the financial condition of the Properties including, without limitation, cash flow, income, expenses, average turnover and turnover cost, and per unit average cost.

(iii) Provide Authority with a report regarding the status of maintenance and repair projects including those in process, upcoming, completed, and those that have not been completed or which are recommended and have not yet been implemented, and which are to be carried over to the next fiscal year.

(c) Not less than once annually on or before February 1st:

(i) Prepare and deliver to Authority a comprehensive financial budget plan (Plan), described in Section 18, including reserve accounts where applicable, for the Properties for the upcoming fiscal year operations July 1 to June 30.

(ii) Examine the general condition of the Properties, prepare a list of needed repairs and maintenance, and deliver that list to Authority along with the estimated costs for review. Once reviewed by Authority, incorporate estimations into the Plan. Said list will include all items identified by the Manager and be prioritized by the Manager in order of necessity. (i.e. Critical, Health and Safety, Necessary, Preventative, etc.)

(d) The Manager will notify Authority of work, supplies, services, maintenance, or repairs (emergency or otherwise) that were not included in the current operating budget but that may be necessary prior to the next operating budget year:

(i) On or before December 1st of each year, the Manager will provide Authority a report of necessary budget adjustments to be made for work that was pre-approved by the Authority and estimates of anticipated work that is necessary and any justification.

(ii) In the event there are items that have not been included in the Plan or in Section 4(d)(i), above, then as necessary, the Manager will provide a report of those items by priority to the Authority. Authority staff will determine whether said requests should be forwarded as a special item to the Palm Desert Housing Authority Board (the "Authority Board").

(e) On the basis of the information gathered pursuant to Sections (a)-(d) of this Section 4, the Manager shall recommend in writing amendments and updates to the Administrative Plan at least once annually on or before February 1st. The proposed amended Administrative Plan, together with any recommendations of the Manager for achieving maximum economic return of the Properties in light of the affordable housing requirements of the Properties, shall be submitted to the Authority. The Manager will continually review the Administrative Plan for the purpose of keeping the Authority advised of necessary or desirable changes.

(f) Crime-Free Multi Housing Program. Throughout the term of this Agreement, the Manager covenants and agrees to participate in and fully complete the City's Crime-Free Multi Housing Program for the Properties. Evidence of compliance with this requirement shall be forwarded annually to the Authority within said twelve (12) month period.

5. Determination of Performance Criteria. The Parties have developed various performance criteria categories which will be used to evaluate the performance of the Manager. Such performance criteria categories are described on Exhibit G attached hereto and incorporated herein by reference.

- (a) For each performance standard (as set forth in Request for Proposals, "Performance Standards") that is not met in a given month by the Manager, the Authority may retain a portion of the monthly base fee owed to the Manager for the applicable month (the "Fee Retention"), as set forth below:
 - i. The Fee Retention shall be equal to 3% of the monthly base fee for each of the following performance standards that the Manager fails to meet in a given month: (i) Tenant Accounts Receivable, (ii) Vacancy rate, (iii) Vacant Unit Turn-around, and (iv) Work Order completion time. For the avoidance of doubt, when calculating the Fee Retention, a separate 3% retention shall apply for each performance standard that the Manager has failed to meet in a given month. For example, if the Manager fails to meet three of the above listed performance standards in a given month, the Fee Retention for that month would be 9%.

- ii. The Authority shall be entitled to retain 3% of the monthly base fee for each performance standard that the Manager has failed to meet in a given month until the Manager's failure to meet such performance standard has been cured. A failure to meet a performance standard set forth in subsection (i) above shall be deemed cured when the cumulative average of performance of the applicable performance standard in the previous four month period is equal to the applicable performance standard. For example, if the Manager fails to achieve the then applicable vacancy rate standard in a given month, such failure to meet the vacancy rate standard shall not be deemed cured until the average of vacancy rate performance standards for a four month period is greater than or equal to the then-applicable vacancy rate standard. Once a Manager's failure to meet a given performance standard has been cured, the Manager shall be entitled to payment of any fee retained for that performance standard.

6. Term. The Parties agree that the term ("Term") of this Agreement shall be for 61 months, commencing June 1, 2025, and ending June 30, 2030, and may be extended in accordance with the provisions of Section 28 below. Following the initial term of the contract, the Authority may opt to extend the contract for two (2) additional terms of three (3) years each term and expiring June 30, 2036. Contract extensions may be exercised contingent upon satisfactory performance and at the sole discretion of the Housing Authority, and in accordance with the provisions of Section 28 below. Notwithstanding the foregoing, Manager shall have the right to enter the Properties during the Transition Period, pursuant to the terms of that certain Management Transition Addendum to Agreement for Property Management Services (the "Addendum"), attached hereto and incorporated herein by reference.

7. On-Site Management Office. The Authority shall provide adequate space on the Properties for a management office in accordance with Exhibit C attached hereto and incorporated herein by this reference. The Manager shall prepare and submit designs and budget for pre-approval to furnish and/or refurbish the management offices. The Authority shall pay all approved expenses related to such office, including, but not limited to, furnishings, equipment, postage, office supplies, electricity, telephone, answering service, and security monitoring services, if any. The Authority shall retain ownership of all of the foregoing purchases.

8. Information on the Properties. The Manager acknowledges that it has been furnished with any available building plans and specifications as well as environmental reports, if available, for each of the Properties. The Manager also acknowledges that it has received copies of any available manufacturer's preventive maintenance schedules, guarantees and warranties pertinent to the fixtures, mechanical equipment, and appliances used in the operation of the Properties. The Manager shall maintain files for each of the Properties with current plans and specifications, environmental reports, manufacturer's preventive maintenance schedules, guarantees and warranties pertinent to any new installations, repairs, fixtures, appliances as well as any equipment, used in the operation of the Properties.

9. Familiarity With Equipment. The Manager has become thoroughly familiar with the character, location, construction, layout, plan and operation of the Properties, and especially of the electrical, heating, plumbing, air conditioning and ventilation systems, and all other mechanical equipment, and the Manager shall maintain such familiarity.

10. Leasing. The Manager will act as the Authority's exclusive agent in leasing the dwelling units (each, a "Unit", and collectively, the "Units") in the Properties. The following provisions will apply:

(a) The Manager shall use all reasonable efforts to keep the Properties leased by procuring tenants for the Properties and negotiating and executing on behalf of the Authority all leases for the Units. The Manager is authorized to enter into and execute initial leases with tenants for a minimum term of six (6) months and a maximum term of 12 months without the further written approval of the Authority. The Authority shall provide the Manager with income and rent guidelines for each of the Properties annually or as frequently as Department of Housing and Community Development ("HCD") issues adjustments to the Riverside County Median Income levels. Such guidelines shall include a provision for utility allowances, if applicable, as set by the Riverside County Housing Authority which are in effect at the time the rents are established. Any lease for a shorter or longer period shall require the prior written consent of the Authority. The Manager shall also submit on or before the 10th of each month to the Authority copies of all notices terminating any tenant leases and all notices to vacate served on any tenant prior to the expiration of the lease term or after the expiration of the lease term if tenancy has converted to month-to-month, together with an explanation for the applicable notice. The Manager shall provide Authority with the equipment detail of each Unit annually for the purpose of determining the proper utility allowances by March 1st of each year.

(b) The Manager shall lease all the Units in accordance with the terms of this Agreement, in compliance with all applicable federal, state, and local laws, in accordance with the Administrative Plan and any further direction from the Authority.

(c) The Manager will be responsible for screening and selection of existing and prospective tenants in accordance with affordable housing guidelines and applicable federal, State and local laws. The Manager will follow the tenant selection policy described in the Administrative Plan and will show the Properties to all prospective tenants who qualify under the Authority's affordable guidelines based on the waiting list policy and Unit availability.

(d) The Manager will prepare and verify eligibility certifications and recertifications in accordance with the guidelines established by the Authority. Rents will be adjusted pursuant to the Rent Setting Policy of the Authority adopted by Resolution HA-62, a copy of which shall be on file with the City Clerk, and any amendments thereto.

(e) The Manager shall not decline to lease any Unit on the Properties to a prospective tenant, or otherwise discriminate, on the basis of race, color, national origin, ancestry, sex, gender, gender identity, gender expression, religion, physical or mental

disability, genetic information, marital status, familial status, sexual orientation, or any other classification then protected by law.

