



**AGENDA OF A REGULAR MEETING - SUCCESSOR AGENCY TO THE
COMMUNITY DEVELOPMENT COMMISSION AS THE NATIONAL CITY
REDEVELOPMENT AGENCY**

**COUNCIL CHAMBERS
CIVIC CENTER
1243 National City Blvd.
National City, California
MAY 20, 2014 – 6:00 PM**

RON MORRISON
Chairman

LUIS NATIVIDAD
Boardmember

JERRY CANO
Boardmember

MONA RIOS
Boardmember

ALEJANDRA SOTELO-SOLIS
Boardmember

**1243 National City Blvd.
National City, CA 91950
619-336-4300**

**Meeting agendas and
minutes available on web**

WWW.NATIONALCITYCA.GOV

ORDER OF BUSINESS: Public sessions of all Regular Meetings of the Successor Agency to the Community Development Commission as the National City Redevelopment Agency begin at 6:00 p.m. on the first and third Tuesday of each month. Public hearings begin at 6:00 p.m. unless otherwise noted. Closed Sessions begin at 5:00 p.m. or such other time as noted on the agenda. If a workshop is scheduled, the subject and time of the workshop will appear on the agenda.

REPORTS: All regular meeting agenda items and reports as well as all documents and writings distributed to the Board less than 72 hours prior to the meeting, are available for review at the entry to the Council Chambers. Regular Meetings of the Board are webcast and archived on the City's website **WWW.NATIONALCITYCA.GOV**.

PUBLIC COMMENTS: Prior to the Business portion of the agenda, the Board will receive public comments regarding any matters within the jurisdiction of the Successor Agency to the Community Development Commission as the National City Redevelopment Agency. Members of the public may also address any item on the agenda at the time the item is considered by the Board. Persons who wish to address the Board are requested to fill out a "Request to Speak" form available at the entrance to the City Council Chambers, and turn in the completed form to the City Clerk. The Chairperson will separately call for testimony of those persons who have turned in a "Request to Speak" form. If you wish to speak, please step to the podium at the appropriate time and state your name and address (optional) for the record. The time limit established for public testimony is three minutes per speaker unless a different time limit is announced. Speakers are encouraged to be brief. The Chairperson may limit the length of comments due to the number of persons wishing to speak or if comments become repetitious or irrelevant.

WRITTEN AGENDA: With limited exceptions, the Board may take action only upon items appearing on the written agenda. Items not appearing on the agenda must be brought back on a subsequent agenda unless they are of a demonstrated emergency or urgent nature, and the need to take action on such items arose after the agenda was posted.

Upon request, this agenda can be made available in appropriate alternative formats to persons with a disability in compliance with the Americans with Disabilities Act. Please contact the City Clerk's Office at (619) 336-4228 to request a disability-related modification or accommodation. Notification 24-hours prior

to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting.

Spanish audio interpretation is provided during Board Meetings. Audio headphones are available in the lobby at the beginning of the meeting.

Audio interpretación en español se proporciona durante sesiones del Consejo Municipal. Los audiófonos están disponibles en el pasillo al principio de la junta.

THE BOARD REQUESTS THAT ALL CELL PHONES AND PAGERS BE TURNED OFF DURING BOARD MEETINGS.

OPEN TO THE PUBLIC
SUCCESSOR AGENCY AGENDA

CALL TO ORDER

ROLL CALL

PUBLIC ORAL COMMUNICATIONS (THREE-MINUTE TIME LIMIT)

CONSENT CALENDAR

1. Approval of the Minutes of the Regular Meeting of the Successor Agency to the Community Development Commission as the National City Redevelopment Agency of May 6, 2014. (City Clerk)
2. Successor Agency Warrant Register #43 for the period of 4/16/14 through 4/22/14 in the amount of \$11,587.77. (Finance)
3. Successor Agency Warrant Register #44 for the period of 4/23/14 through 4/29/14 in the amount of \$20,599.54. (Finance)
4. Resolution of the Successor Agency to the Community Development Commission as the National City Redevelopment Agency authorizing the Chairman to execute an Agreement for Modification of Obligations which will amend the Regulatory Agreement, forgive the Promissory Note, and terminate the Participation Agreement with Park Villas National City, L.P.