(f) Prior to executing any lease with a tenant, the Manager shall obtain the written consent of the prospective tenant to perform a complete background check, and shall perform same, including: (1) investigate the financial ability and history of the prospective tenant to pay rent, (2) perform necessary credit checks, (3) obtain references from employers and prior landlords, (4) verify the income of tenants as specified in the Administrative Plan, (5) verify all matters that are required to be checked by federal and/or state law, in accordance with the type of affordable funding involved, and (6) verify those matters that may and should be checked to ensure and promote the safety and welfare of all tenants of the Properties, the Manager's staff and the public. A non-exclusive list of the required and permissive verifications, consent language and sampling of reputable online resources are set forth in Exhibit K, as may be modified by changes in applicable law. The Manager shall comply at all times with applicable federal, state and local law in all aspects of the tenant screening and application process.

11. Security Deposits. The Manager will collect, deposit, and disburse security deposits in accordance with the terms of each tenant's lease. The amount of each security deposit will be as specified in the Administrative Plan or applicable law. The collection and disbursement of security deposits will also be governed by the then applicable state and local laws. All tenant security deposits will be placed in one or more trust accounts separate from all other accounts and funds of the Manager and/or the Authority. The security account or accounts will be established at a bank as specified by the Authority whose deposits are insured by an agency of the United States government. The security deposit account or accounts will be carried in the Authority's name and designated on record as "PDHA Security Deposit Account" and in addition, the Director of Finance of the City of Palm Desert (the "Director of Finance"), his/her designees, and up to four designated representatives of the Manager shall be included as signatories to the security deposit account or accounts. The balance of the security deposit account or accounts shall not be used to pay general operating expenses without the written consent of the Authority. Notwithstanding the foregoing, security deposits received must be documented and accounted for at all times and the Manager must comply with any applicable state and local laws concerning interest payments on security deposits. The number and structure of security deposit accounts is set forth in Exhibit D attached hereto and incorporated herein by this reference.

12. Collection of Rents and Other Receipts. The Manager will collect when due all rents, charges and other amounts receivable on the Authority's account in connection with the management, maintenance, repair, operation, and leasing of the Properties. Such receipts (except for tenants' security deposits, which will be handled as specified in Section 11 above) will be deposited in an account or accounts (the "General Operating Account"), separate from all other accounts and funds, of the Manager, at the bank as specified by the Authority whose deposits are insured by an agency of the United States Government. This account or accounts will be carried in the Authority's name and designated on record as "PDHA General Operating Account" and in addition, the Financial Operations Manager, the Director of Finance, his/her designees, and up to four designated representatives of the Manager shall be included as signatories to this

account, or accounts. The number and structure of operating accounts is set forth in Exhibit D attached hereto and incorporated herein by this reference.

13. Enforcement of Leases. The Manager will ensure full compliance by each tenant with the terms of that tenant's lease. Involuntary termination of tenancies shall comply with all applicable laws and regulations. The Manager is designated as the Authority's agent with the right to enter and take possession of the Units, in accordance with applicable law, and shall lawfully terminate any tenancy when, in the Manager's reasonable judgment, sufficient cause (including, but not limited to, nonpayment of rent) for such termination occurs under the terms of the tenant's lease. For this purpose, the Manager is authorized to consult with legal counsel qualified to bring unlawful detainer actions and to execute notices to vacate and judicial pleadings incident to such actions. The Manager shall keep the Authority informed of such actions and follow such direction as the Authority may provide for the conduct of any such action. Attorney's fees and costs incurred in connection with unlawful detainer actions will be paid out of the General Operating Account as an expense of the Properties. Notwithstanding the foregoing, the Manager is at all times ultimately responsible for the enforcement of leases. Payment by the Authority of legal fees and costs incurred in connection with unlawful detainer actions does not create an attorney-client relationship between the Authority and the Manager's unlawful detainer legal counsel.

14. Maintenance and Repair. The Manager will maintain the Properties in good, clean, safe and sanitary condition in accordance with the Administrative Plan and local codes and in a condition acceptable to the Authority at all times. This will include, but not be limited to, cleaning, painting, plumbing, grounds care, and such other maintenance and repair works as may be necessary, subject to any limitations imposed by the Authority in addition to those contained herein. The Manager will ensure all vendors maintain the required licensing, insurance, permits, and approvals for any work performed in accordance with this Agreement, as well as all local, state, and federal codes and regulations. The Manager will maintain an on-site property entry log for all vendors.

Incident thereto, the following provisions will apply:

(a) The Manager will complete preventative maintenance activities in the most cost effective and efficient manner as possible, while maintaining the quality of the Properties.

(b) The Manager will contract in compliance with Section 21 hereof with qualified independent contractors for the maintenance and repair of roofs, air-conditioning and heating systems, and for extraordinary repairs beyond the capability of regular maintenance employees.

(c) The Manager is aware of the requirements of California Labor Code Section 1720 et seq., 1770 et seq., and California Code of Regulations, Title 8, Section 16000 et seq. ("Prevailing Wage Laws") which require the payment of prevailing wage rates and the performance of other requirements on "public works" and "maintenance" projects. The projects performed under this contract may be subject to compliance monitoring and enforcement by the Department of Industrial Relations. If the services are

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being performed as part of an applicable “public works” or “maintenance” project, as defined by the Prevailing Wage Laws, and if the total compensation is \$1,000 or more, the Manager agrees to fully comply with such Prevailing Wage Laws, including but not limited to requirements related to public works contractor registration and maintenance and submittal of certified payroll records. The Authority shall provide the Manager with a copy of the prevailing rates of per diem wages in effect at the commencement of this Agreement. The Manager shall make copies of the prevailing rates of per diem wages for each craft, classification or type of worker needed to execute the services and shall post copies of the Manager’s principal place of business and at the project site. The Manager shall defend, indemnify, and hold the Authority, its elected official officers, employees, and agents free and harmless from any claim or liability arising of any failure or alleged failure to comply with the Prevailing Wage Laws.

(d) The Manager will systematically receive and investigate all service requests from tenants, take such action thereon as may be warranted and will keep records of the same. Service requests will be addressed within four working days; provided, however, emergency requests will be received and serviced on a 24-hour basis. The Manager shall promptly investigate and respond to serious complaints as appropriate, and shall comply with all applicable federal and state laws in connection with same, including but not limited to the requirements of the Fair Employment and Housing Act and other applicable fair housing laws, and shall promptly report such complaints and the Manager’s response thereto to the Authority. The Manager shall advise tenants to report to law enforcement all complaints involving actual or threatened criminal activity. The Manager shall provide the Authority with a monthly summary of all serious complaints received by the Manager. This summary shall include a brief description of each complaint and the Manager’s response thereto.

(e) The Manager is authorized to purchase while complying with the provisions of Section 21, on behalf of the Authority, all materials, equipment, tools, appliances, supplies and services necessary for proper maintenance and repair. The Authority shall retain ownership of all said materials, equipment, tools, appliances and supplies.

(f) Notwithstanding any of the foregoing provisions, the prior written approval of the Authority will be required for any maintenance or repair project in which the overall cost is expected to exceed \$15,000 for labor, materials, and/or otherwise in connection with the maintenance and repair of the Properties. This limitation does not apply to recurring expenses within the limits of the operating budget or to emergency repairs involving manifest danger to persons or property, or that are required to avoid suspension of any necessary service to the Properties. In the latter event, the Manager will inform the Authority in writing of the facts as promptly as possible. For purposes herein, “recurring expenses” shall include utilities, pest control, laundry services, pool services, courtesy patrol, regulatory permits, and vermin extermination.

(g) The Manager shall enter into all service contracts (such as pool maintenance/repair, laundry, vermin extermination and landscape maintenance) in accordance with Section 21 and maintain all required permits and approvals on equipment, pools, facilities, etc. for each of the Properties.

(h) The Manager shall not undertake any work of construction or any work which would modify or change the exterior of any building or grounds.

15. Utilities and Services. The Manager will make arrangements for water, electricity, gas, sewage and trash disposal, telephone and cable service for the Properties. The Manager will enter into such contracts as may be necessary to secure such utilities, acting as Manager for the Authority.

16. Employees.

(a) All personnel of the Manager involved with the management, maintenance, repair, operation or leasing of the Properties will be employees of the Manager and will be hired, paid, directed, supervised, and discharged by the Manager. The Manager will provide sufficient resources (staff and/or services) in order to fulfill its obligations to the Authority under the terms of this Agreement. All costs associated with hiring and discharging of such employees will be borne by the Manager. The Manager warrants that it has established employment policies in accordance with employment laws and said policies include a drug free workplace or similar substance abuse policy, a zero-tolerance violence in the workplace policy and all other policies mandated by state and Federal law. The Manager warrants that all of its employees meet all qualifications, licensing and code requirements, applicable to completing assigned tasks. The Manager warrants that training will be provided to employees as may be required by local, state or federal law and will be conducted by an individual or entities qualified to provide such training. It is understood that, subject to sub-Sections (b) and (c), below, all direct costs associated with employees working "on-site" and specifically identified on Exhibit F will be borne by the Authority to include their direct salary (but not bonuses or overtime that have not been preapproved by the Authority), Social Security taxes, employment taxes, medical insurance, Pension Plan, Worker's Compensation, uniforms, Housing allowance and other benefits (if applicable). Any costs associated with overtime will only be paid by the Authority when preapproved by the Authority. The Authority shall have the right to interview and approve the hiring of any prospective site managers or regional (non-site specific) staff included in Exhibit "F". Only the cost of those positions set forth on Exhibit F shall be paid by the Authority. Positions may be added, deleted or modified from Exhibit F based on property need with approval of the Manager and the Executive Director of the Authority. Notwithstanding the foregoing, all personnel of the Manager are exclusively the employees of the Manager, and not of the Authority.

(b) The Manager shall have full and exclusive responsibility and liability for payment of all federal, state and local payroll taxes and for contributions for unemployment insurance, Social Security (FICA) and other benefits imposed or assessed under any provision of law or by regulation, and which are measured by salaries, wages, or other remuneration paid or payable by the Manager to its employees engaged in any work in connection with this Agreement or indicated herein, for the payment of which the Authority will reimburse the Manager, subject to the written approval of the Finance Director. The Manager shall have full and exclusive responsibility and liability for the withholding and payment of any income taxes required to be withheld from the wages or salaries of said employees under any provision of law or regulation. The Manager agrees

to save and hold the Authority harmless from all claims for penalties, interest, or costs which may be assessed under any law or any rules or regulations thereunder with respect to its failure or inability to perform the aforesaid responsibilities.

(c) Upon ten days demand from the Authority, the Manager shall cause any employee of the Manager to be removed from the Properties, including any corporate employee not included on Exhibit F, at the Manager's sole cost and expense.

(d) The Manager shall be solely responsible for the methods and means of managing its personnel to achieve the desired results. Authority's authority over and involvement in the Manager's employment matters shall be limited consistent with the Manager's status as sole employer of its employees.

17. Disbursements from General Operating Account.

(a) From the funds collected and deposited by the Manager in the General Operating Account pursuant to Section 12 above, the Manager will make or request the following disbursements promptly when payable:

(i) The Manager shall request from the Director of Finance of the Authority reimbursement to the Manager for the actual compensation payable to employees specified in "Exhibit F", together with the actual cost of the medical insurance, dental insurance, life insurance, Workers Compensation insurance, and taxes and assessments payable to local, state and federal governments actually paid by Manager in connection with the employment of such employees, as determined by the Manager and approved by the Director of Finance of the Authority, or his/her designees. The Manager shall be required to provide the Director of Finance of the Authority, or his/her designee, with financial statements or other documentation, as may be reasonably requested by the Director of Finance of the Authority, or his/her designee, substantiating the requested reimbursement.

(ii) Notwithstanding the provisions of sub-Section (a)(i), above, the Manager shall make disbursements of all sums otherwise due and payable by the Authority as expenses of the Properties authorized to be incurred by the Manager under the terms of this Agreement, including compensation payable to the Manager, pursuant to Section 27 below, for its services hereunder.

(iii) All checks between \$2,500 and \$4,999 shall require at least two signatures. All checks over \$5,000 shall require at least two signatures, one of which must be the signature of an authorized representative of the Authority.

a. Check requests for second signature must be accompanied by adequate documentation to ensure that vendor limits are not exceeded.

(iv) All wire transfers will be initiated by the Director of Finance of the Authority or his/her designee.

(b) Except for the disbursements mentioned in Section 12 above, funds will be disbursed or transferred from the General Operating Account only as the Authority

may from time to time direct in writing. The Manager reimbursement checks in excess of \$500 shall require signatures of both the authorized signatory of the Manager and the Finance Director of the Authority or his/her designee.

(c) In the event the balance in the General Operating Account is at any time insufficient to pay disbursements due and payable under Section 17(a) above, the Manager will inform the Authority prior to disbursing funds of that fact and the Authority's Director of Finance will then remit to the Manager sufficient funds to cover the delinquency. In no event will the Manager be required to use its own funds to pay such disbursements that are directly related to the operation of the Properties.

(d) The Authority will pay for or reimburse to the Manager only those expenses that are expressly authorized by this Agreement to be borne by the Authority. Any expenses incurred by the Manager as a result of any legal judgment or administrative ruling against the Manager or its officers, employees or agents, or any monetary settlement in lieu of same to resolve any dispute, or the costs incurred by the Manager in connection therewith, including attorneys' fees for advice to or defense of the Manager, shall be the sole responsibility of the Manager. In the event any Authority monies have been disbursed for this purpose, the Manager shall immediately reimburse the Authority. The Authority may, in its sole discretion, elect to pay or reimburse the Manager for all or a portion of such expenses and/or costs if the Authority deems that to be in the best interests of the Authority or the community which it serves or to promote the public health, safety and/or welfare, and only upon written agreement between the Authority and the Manager, signed by each of the Parties.

18. Budgets. The Manager will prepare and submit annual operating budgets for the Properties in forms satisfactory to the Director of Finance, which budgets shall include but not be limited to the following: Current Year Final Budget Adopted; Current Year Expected Actual; Upcoming Year Budget Request; Detailed Descriptions for any marginal deviations from Current Year; Detailed Descriptions for any Capital Expenditures for each Property; including Reserve Accounts where applicable; and Exhibit F described above. Except as permitted under Section 14(e) above, annual disbursements for operating expenses will not exceed the amount authorized by the approved budget without the prior written consent of the Authority. The Manager shall prepare a recommended operating budget for each fiscal year during the term of this Agreement, and shall submit to the Authority by March 1st of each year for the following fiscal year (July 1 to June 30). Additionally, the Manager shall prepare and submit to the Authority a budget for each fiscal year thereafter covering the period from July 1 through the next following June 30. Each year of the term the Authority will promptly inform the Manager of any changes incorporated in the approved budget, and the Manager will keep the Authority informed of any material anticipated deviation from the receipts or disbursements stated in the approved budget. The Manager may, upon the written request and after receipt of written approval of the Authority, make disbursements exceeding the budgeted allowances within the budgeted categories for the Properties.

19. Records and Reports. In addition to any requirements specified in the Administrative Plan or other provisions of this Agreement, the Manager will have the following responsibilities with respect to accounts and reports:

(a) The Manager will establish and maintain, on a modified accrual basis, a comprehensive system of records, books and accounts in a manner satisfactory to the Authority. All records, books and accounts will be subject to examination at reasonable hours by any authorized representative of the Authority. The Manager shall maintain the books and records in good condition and order and shall preserve the books and records for such time-period as the Authority would be legally required to preserve and maintain the books and records.

(b) The Manager will be subject to a quarterly review and an annual audit conducted by a firm of the Authority's choice. The Manager agrees to make available all applicable records to the Authority's auditors for annual review. The report will be prepared in accordance with generally accepted auditing standards. The audit report submitted by the audit firm will also be subject to a single audit at the Authority's discretion. The preparer's services will be an expense of the Authority.