PUBLIC HEARINGS

NON CONSENT RESOLUTIONS

NEW BUSINESS

STAFF REPORTS

CLOSED SESSION REPORT

ADJOURNMENT

Regular Successor Agency to the Community Development Commission as the National City Redevelopment Agency Meeting - Tuesday – June 3, 2014 - 6:00 p.m. - Council Chambers - National City, California.

On March 18th the City Council voted to schedule its 2014 Summer Recess for the month of July. As a result of that action, the meeting schedule for the period June through August 2014 will as follows:

- June 03 Regular Successor Agency to the Community Development Commission as the National City Redevelopment Agency Meeting and City Council Meeting
- June 17 Regular Successor Agency to the Community Development Commission as the National City Redevelopment Agency Meeting and City Council Meeting / Budget Hearing
- July 01 Regular Successor Agency to the Community Development Commission as the National City Redevelopment Agency Meeting and City Council Meeting – **Suspended**
- July 15 Regular Successor Agency to the Community Development Commission as the National City Redevelopment Agency Meeting and City Council & Parking Authority Meeting – **Suspended**
- August 05 Adjourned Successor Agency to the Community Development Commission as the National City Redevelopment Agency Meeting and City Council Meeting (suggested start at 5 pm due to *National Night Out*)
- August 19 Regular Successor Agency to the Community Development Commission as the National City Redevelopment Agency Meeting and City Council, Parking Authority & JPFA Meeting

Item #____
05/20/14

**APPROVAL OF THE MINUTES OF THE REGULAR
MEETING OF THE SUCCESSOR AGENCY TO
THE COMMUNITY DEVELOPMENT COMMISSION
AS THE NATIONAL CITY REDEVELOPMENT
AGENCY OF MAY 6, 2014.**

(City Clerk)

DRAFT DRAFT DRAFT

**MINUTES OF THE REGULAR MEETING OF THE
SUCCESSOR AGENCY TO THE COMMUNITY DEVELOPMENT
COMMISSION AS THE NATIONAL CITY REDEVELOPMENT AGENCY**

May 6, 2014

The Regular Meeting of the Successor Agency to the Community Development Commission as the National City Redevelopment Agency was called to order at 10:09 p.m. by Chairman Ron Morrison.

ROLL CALL

Board members present: Cano, Morrison, Natividad, Rios, Sotelo-Solis.
Administrative Officials present: Dalla, Deese, Raulston, and Silva.

PUBLIC ORAL COMMUNICATIONS

None.

CONSENT CALENDAR

ADOPTION OF CONSENT CALENDAR. Item No. 1 (Minutes), Item Nos. 2 through 5 (Warrant Registers). Motion by Sotelo-Solis, seconded by Rios, to approve the Consent Calendar. Carried by unanimous vote.

APPROVAL OF MINUTES

1. Approval of the Minutes of the Regular Meeting of the Successor Agency to the Community Development Commission as the National City Redevelopment Agency of April 15, 2014. (City Clerk)
ACTION: Approved. See above.

SUCCESSOR AGENCY 2014 (406-10-12)

2. Successor Agency Warrant Register #39 for the period of 03/19/14 through 03/25/14 in the amount of \$12,155.51. (Finance)
ACTION: Approved. See above.

SUCCESSOR AGENCY 2014 (406-10-12)

3. Successor Agency Warrant Register #40 for the period of 03/26/14 through 04/01/14 in the amount of \$1,541.41. (Finance)
ACTION: Approved. See above.

SUCCESSOR AGENCY 2014 (406-10-12)

4. Successor Agency Warrant Register #41 for the period of 04/02/14 through 04/08/14 in the amount of \$1,798.77. (Finance)
ACTION: Approved. See above.

CONSENT CALENDAR (cont.)

SUCCESSOR AGENCY 2014 (406-10-12)

5. Successor Agency Warrant Register #42 for the period of 04/09/14 through 04/15/14 in the amount of \$6,422.28. (Finance)

ACTION: Approved. See above.

STAFF REPORT

Executive Director Brad Raulston provided an update on Assembly Bill 2493 (the Statewide Economic Development, Infrastructure Construction, Affordable Housing and Job Creation Act) and its potential benefit to National City.

CLOSED SESSION REPORT

Agency Counsel Claudia Silva stated there was no Closed Session.

ADJOURNMENT

Motion by Sotelo-Solis, seconded by Cano, to adjourn the meeting to the next Regular Meeting of the Successor Agency to the Community Development Commission as the National City Redevelopment Agency to be held Tuesday, May 20, 2014, 6:00 p.m., Council Chambers, National City, California. Carried by unanimous vote.