(c) The Manager will furnish information as may be requested by the Authority from time to time with respect to the financial, physical or operational condition of the Properties, including, without limitation: (i) calculation and billing rent and other tenant charges; (ii) maintaining accounts receivable and delinquency records; (iii) maintaining rent rolls; (iv) processing and paying operating and capital invoices; (v) recording activity and comparing such activity to budgeted amounts; (vi) reconciling all expenditures; (vii) remitting excess funds to the Authority and requesting needed funds from the Authority; (viii) processing payroll for personnel employed in the discharge of this Agreement and in compliance with taxing authorities and other reporting requirements associated with payroll; and (ix) reports detailed in Exhibit I.

(d) By the 15th day of each month, the Manager will furnish the Authority with an itemized list of all delinquent accounts, including general operating accounts, as of the tenth day of the same month.

(e) The Manager shall submit to the Authority's Finance Director those reports set forth in Exhibit H on the periodic basis set forth in Exhibit H. Reports designated as "monthly" on Exhibit H shall be submitted by the 15th day of each month; reports designated as "quarterly" shall be submitted by the 15th day of every third month, and reports designated as "annual" shall be submitted at the end of the fiscal year or the end of the calendar year as set forth on Exhibit H. In explanation but not limitation of the foregoing, the monthly reports to be submitted include: a statement of receipts and disbursements during the previous month; a schedule of accounts receivable and payable; reconciled bank statements for all accounts maintained by the Manager on behalf of the Authority reflecting disbursements and deposit amounts as of the end of the previous month; a copy of general ledger account transactions and monthly aggregate utility consumption by utility; and such other matters relative to the management, operation, and maintenance of the Properties including actual income and expense balances compared to budgeted or expected results as required by the Finance Director of Authority. Additional reports may be requested throughout the year as the Authority deems necessary.

(f) On the 15th day of each month, the Manager will submit to the Authority the reports listed on Exhibit I attached hereto and incorporated herein by reference, to assist the Authority in determining compliance with that certain Stipulation for Entry of Judgment in case number Indio 51124 as consolidated with case numbers Indio 51143 and 51159 which has been provided to the Manager.

(g) Confidentiality. All books, records, operating statements, leases, and other material or information relevant to the operation or financial nature of the Properties shall be maintained in the strictest confidence and shall not be available to any employee or salesperson of any affiliate of Manager, nor to any other party without the prior written consent of the Authority or under compulsion of law (e.g., subpoena).

20. Fidelity Bond. The Manager will place the Properties on a master fidelity bond, which provides blanket coverage equal to two months gross rent potential. The bond will provide coverage for all principals and agents of the Manager and all persons who participate directly or indirectly in the management of the Properties and their assets, accounts and records. The premiums for such a bond will be paid and borne by the Manager. Specifically, coverage for the Manager, including all applicable persons in the Manager's employ, will be paid by the Manager, and coverage for the Authority's personnel, if applicable, will be paid by the Authority. Said fidelity bond shall be issued by a company which is reasonably acceptable to the Authority, and the Manager shall deliver to the Authority a copy of said fidelity bond upon execution by the Authority of this Agreement.

21. Bids, Discounts, Rebates or Commissions. The Authority and the Manager agree to adhere to the City of Palm Desert's purchasing policy procedures set for the in Ordinance No. 1392 of the City of Palm Desert, and any amendments thereto, when obtaining contract materials, supplies and services for the Properties and to secure and credit to the Properties all discounts, rebates and commissions obtainable with respect to purchases, service contracts and all other transactions on behalf of the Properties. The Manager agrees that no goods and services shall be purchased from individuals, related companies and companies having a financial or pecuniary interest (a "conflict-of-interest") with the Manager. All vendor accounts shall be opened in the Authority's name, upon prior written approval of the Authority.

The Manager will develop detailed scopes of work, materials, supplies, equipment and contractual services for any work or repair the cost of which may exceed \$15,000 for a single Unit or project. The Manager shall comply with the procedures set forth in Ordinance No. 1392 of the City of Palm Desert, and any amendments thereto, in connection with the purchase of any materials, supplies, equipment and contractual services to be paid for by the Authority under this Agreement.

Copies of all required bids and documentation of all other written or verbal cost comparisons made by the Manager shall be made part of the records of the Properties and shall be retained for three years from the date the work was completed or as required by the City of Palm Desert's Retention Policy. This documentation shall be subject to inspection by the Authority, or its designee and the Manager agrees to submit such documentation upon request. Further, the Manager shall annually submit a report to the

Authority describing the outcome of all bidding procedures, which report shall include the names of all bidders and the amount of their bids and shall indicate to which bidder the contract was awarded.

The Manager agrees to make available to the Authority, when requested, all records of the Manager, which relate to the provision of goods or services to the Authority whenever funds from the Properties have been used to pay for such goods and/or services (other than management services).

22. Resident Services Program. The Manager will be responsible for carrying out any resident retention or social services program described in the Administrative Plan and any other program or service that may become available that are in the best interest of the residents or community to promote public health, public safety or tenant welfare (collectively, the "Resident Services Program"). The Resident Services Program will be carried out by the Resident Services Coordinator, as designated on Exhibit F.

23. Resident - Management Relations. The Manager will establish quarterly meetings with tenants at Properties containing 150 or more units to encourage and promote communication and tenants' initiatives.

24. Defense, Indemnity and Hold Harmless Agreement. Except for losses arising out of Manager's sole negligence, gross negligence, or willful misconduct, or covered by insurance required by section 25, the Manager and Authority agree that the Manager, and their respective officials, officers, employees, and agents including the Manager (collectively "Indemnitees") should, to the extent permitted by law, be fully protected against any loss, injury, damage, complaint, claim, lawsuit, cost, expense, attorneys fees, litigation costs, defense costs, court costs or any other cost arising out of or in any way related to the Manager's performance of this Agreement. Accordingly, the provisions of this defense, indemnity and hold harmless provision are intended by the Parties to be interpreted and construed to provide the fullest protection possible under the law to the Indemnitees. The Manager shall be named as an additional insured under the Authority's comprehensive liability policy or coverage programs (as applicable) covering the Properties. Except as provided elsewhere in this Agreement, all Authority coverage programs shall be primary and non-contributory with any insurance maintained by indemnities. All obligations under this provision shall be paid by the Authority as they are incurred by the Manager. The Authority shall defend the Manager, and bear the expense thereof, with lawyers approved by the Manager, such approval which shall not be unreasonably withheld.

25. Professional Services Insurance Requirements.

(a) The Manager shall not commence work under this Agreement until it has provided evidence satisfactory to the Authority that it has secured all insurance required under this Section. In addition, the Manager shall not allow any subcontractor to commence work on any subcontract until it has provided evidence satisfactory to the Authority that the subcontractor has secured all insurance required under this section.

(b) Automobile Liability Insurance. The Manager shall maintain automobile liability insurance at least as broad as Insurance Services Office form CA 00 01 covering bodily injury and property damage for all activities of the Manager arising out of or in connection with Work to be performed under this Agreement, including \$1,000,000 combined single limit for each accident including coverage for any owned, hired, non-owned or rented vehicles.

(c) Professional Liability (Errors & Omissions). The Manager shall maintain professional liability insurance that covers the Services to be performed in connection with this Agreement, in the minimum amount of \$2,000,000 per claim and policy shall not exclude discrimination, fair housing, and American with Disabilities act. Any policy inception date, continuity date, or retroactive date must be before the effective date of this Agreement and the Manager agrees to maintain continuous coverage through a period no less than three years after completion of the services required by this Agreement. If coverage is written on a claims-made basis, the retroactive date shall precede the effective date of the initial Agreement and continuous coverage will be maintained or an extended reporting period will be exercised for a period of at least three (3) years from termination or expiration of this Agreement.

(d) Workers' Compensation/Employers' Liability Insurance. The Manager shall procure and maintain Workers' Compensation insurance complying with California workers' compensation laws, including statutory limits for workers' compensation and an Employer's liability limit of \$1,000,000 per accident or disease. Unless otherwise agreed, this policy shall be endorsed to waive any right of subrogation as respects the Authority, the Successor Agency to the Palm Desert Redevelopment Agency, the City of Palm Desert, and their respective officials, officers, employees, volunteers, and agents.

(e) Fidelity Coverage. Consultant shall provide evidence of fidelity coverage on a blanket fidelity bond or other acceptable form. Limits shall be no less than \$1,000,000 per occurrence.

(f) Cyber Liability Insurance. Consultant shall procure and maintain Cyber Liability insurance with limits of \$1,000,000 per occurrence/loss, which shall include the following coverage:

i. Liability arising from the theft, dissemination and/or use of confidential or personally identifiable information; including credit monitoring and regulatory fines arising from such theft, dissemination, or use of the confidential information.

ii. Network security liability arising from the unauthorized use of, access to, or tampering with computer systems.

iii. Liability arising from the failure of technology products (software) required under the contract for consultant to properly perform the services intended.

iv. Electronic Media Liability arising from personal injury, plagiarism or misappropriation of ideas, domain name infringement or improper deep-linking or framing, and infringement or violation of intellectual property rights.

v. Liability arising from the failure to render professional services.

(g) **Employment Practices Liability.** The Manager shall maintain employment practices liability insurance in the minimum amount of \$1,000,000 per occurrence/\$2,000,000 general aggregate.

(h) The Manager will maintain Commercial General Liability Insurance coverage with respect to bodily injury, death and property damage (on an occurrence basis) in an amount of at least \$1,000,000 per occurrence, \$2,000,000 aggregate combined single limit for bodily injury and property damage, and \$2,000,000 products/completed operations. Such policy will not have exclusions for Abuse and Molestation and/or Assault and Battery. Notwithstanding the provisions of this subclause (h) requiring the Manager to maintain the aforesaid insurance coverage, nothing herein shall modify or alter the provisions of Section 24 requiring that the Authority's coverage program be primary and non-contributory nor modify or alter the Authority's indemnification obligations as set forth therein.

(i) The Manager will maintain Pollution Liability Insurance coverage with an amount not less than \$1,000,000 each occurrence/\$2,000,000 aggregate. This policy shall provide coverage for bodily injury and property damage with no exclusions for asbestos, lead, mold, pollution, testing, underground storage tanks, laboratory analysis and/or soil work.

(j) Evidence of Insurance. The Manager shall provide evidence of the insurance required herein, satisfactory to the Authority, consisting of certificate(s) of insurance evidencing all of the coverages required by this Agreement. In addition, the Manager agrees to provide complete copies of all policies of insurance to the Authority annually or upon request. The Certificate(s) shall reflect that the insurer will provide 30-days notice of any cancellation or modification of coverage to the Additional Insureds, per the terms of the policy. The Manager agrees to require its insurer to modify the certificates to delete any exculpatory wording stating that failure of the insurer to mail written notice of cancellation imposes no obligation, and to delete the word "endeavor" with regard to any notice provisions. All insurance coverage and limits provided pursuant to this Agreement shall apply to the full extent of the policies involved, available or applicable. Nothing contained in this Agreement or any other agreement relating to the Authority or its operations shall limit the application of such insurance coverage. The endorsements are to be signed by a person authorized by that insurer to bind coverage on its behalf and are to be provided on standard ISO forms noted above. All endorsements are to be received and approved by the Risk Manager prior to the commencement of work.

(k) No Limitation on other Insurance. Requirements of specific coverage features or limits contained in this Section 25 are not intended as a limitation on coverage, limits or other requirements, or a waiver of any coverage normally provided by any insurance. Specific reference to a given coverage feature is for purposes of clarification only and is not intended by any Party to be all inclusive, or to the exclusion of other coverage, or a waiver of any type.

(l) Subrogation. All general or auto liability insurance coverage provided pursuant to this Agreement, or any other agreements pertaining to the performance of this Agreement, shall not prohibit the Manager, its employees, or agents, from waiving

the right of subrogation prior to a loss. The Manager hereby waives all rights of subrogation against the Authority, the Successor Agency to the Palm Desert Redevelopment Agency, and the City of Palm Desert.

(m) Authority's Right to Purchase Replacement Insurance. In the event any policy of insurance required under this Agreement does not comply with these requirements or is canceled and not replaced, the Authority has the right but not the duty to obtain the insurance it deems necessary and any premium paid by the Authority will be promptly reimbursed by the Manager.

(n) Proof of Insurance. The Manager shall provide proof that policies of insurance required herein expiring during the term of this Agreement have been renewed or replaced with other policies providing at least the same coverage. Such proof will be furnished not more than 72 hours after the expiration of the coverage(s). Any actual or alleged failure on the part of the Authority or any other of the Additional Insureds under these requirements to request or obtain proof of insurance required under this Agreement in no way waives any right or remedy of the Authority or any other of the Additional Insureds, in this or any other regard.

(o) Subcontractor Proof of Insurance.

(i) Subcontractors Performing Recurring Work or Work in Excess of \$2,500. The Manager shall require all subcontractors or other parties which provide (i) recurring services to the Properties, or (ii) services in excess of \$2,500 in a six month Period (a "Major Subcontractor") to the Properties to provide the same minimum insurance coverage required of the Manager and Workers Compensation insurance to conform with the requirements of this section. The Manager agrees to monitor and review all such coverage and assumes all responsibility for ensuring that such coverage is provided in conformity with the requirements of this section. The Manager agrees that upon request, all agreements with Major Subcontractor, or others with whom the Manager contracts with on behalf of the Authority, will be submitted to the Authority for review. For purposes of this Section a contractor or party hired for the work shall be deemed to be performing "recurring work" in the event that contractor or party hired performs in excess of a single segregated or discrete project in any six-month period. The Manager agrees to obtain certificates evidencing such coverage and to make reasonable efforts to ensure that such coverage is provided as required herein. Failure of the Authority to request copies of such agreements will not impose any liability on or constitute waiver by the Authority of its rights hereunder. The Manager agrees to require that no contract used by any Major Subcontractor, or contracts the Manager enters into on behalf of the Authority, will reserve the right to charge back to the Authority the cost of insurance required by this Agreement.

(ii) Subcontractors Performing Nonrecurring Work or Work Less Than or Equal to \$2,500. The Manager shall require all subcontractors or other parties which provide (i) nonrecurring services to the Properties, and (ii) services in an amount not to exceed \$2,500 in a six-month Period (a "Nonrecurring Subcontractor") to provide Commercial General Liability insurance in the amounts set forth below and Workers Compensation insurance to conform with the requirements of this section. For purposes

of Section 25, a contractor or party hired for the work shall be deemed to be providing "nonrecurring work," so long as that contractor or party hired for the work does not perform more than a single segregated or discrete project in a six-month period. In the event a Nonrecurring Subcontractor performs more than a single discrete project in a six-month period or work exceeding \$2,500 in value, that Nonrecurring Subcontractor shall lose its status as a "Nonrecurring Subcontractor" and shall be automatically deemed a "Major Subcontractor". The liability limits for Nonrecurring Subcontractors shall provide no less than \$500,000 per occurrence for all coverages and \$500,000 in the general aggregate. The Manager agrees to verify such coverage and make reasonable efforts to ensure that such coverage is provided as required herein. The Manager agrees to require that no contract used by any Nonrecurring Subcontractor, or contracts the Manager enters into on behalf of the Authority, will reserve the right to charge back to the Authority the cost of insurance required by this Agreement. The Manager agrees that upon request, all agreements with Nonrecurring Subcontractors, or others with whom the Manager contracts on behalf of the Authority, will be submitted to the Authority for review. Failure of the Authority to request copies of such agreements will not impose any liability on the Authority nor constitute a waiver of the rights of the Authority hereunder.

26. Compliance With Governmental Orders. The Manager will take such action as may be necessary to comply promptly with any and all governmental orders or other requirements affecting the Properties, whether imposed by federal, state, county or municipal authority. Notwithstanding the foregoing, the Manager shall take no such action so long as the Authority is contesting, or has affirmed its intention to contest, any such order or requirement. The Manager will notify the Authority in writing of all notices of such orders or other requirements as soon as possible from the time of their receipt.