The meeting closed at 10:12 p.m.

Secretary

The foregoing minutes were approved at the Regular Meeting of May 20, 2014.

Chairman

**SUCCESSOR AGENCY TO
THE COMMUNITY DEVELOPMENT COMMISSION
AS THE NATIONAL CITY REDEVELOPMENT AGENCY
AGENDA STATEMENT**

MEETING DATE: May 20, 2014

AGENDA ITEM NO. |

ITEM TITLE:

Successor Agency Warrant Register #43 for the period of 4/16/14 through 4/22/14 in the amount of \$11,587.77. (Finance)

PREPARED BY: K. Apalategui
PHONE: 619-336-4572

DEPARTMENT: Finance

APPROVED BY: 

EXPLANATION:

Pursuant to ABX1 26, all redevelopment agencies in the State of California were dissolved as of February 1, 2012. Upon dissolution of the City of National City's Redevelopment Agency, the City assumed the role of Successor Agency to the Community Development Commission as the National City Redevelopment Agency ("Successor Agency").

In order to streamline the payment process, the City pays all expenses of the Successor Agency. The Successor Agency then reimburses the City.

Attached is a detailed listing of all Successor Agency warrants, totaling \$11,587.77 paid with City funds. Staff requests approval of reimbursement of the Successor Agency expenses.

FINANCIAL STATEMENT:

ACCOUNT NO.

Reimbursement total \$11,587.77.

APPROVED:  Finance

APPROVED: _____ MIS

ENVIRONMENTAL REVIEW:

This is not a project and, therefore, not subject to environmental review.

ORDINANCE: **INTRODUCTION:** **FINAL ADOPTION:**

STAFF RECOMMENDATION:

Ratification of reimbursement in the amount of \$11,587.77.

BOARD / COMMISSION RECOMMENDATION:

N/A

ATTACHMENTS:

Successor Agency Warrant Register #43



**SUCCESSOR AGENCY
WARRANT REGISTER #43
4/22/2014**

| <u>PAYEE</u> | <u>DESCRIPTION</u> | <u>CHK NO</u> | <u>DATE</u> | <u>AMOUNT</u> |
|-------------------------------|------------------------------------|---------------|-------------|---------------|
| BEST BEST & KRIEGER ATTNY LAW | LEGAL / COMM YOUTH ATHLETIC CENTER | 311979 | 4/22/14 | 11,331.05 |
| COUNTY OF SAN DIEGO | DEPARTMENT OF ENVIRONMENTAL HEALTH | 311980 | 4/22/14 | 213.00 |
| SWEETWATER AUTHORITY | WATER UTILITIES / S A | 311981 | 4/22/14 | 43.72 |

A/P Total \$ 11,587.77

GRAND TOTAL \$ 11,587.77

**SUCCESSOR AGENCY TO
THE COMMUNITY DEVELOPMENT COMMISSION
AS THE NATIONAL CITY REDEVELOPMENT AGENCY
AGENDA STATEMENT**

MEETING DATE: May 20, 2014

AGENDA ITEM NO.

ITEM TITLE:

Successor Agency Warrant Register #44 for the period of 4/23/14 through 4/29/14 in the amount of \$20,599.54. (Finance)

PREPARED BY: K. Apalategui
PHONE: 619-336-4572

DEPARTMENT: Finance

APPROVED BY: 

EXPLANATION:

Pursuant to ABX1 26, all redevelopment agencies in the State of California were dissolved as of February 1, 2012. Upon dissolution of the City of National City's Redevelopment Agency, the City assumed the role of Successor Agency to the Community Development Commission as the National City Redevelopment Agency ("Successor Agency").

In order to streamline the payment process, the City pays all expenses of the Successor Agency. The Successor Agency then reimburses the City.

Attached is a detailed listing of all Successor Agency warrants, totaling \$20,599.54 paid with City funds. Staff requests approval of reimbursement of the Successor Agency expenses.

FINANCIAL STATEMENT:

APPROVED: 

Finance

ACCOUNT NO.

APPROVED: _____

MIS

Reimbursement total \$20,599.54.

ENVIRONMENTAL REVIEW:

This is not a project and, therefore, not subject to environmental review.

ORDINANCE: INTRODUCTION: FINAL ADOPTION:

STAFF RECOMMENDATION:

Ratification of reimbursement in the amount of \$20,599.54.

BOARD / COMMISSION RECOMMENDATION:

N/A

ATTACHMENTS:

Successor Agency Warrant Register #44



**SUCCESSOR AGENCY
WARRANT REGISTER #44
4/29/2014**

| <u>PAYEE</u> | <u>DESCRIPTION</u> | <u>CHK NO</u> | <u>DATE</u> | <u>AMOUNT</u> |
|------------------------------|----------------------------------|---------------|-------------|---------------|
| BEST BEST & KRIEGER ATTN LAW | LEGAL/COMM YOUTH ATHLETIC CENTER | 312094 | 4/29/14 | 20,460.31 |
| SDG&E | GAS & ELECTRIC SERVICE | 312129 | 4/29/14 | 139.23 |

A/P Total \$ 20,599.54

GRAND TOTAL \$ 20,599.54

**SUCCESSOR AGENCY TO
THE COMMUNITY DEVELOPMENT COMMISSION
AS THE NATIONAL CITY REDEVELOPMENT AGENCY
AGENDA STATEMENT**

MEETING DATE: May 20, 2014

AGENDA ITEM NO.

ITEM TITLE:

Resolution of the Successor Agency to the Community Development Commission as the National City Redevelopment Agency authorizing the Chairman to execute an Agreement for Modification of Obligations which will amend the Regulatory Agreement, forgive the Promissory Note, and terminate the Participation Agreement with Park Villas National City, L.P.

PREPARED BY: Alfredo Ybarra

DEPARTMENT: Housing, Grants, and Asset Management

PHONE: 619 336-4279

APPROVED BY: 

EXPLANATION:

On August 19, 1997, the Community Development Commission (CDC) of the City of National City assisted Park Villas Pointe, L.P. (Owner) in the rehabilitation of the property (268 units) located at 817 Eta Street, National City, CA. The CDC provided the owners with a \$500,000 forgivable loan to help cover the acquisition and rehabilitation of Park Villas Apartments. In consideration for the \$500,000 forgivable loan, the owners agreed to restrict rents on 40% of the units for a fifteen (15) year period.

Due to discrepancy in the termination date of the Regulatory Agreement and Declaration of Covenants and Restrictions (Regulatory Agreement), the Owner is requesting that 1) the Regulatory Agreement be amended to provide that the term of the Regulatory Agreement ended on September 1, 2012, 2) the Agency acknowledge and agree that all matters with respect to the Owner Participation Agreement (Participation Agreement) have been performed, and/or ceased to be effective as of September 1, 2012 and 3) the Promissory Note (Note) is modified and amended to provide the Forgiveness Date will be the final date of approval by Successor Agency, Oversight Board, and California Department of Finance.

FINANCIAL STATEMENT:

APPROVED: _____ **Finance**

ACCOUNT NO.

APPROVED: _____ **MIS**

ENVIRONMENTAL REVIEW:

N/A

ORDINANCE: **INTRODUCTION:** | |

FINAL ADOPTION: | |

STAFF RECOMMENDATION:

Adopt resolution

BOARD / COMMISSION RECOMMENDATION:

ATTACHMENTS:

1. Agreement for Modification of Obligations
2. Regulatory Agreement and Declaration of Covenants and Restrictions
3. Owner Participation Agreement
4. Promissory Note

Background

On August 19, 1997, the Community Development Commission (CDC) of the City of National City assisted Park Villas Pointe, L.P. (Owner) in the rehabilitation of the property (268 units) located at 817 Eta Street, National City, CA. The CDC provided the owners with a \$500,000 forgivable loan to help cover the acquisition and rehabilitation of Park Villas Apartments. In consideration for the \$500,000 forgivable loan, the owners agreed to restrict rents on thirty percent (30%) of the units for Low Income Tenants and ten percent (10%) of the units for Very Low Income Tenants for a fifteen (15) year period.

The Regulatory Agreement states in Section 2 “the Project is to be owned, managed, and operated as a project for residential rental purposes for a period of fifteen (15) years commencing upon the date this Regulatory Agreement is executed and continuing until September 1, 2014.” The Regulatory Agreement was entered into August 19, 1997. Thus, there is an internal discrepancy in the sentence. The owner is requesting to amend the Regulatory Agreement to provide that the term of the Agency Regulatory Agreement continues until September 1, 2012 and that the Promissory Note be forgiven upon approval of the Successor Agency, Oversight and the California Department of Finance.