27. Manager's Compensation. The Manager will be compensated for its services under this Agreement by monthly management fees. Such fees will be payable on the first day of each month, in arrears, for the services provided in the prior month for the term of this Agreement. For the purpose of this Section, the term 'occupied units' shall include those Units which are currently leased, on notice to vacate, or temporarily vacant due to a move out. For the avoidance of doubt 'occupied units' shall not include units occupied by the Manager's management staff pursuant to Section 3(f). The Management Fee ("Fee") shall be calculated monthly according to the following schedule:

(a) In the case of occupied units, each such monthly fee shall be in the amount of \$63.00 per Unit per month commencing on June 1, 2025, and an increase of 3% commencing on July 1, 2027, and biannually every January 1st thereafter for the remainder of the Term of this Agreement including contract extensions, if any); except as follows:

(i) For Units where a Notice of Termination of Tenancy ("Notice") was provided by the tenant as required (30 calendar day notice) and a Unit remains vacant for 30 calendar days or more, the Manager will not be entitled to the monthly fee, except in those circumstances where the vacancy is the result of the Authority's leasing process for affordable Units.

(ii) For Units where no Notice was given, the tenant chose to 'quit' or the tenant skipped, and a Unit remains vacant for 45 calendar days or more, the Manager will not be entitled to the monthly fee.

(b) In the case of unoccupied Units (except those Units described in Section 27(c-e) below), each such monthly fee shall be as follows:

(i) \$63.00 per Unit per month for the first four months for Units that have been determined, in the Authority's sole and absolute discretion, to be 'unrentable' or 'down' due to physical condition or damage. Unless otherwise determined by the Authority, the Manager is expected to repair said Units within the four months. If the Manager fails to repair units within the given time, no fee will be paid until the unit is available for occupancy.

(ii) No Fee will be paid for Units that are unrentable or down due to action or inaction by the Manager.

(c) In the case of Units that are newly constructed or newly renovated which will be added to Exhibit A, the Fee shall be \$10 per Unit per month commencing at such time as the construction/renovation has reached 90% completion as determined by the contractor's billing until Certificate of Occupancy, in the case of new Units, or Certificate of Completion, in the case of renovated Units, is issued.

(d) In the case of Units which were 'down', as described in Section 27(b)(i) and direction has been given to the Manager by the Authority not to repair said Units, commencing with the fifth month, the Fee shall be reduced to \$20 per Unit per month until the Manager is no longer responsible for said Units.

(e) Except as otherwise expressly provided in this Agreement, all employees not identified in Exhibit F and other overhead expenses of the Manager (including but not limited to costs of office supplies and equipment, postage, transportation, travel expenses for managerial personnel and telephone services) will be borne by the Manager. All services for management, accounting, and reporting, with exception of the Authority's requested annual audit, shall be borne by the Manager.

In addition to the Management Fee, the site employees for the Properties shall be paid based on the Employee Salaries listed on Exhibit F attached hereto and incorporated herein by this reference.

28. Termination.

(a) Authority Termination for Convenience. Authority may terminate this Agreement for convenience (a "Termination for Convenience") by giving not less than 180 days written notice of termination. The notice of termination shall specify that the termination is for the convenience of the Authority. Upon a Termination for Convenience, the Authority shall continue to pay the Manager for all work performed up to the date of the Termination for Convenience. The Manager shall be compensated only for those services that have been satisfactorily rendered to the Authority until the date of the

Termination for Convenience, and the Manager shall be entitled to no further compensation. Authority shall not be liable for any post-termination costs, lost profits, or other alleged damages resulting from a Termination for Convenience.

(b) Termination For Cause: Either Party may terminate this Agreement with cause (a "Termination for Cause") by giving written notice to the other Party not less than 90 days prior to the date of Termination for Cause. Any such written notice for cause shall specify the default or cause for termination. If the default or cause for termination specified has not been cured within 21 days of receipt of the notice, this Agreement shall terminate on the date of termination set forth in the notice. Upon termination, the Manager shall be compensated only for those services that have been satisfactorily rendered to the Authority until the date of the Termination for Cause, and the Manager shall be entitled to no further compensation.

(c) Termination at End of Term/Extension: At least ninety (90) days prior to the automatic termination of this Agreement (the "Negotiation Period"), and unless either Party has given timely notice under this Section prior thereto, the Parties shall initiate negotiations for a new agreement for Property Management Services and use best efforts and engage in good faith negotiations to finalize such agreement and obtain final approval thereof prior to the automatic termination of this Agreement. In the event such good faith efforts are not completed before the expiration of the Term, or in the event either Party gives notice to the other during the Negotiation Period of its decision not to enter into a further term, this Agreement may be extended for not more than ninety (90) days after the giving of such notice or June 30, 2030, whichever is later, upon the written authorization of the Executive Director of the Authority. Good faith negotiations may include an extension of this Agreement up to an additional forty-eight (48) months provided that any such extension shall require the authorization of the Authority Board and shall be in writing, as an Amendment to this Agreement, signed by both Parties. Nothing herein shall prevent the Housing Authority Board from electing to issue a Request for Proposal for Property Management Services in lieu of negotiating with Manager.

(d) Bankruptcy. In the event that a petition in bankruptcy is filed by either of the Parties, or in the event that either Party makes an assignment for the benefit of creditors to take advantage of any insolvency act, this Agreement shall automatically terminate.

(e) Sale of Properties. This Agreement shall automatically terminate, upon the sale of the Properties, or as to any Property, on the sale of such Property, except that, this provision shall not apply in the event of a sale, transfer, or re-conveyance by and between the former Palm Desert Redevelopment Agency, the Authority, the Successor Agency to the Palm Desert Redevelopment Agency, the City of Palm Desert, and/or any related or successor agency or entity.

(f) Addition of Properties. In the event the Authority adds a property to its operations portfolio, the Manager and Authority's designee may agree in writing to amend Exhibit A for the inclusion of said property. Such amendment shall be subject to the terms and conditions herein from the effective date of the amendment.

(g) Exchange of Documents. Upon termination of this Agreement, the Manager will submit to the Authority any financial statements requested by the Authority and, after the Parties have accounted to each other with respect to all matters outstanding as of the date of termination, the Authority will furnish the Manager security in form and principal amount satisfactory to the Manager against any obligations or liabilities which the Manager may properly have incurred on behalf of the Authority hereunder. All of the cash trust accounts, investments, equipment and records for the Properties will be turned over to the Authority within 30 days of the date this Agreement is terminated. The Parties hereby covenant and agree that the Authority shall own the books and records for the Properties and that the Manager shall hold the books and records for the Properties for the benefit of the Authority for an agreed upon period at the time of termination.

29. Manager's Indemnification. Subject to the Manager's indemnification obligations hereunder as set forth in Section 24, the Parties understand and agree:

(a) That the Authority has assumed and will maintain its responsibility and obligation through the Term of this Agreement for the finances and the financial marketability of the Properties; and

(b) That the Manager shall have no obligation, responsibility or liability to fund authorized costs, expenses, or accounts other than those funds generated by the Properties themselves or provided to the Properties or to the Manager by the Authority. In accordance with the foregoing, the Authority agrees that the Manager shall have the right at all times to withdraw payment of its compensation, as provided for under Section 27 of this Agreement, from the General Operating account or accounts, immediately when such compensation is due and without regard to other property obligations or expenses conditioned on the Manager having satisfactorily discharged all duties and responsibilities under this Agreement. Moreover, the Authority hereby indemnifies the Manager and agrees to hold it harmless with respect to costs, expenses, accounts, liabilities and obligations of the Properties during the Term of this Agreement and further agrees to guarantee to the Manager the payment of its compensation under Section 27 of this Agreement during the Term of this Agreement to the extent that the Operating and Maintenance Account for the Properties are insufficiently funded for this purpose. Failure of the Authority at any time to abide by and to fulfill the foregoing shall be a breach of this Agreement entitling the Manager to obtain from the Authority, upon demand, full payment of all compensation owed to the Manager through the date of such breach.

30. Prohibition Against Assignment and Subcontracting Management Services. The Manager shall not assign this Agreement or subcontract any management or other services, without the express prior written consent of the Authority.