The \$500,000 forgivable loan was part of the August 1997 Tax Credit and Bond sale to accommodate the purchase and renovation of the 268 unit apartment complex. The Owner of Park Villa Apartments acknowledges that the Tax Credit Allocation Committee Regulatory Agreement remains in full force and effect as of the date of this Agreement, the compliance period, as defined in the TCAC Regulatory Agreement, began on January 1, 1998 and is currently scheduled to end on December 31, 2027. In consideration for the forgiveness of the loan, the Owner has agreed to extend the TCAC Regulatory Agreement to December 31, 2029. As a result, Park Villas Apartments will continue to be operate as an affordable housing project through 2029.

AGREEMENT FOR MODIFICATION OF OBLIGATIONS

This Agreement for Modification of Obligations ("**Agreement**") is made as of March 1, 2014, by **THE SUCCESSOR AGENCY TO THE COMMUNITY DEVELOPMENT COMMISSION AS THE NATIONAL CITY REDEVELOPMENT AGENCY**, a public body, corporate and politic ("**Agency**"), and **PARK VILLAS NATIONAL CITY L.P.**, a California limited partnership ("**Participant**"). The parties state as follows:

A. The City of National City formed the Community Development Commission of the City of National City ("**CDC**"), which has continuously engaged in both redevelopment activities under the Community Redevelopment Law (Health and Safety Code sections 33000, et seq.) ("**CRL**") and housing authority activities under the Housing Authority Law (Health and Safety Code sections 34200, et seq.).

B. At the time the City of National City formed the CDC, the City also established the Housing Authority of the City of National City (Ordinance No. 1484, dated October 14, 1975).

C. The Redevelopment Agency of the City of National City ("**Redevelopment Agency**") was established by Ordinance No. 1164, dated April 11, 1967; and

D. The CDC was established to enable both the Agency and the Housing Authority to operate under a single board and single entity; and

E. Sections 33334.2 and 33334.3 of the CRL require the Agency to use not less than 20 percent of taxes allocated to the Agency pursuant to Section 33670 of the CRL for the purpose of increasing, improving, and preserving the community's supply of low and moderate income housing ("**Low and Moderate Income Housing Fund**").

F. The CDC has continuously utilized its Low and Moderate Income Housing Fund for the purpose of increasing, improving and preserving the community's supply of low- and moderate-income housing available at affordable housing cost.

G. By enactment of Part 1.85 of Division 24 of the Health and Safety Code, Redevelopment Agency was dissolved as of February 1, 2012 such that the Redevelopment Agency shall be deemed as a former redevelopment agency under Health and Safety Code section 34173(a). Agency is the successor to CDC.

H. CDC and Participant entered into certain agreements with respect to a \$500,000 forgivable loan made by CDC to Participant as of August 19, 1997 (the "**Loan**"), as follows:

- A Regulatory Agreement and Declaration of Covenants and Restriction, dated as of August 19, 1997, executed by CDC and Participant (the “**Agency Regulatory Agreement**”);
- An Owner Participation Agreement, dated as of August 19, 1997, executed by CDC and Participant (the “**Participation Agreement**”); and
- A Promissory Note, dated as of August 19, 1997, in the principal amount of \$500,000.00, executed by Participant to the order of Agency (the “**Note**”).

Said documents relate to the redevelopment and operation of the 268-unit multifamily residential development commonly known as the Park Villas Apartments, 817 Eta Street, National City, San Diego County, California (the “**Project**”).

I. CDC, Participant and First Trust of California, National Association entered into a certain Regulatory Agreement and Declaration of Restrictive Covenants, dated as of June 1, 1997, and recorded on July 1, 1997 as Instrument No. 1997-0311773 (the “**Bond Regulatory Agreement**”), relating to the Project.

J. Participant and the California Tax Credit Allocation Committee entered into a certain Regulatory Agreement Federal Credits Tax-Exempt Bond Financed Project dated as of July 31, 1998, and recorded on October 7, 1999 as Instrument No. 1999-0679835 (the “**TCAC Regulatory Agreement**”), relating to the Project.

K. Agency and Participant wish to enter into certain agreements to modify the end date of the Note on the terms and conditions provided herein.