31. Notices. Except as otherwise provided by law, any and all notices or other communications required or permitted by this Agreement or by law to be served on or given to either Party to this Agreement by the other Party shall be given in writing. All such notices or other communications shall be deemed duly served and given when personally delivered to the Party to whom they are so directed, or in lieu of personal service when deposited in the United States mail, first-class postage prepaid, addressed to the respective Party as set forth below:

To the Authority:

Palm Desert Housing Authority
73-510 Fred Waring Drive
Palm Desert, CA 92260
Attention: Housing Manager

To the Manager:

National Community Renaissance of California
9692 Haven Avenue, Suite 100
Rancho Cucamonga, CA 91730
Attention: Michael Ruane, President

Either Party may change its address for the purpose of this Section 31 by giving written notice of the change to the other Party in the manner provided in this Section.

32. General Provisions.

(a) Binding on Successors and Assigns. At all times, this Agreement will inure to the benefit of and constitute a binding obligation upon the Parties and their respective successors and assigns.

(b) Entire Agreement and Allowable Changes. This Agreement (including the Addendum) constitutes the entire Agreement between the Authority and the Manager with respect to the management and operation of the Properties, and all prior agreements between the Authority and the Manager regarding the subject matter of this Agreement (including the Addendum) are hereby superseded and replaced. Changes hereto must be made by supplemental written agreement signed by the Parties. Exhibits hereto may be amended as necessary by the written agreement of the Parties.

(c) Attorneys' Fees. If any litigation is commenced between the Parties concerning the Properties, this Agreement, or the rights and duties of either Party with respect to this Agreement, the Party prevailing in the litigation shall be entitled, in addition to any other relief that may be granted in the litigation, to reasonable attorneys' fees and costs.

(d) Ambiguities. Each Party and their counsel have participated fully in the drafting of this Agreement. Any rule of construction to the effect that ambiguities are to be resolved against the drafting Party shall not apply in interpreting this Agreement.

(e) Severability of Agreement. If a court or an arbitrator of competent jurisdiction holds any provision of this Agreement to be illegal, unenforceable or invalid in whole or in part for any reason, the validity and enforceability of the remaining provisions, or portions of them will not be affected.

Contract No. HA48960

(f) Approval by Authority. Whenever a provision of this Agreement requires the delivery of documents or reports, notifications, determinations, reimbursements or requests for funding, review, authorization or approval of the Authority, such approval may be given by the Executive Director of the Authority or his/her designee, unless Authority Board action is specified in this Agreement.

(g) Word Usage. Unless the context clearly requires otherwise, (a) the plural and singular shall each be deemed to include the other; (b) the masculine, feminine, and neuter genders shall each be deemed to include the others; (c) "shall," "will," or "agrees" are mandatory, and "may" is permissive; (d) "or" is not exclusive; and (e) "includes" and "including" are not limiting.

[Signatures on following page]

Contract No. HA48960


IN WITNESS THEREOF, the Parties have executed this Agreement on the date first above written.

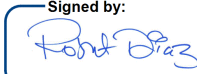
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PALM DESERT HOUSING AUTHORITY,
a public body, corporate and politic

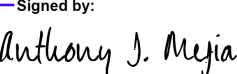
MANAGER:

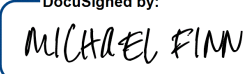
NATIONAL COMMUNITY
RENAISSANCE OF CALIFORNIA, a
California Nonprofit Public Benefit
Corporation

Signed by:

By: _____
DC37D0D20CC44D4
Jan C. Harnik
Chairperson

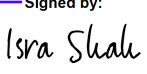
Signed by:

By: _____
22F5912EA5EE45E...
Robert Diaz
Executive Vice President


ATTEST:

Signed by:

By: _____
8063A189723D437...
Anthony J. Mejia
Secretary

DocuSigned by:

By: _____
CF80DEC2EC874CE...
Michael Finn
Treasurer

APPROVED AS TO FORM:


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By: _____
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Isra Shah
Best Best & Krieger
General Counsel


Initial

Clerk QC: _____

Initial

Contract QC: _____

Insurance:

Initial

Initial Review

Initial

Final Approval

**EXHIBIT A
(PROPERTIES)**

**PALM DESERT HOUSING AUTHORITY
AFFORDABLE HOUSING UNITS**

Multi-Family Apartment Properties						
Property	Address	Studio	1 Bedroom	2 Bedroom	Total Units	Amenities
1 California Villas	77-107 California Dr	0	140	1	141	Resident Service Building, Computer Room with Internet Access, Pool, Spa and Laundry Facility
2 Desert Pointe	43-805 Monterey Ave	34	24	6	64	Pool, Children's Play Area, Laundry Facilities, and Assigned Covered Parking
3 Laguna Palm	73-875 Santa Rosa Way	4	18	26	48	Pool, Laundry Facility, and Community Courtyard
4 Neighbors	73-535 Santa Rosa Way	0	0	24	24	Pool, Laundry Facility, and Covered Parking
5 One Quail Place	72-600 Fred Waring Drive	0	156	228	384	Gated Community, 4 Pools, 4 Spas, 4 Tennis Courts, Basketball Courts, Tennis Courts, Community Courtyard with Picnic Area, Children's Play Area, Resident Library, 4 Laundry Facilities, and Assigned Covered Parking
6 Palm Village	73-650 Santa Rosa Way	0	0	36	36	Laundry Facility and Covered Parking
7 Santa Rosa	73-625 Santa Rosa Way	0	0	20	20	Laundry Facility and Covered Parking
8 Taos Palms	44-830 Las Palmas Ave	0	0	16	16	Gated Community, Pool, and Laundry Facility
Senior Apartment Properties						
9 Candlewood	74-000 Shadow Mountain	0	26	4	30	Pool, Spa, Laundry Facility, Assigned Covered Parking, and Shared Community Room
10 Carlos Ortega Villas	77-915 Avenue of the States	0	72	1	73	Community Clubhouse, Computer Room with Internet Access, Pool with ADA Access, Laundry Facility, and Covered Parking
11 Catalina Gardens	73-600A Catalina Way	48	24	0	72	Pool, Laundry Facility, Assigned Covered Parking, and Community Room
12 La Rocca Villas	42-135 Golden Eagle Lane	0	27	0	27	Laundry Facility, Resident Service Building, Assigned Covered Parking, Resident Service Building, ADA Accessibility.
13 Las Serenas	73-315 Country Club Dr	0	150	0	150	Community Clubhouse, Computer Room with Internet Access, 3 Pools, 1 Spa, and Assigned Covered Parking.
14 Pueblos	73-695 Santa Rosa Way	0	15	0	15	Pool, Adjacent Community/Resident Services Building, Laundry Facility, and Assigned Covered Parking
15 Sage Crest Senior	73-811 Santa Rosa Way	0	14	0	14	Assigned Covered Carport Parking, Community Courtyard, and Elevator

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EXHIBIT B

[intentionally omitted]

EXHIBIT C

MANAGEMENT OFFICES

Location of Management Offices

One Quail Place
(located in management office)

Las Serenas
(located in management office)

Catalina Gardens
(located in management office)

Desert Pointe
(located in management office)

California Villas
(located in management office)

Laguna Palms
(located in management office)

Carlos Ortega Villas
(located in management office)

Locations Managed

One Quail Place

Las Serenas and La Rocca Villas

Catalina Gardens, The Pueblos, Candlewood Apartments, and Sagecrest Senior

Desert Pointe, Taos Palms and Neighbors Apartments

California Villas

Carlos Ortega Villas

Laguna Palms and Palm Village Apartments

EXHIBIT D

DEPOSIT ACCOUNTS

The following security deposit accounts shall be maintained by the Manager for the benefit of the Authority:

TO BE PROVIDED BY THE CITY'S FINANCE DEPARTEMENT.

The following operating deposit accounts shall be maintained by the Manager for the benefit of the Authority:

TO BE PROVIDED BY THE CITY'S FINANCE DEPARTEMENT.

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EXHIBIT F

PROPERTY STAFFING & SALARY RANGES

To be provided annually with the property budgets.

EXHIBIT G

PERFORMANCE CRITERIA

1. **PROPERTY PORTFOLIO NET OPERATING INCOME COMPARISON**
 - a. Current Budget Year: July - June
 - b. Budgeted vs. Actual = Variance
 - c. Vacancy Rate Analysis

2. **RESPONSE TO RESIDENT COMPLAINTS**
 - a. Response to service requests/turn around time
 - b. Response to resident complaints and concerns - monthly meetings
 - c. Response to resident complaints and concerns at site office

3. **COMPLIANCE WITH AGREEMENT**
 - a. Define any notable gross disparities from the Agreement on the following:
 - i. Report preparation and submittal promptness
 - ii. Responsiveness to Authority requests
 - iii. Method of accounting

4. **CAPITAL IMPROVEMENTS SCHEDULE**
 - a. Deferred Capital Improvement Schedule
 - b. Capital Improvement Program
 - c. Maintenance and general appearance of properties

5. **OPERATIONS**
 - a. Operational procedures to be audited:
 - i. Compliance with Stipulation
 - ii. Compliance with all laws including those related to property management, Fair Housing, and housing authorities
 - iii. Recertification
 - iv. Internal controls
 - v. Contract controls

6. **ACCOUNTING AUDIT**
 - a. Review of Annual Audit Findings
 - b. Quarterly Audits

EXHIBIT G

**PERFORMANCE CRITERIA
CONTINUED**

7. AFFORDABLE HOUSING PROGRAM

- a. Housing Authority goals
- b. Management Company goals
- c. Program implementation
- d. Compliance with local, state, and Federal regulations
- e. Tenant Household Income Analysis

8. RESIDENT RELATIONS

- a. Review summary responses of any resident surveys
- b. Establishment of Tenant Exit Survey

9. GENERAL

- a. General overview of previous operational year

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EXHIBIT H

LIST OF FINANCIAL REPORTS REQUIRED

Monthly Reports

1. Payroll register and invoices (may be submitted after every payroll or monthly).
2. Management Fee Report that includes Vacancies/Current Rental Activity submitted with invoice.
3. Disbursement/Expense Journals for each check run.
4. General Ledgers for all Properties.
5. Check Registers for all Properties.
6. Monthly Bank Reconciliations with Outstanding Check Registers.
7. Balance Sheets and/or Trial Balances for all Properties.
8. Rent Rolls for all Properties.
9. Delinquent A/R for all Properties.
10. Prepaid Listing for all Properties.
11. Income Statements with Monthly Budget Variance as well as Annual Variance.
12. Monthly Adjusting Journals.
13. Cash Receipts Journals.

Quarterly Reports

1. Security Deposit List for all Properties (If not included in the monthly rent roll)
2. Status Report on Items over 90 days (Requests to the Board for write offs, etc.)

EXHIBIT H

**LIST OF FINANCIAL REPORTS REQUIRED
- CONTINUED -**

**Annual Reports Required
At Fiscal Year End:**

1. Schedule of Accounts Payable
2. Schedule of Accounts Receivable
3. Inventory of all Agency and Authority personal property and readily removable fixtures attached to the Properties.
4. Preliminary sets of Monthly closing reports, when requested.
5. Once audited, Final Set of all June Closing Reports
6. Schedule of Security Deposits Matching the Cash Held
7. The Report described in Section 21

At Calendar Year End:

1. Copies of the transmittals for Federal Reporting Requirements for W-2's and 1099's

Analytical Reports:

1. Upon request of the Authority, reports analyzing various information required in the above Financial Reports (May include summaries of all properties and/or multi-year information).

EXHIBIT I

Leasing Reports:

1. Monthly Occupancy and Average Rent Statement
2. Monthly Net Operating Income Statement
3. Replacement Lists maintained continuously due at least once annually on June 30.
4. Resident Demographics Report
5. Service Request and Serious Complaints
6. Other reports as requested or as necessary to perform the requirements of the Agreement.

EXHIBIT J

On-going services requiring written cost estimates will adhere to the City of Palm Desert's purchasing policy procedures set for the in Ordinance No. 1392 of the City of Palm Desert, and any amendments thereto as required in Section 21 of the Management Agreement as well as for services listed below:

1. Landscape Contracts
 - a. Monthly Services
 - b. Annual Services including tree trimming, overseeding, and perennial flowers
2. Pest Control
3. Pool Services
4. Replacement Carpet and Vinyl
5. Laundry Services
6. Air Conditioning/Heating Unit Servicing, Cleaning, and Replacement Services
7. Carpet Cleaning
8. Flooring and Housekeeping Cleaning Services
9. Environmental Testing and Cleaning Services
10. Moving Company Services
11. Golf Cart Repair and Maintenance Services
12. Courtesy Patrol Services
13. Towing Services
14. Solar Maintenance Services
15. Elevator Maintenance Services

EXHIBIT K

NON-EXCLUSIVE LIST OF REQUIRED AND PERMISSIVE BACKGROUND CHECK INFORMATION BY TYPE OF FUNDING

Source of Information	Information	Federal Funds Involved		Federal Funds Not Involved	
		Investigation	Disclosure & Consent	Investigation	Disclosure & Consent
Law Enforcement Agencies	Illegal Drug Use	Required	Housing Authority must require & applicant must consent	May obtain	Must notify applicant, if basis for denial
	Drug use that Interferes with Health & Safety of Others	Required	Housing Authority must require & applicant must consent	May obtain	Must notify applicant, if basis for denial
	Sex Offenses	Required	Housing Authority must require & applicant must consent	May obtain	Must notify applicant, if basis for denial
	"Serious" crimes <ul style="list-style-type: none"> • Murder, mayhem, rape, burglary • Hate crimes • Offenses such as firearms, explosives • Felonies involving drugs, alcohol • Domestic Violence 	Required	Housing Authority must require & applicant must consent	May obtain	Must notify applicant, if basis for denial
	Juvenile Records	Prohibited	N/A	Prohibited	N/A
	Arrests Not Resulting in Conviction	Prohibited	N/A	Prohibited	N/A
	State / Federal Government	Social Security Numbers	Required	Housing Authority must require & applicant must consent	May obtain
	Citizenship / Residency	Required	Housing Authority must	Prohibited	N/A. But if Housing

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			require & applicant must consent		Authority has unsolicited evidence that applicant is undocumented, it must reject the application.
	Income / Family composition & tax info, to verify eligibility	Required	Housing Authority must require & applicant must consent	Required	Housing Authority must require & applicant must consent.
Credit Agencies	Investigative Consumer Report <ul style="list-style-type: none"> • Credit History • Character • Reputation • Personal Characteristics • Mode of Living 	May Obtain	Housing Authority must notify applicant	May Obtain	Housing Authority must notify applicant
	<ul style="list-style-type: none"> • Convictions • Civil Actions • Tax Liens • Outstanding Judgements 	May Obtain but only if credit agency has verified information with 30 days of disclosure	Housing Authority must notify applicant	May Obtain but only if credit agency has verified information with 30 days of disclosure	Housing Authority must notify applicant
	<ul style="list-style-type: none"> • Bankruptcies more than 10 years prior • Civil judgement more than 7 years old 	Prohibited	N/A	Prohibited	N/A
Public Records Obtained from Other Sources; Interviews with Neighbors, Friends & Associates	Relevant background information <ul style="list-style-type: none"> • Creditworthiness • Credit Standing • Credit Capacity • Civil Actions • Convictions • Tax Liens • Outstanding Judgements • Character • General Reputation 	May Obtain	Must notify applicant, if basis for denial. Consent recommended.	May Obtain	Must notify applicant, if basis for denial. Consent recommended.

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	<ul style="list-style-type: none">• Personal Characteristics• Mode of Living				
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In addition to credit reporting agencies, background check information may be obtained from Westlaw, Lexis, DataQuick, Merlin, Choice Point, and similar reputable resources.

SAMPLE CONSENT BY APPLICANT

"I understand that the Housing Authority or its agent will perform a background check as a part of determining eligibility, including but not limited to obtaining information concerning my employment, credit history, benefits, income, assets, and criminal history, and by my signature below, I hereby authorize the Housing Authority or its agent to do so." "I certify that the statements on this application are true and complete to the best of my knowledge and belief and I understand that they will be verified. I understand that any false statements made on this application or failure to make any required disclosures may cause me to be disqualified from initial or continuing eligibility for housing assistance and may result in eviction. I further understand that I am under a continuing obligation to inform the Housing Authority or its agent of any changes to any of the information provided in this Application, and that failure to promptly inform the Housing Authority or its agent of any changes may cause me to be disqualified from initial or continuing eligibility for housing assistance and may result in eviction."