In consideration of the mutual promises contained herein, the parties agree as follows:

M1-1. **Amendment to Agency Regulatory Agreement.** The Agency Regulatory Agreement states in Section 2 “the Project is to be owned, managed and operated as a project for residential rental purposes for a period of fifteen (15) years, commencing upon the date this Regulatory Agreement is executed and continuing until September 1, 2014.” The Regulatory Agreement was entered into August 19, 1997. Thus, there is an internal discrepancy in the sentence. Accordingly, this sentence is hereby amended to provide that the term of the Agency Regulatory Agreement continues “until September 1, 2012.” The 15 year Bond reporting has effectively ended as of September, 1 2012.

M1-2. **Acknowledgment of Termination of Participation Agreement.** Agency and Participant acknowledge and agree that all matters to be performed, and all obligations and undertakings of the parties, arising under or with respect to the

Participation Agreement have already been fully performed, and/or ceased to be effective as of September 1, 2012 by reason of the termination of the Agency Regulatory Agreement pursuant to paragraph M1-1 above.

M1-3. **Modification of Note.** Agency and Participant hereby agree that the Note is modified and amended to provide that “Forgiveness Date” as defined in the Note will be the final date of approval of this Agreement by Successor Agency, Oversight Board, and California Department of Finance as provided in paragraph M1-6 hereof. Agency and Participant hereby acknowledge and agree that no “Event of Default” has occurred on or before the Forgiveness Date (as so modified), and accordingly all accrued interest and all principal under and with respect to the Note and the loan evidenced thereby are forgiven, and Participant has and will have no further debts or liabilities thereunder or with respect thereto. The Note is hereby deemed to be fully and finally satisfied and terminated, and is and will hereafter be null and void.

M1-4. **Extension of Agreements in TCAC Regulatory Agreement.** Agency and Participant acknowledge that the TCAC Regulatory Agreement remains in full force and effect as of the date of this Agreement, that the Compliance Period, as defined in the TCAC Regulatory Agreement, began on January 1, 1998 and is currently scheduled to end on December 31, 2027. Participant and its successors in title to the Project will be subject to and will comply with all terms and provisions of the TCAC Regulatory Agreement during the term thereof. In addition, in consideration of the agreements of Agency as provided in this Agreement, Participant (or its successor in title to the Project) and the Project will remain subject to, and will fully comply with, the provisions of Section 4 of the TCAC Regulatory Agreement, for the period commencing on the last day of the Compliance Period under the TCAC Regulatory Agreement (whether such termination of the Compliance Period occurs under the currently-effective terms of the TCAC Regulatory Agreement, or such termination occurs as of an earlier date pursuant to any subsequent agreement among the parties to the TCAC Regulatory Agreement (and/or their respective successors) and ending December 31, 2029 (the “**Extension Period**”). During the Extension Period, the provisions of said Section 4 of the TCAC Regulatory Agreement will be subject to enforcement by Agency. The provisions of the TCAC Regulatory Agreement may be enforced by the Agency until the later of (a) the effective date of termination of the TCAC Regulatory Agreement, or (b) December 31, 2029.

M1-5. **Acknowledgement of Consent to Sale of Bonds and Release of Claims.** Participant acknowledges and reaffirms its consent to the sale of the Bonds commonly referred to as the \$11,860,000 outstanding principal amount of Multifamily Housing Revenue Bonds (GNMA Collateralized – Park Villa Apartments, Series 1997 Series A), and the waiver by Participant of all allegations and claims related to or arising from the sale of the Bonds. Not in limitation of the foregoing, such consent of Participant includes, but is not limited to, consent to the Direction to Sell letter, consent to all fees and costs, such as past due amounts due to the CDC, transaction costs, and fees, as listed in the Closing Memorandum and also referenced in the Direction to Sell letter.

Participant fully and forever releases, acquits and discharges the Agency hereto and their attorneys, sureties, agents, servants, representatives, employees, members, Councilmembers, officers, trustees, subsidiaries, affiliates, partners, predecessors, successors-in-interest, heirs, executors and assigns, and all persons acting by, through, under or in concert with them, of and from any and all past, present, or future claims, demands, obligations, actions, causes of action, damages, costs, attorney's fees, losses of service, expenses, liabilities, suits, and compensation of any kind or nature whatsoever, whether based on tort, contract, or other theory of recovery, claimed by any of them which arise from or relate to facts or events occurring on or before the date of this Agreement with respect to the Bonds.

Participant expressly acknowledges and agrees that this release shall extend to any and all claims, whether judicial, administrative or otherwise, including, without limitation, claims made with any court, commission, tribunal, board or administrative body with jurisdiction to consider such claims related to the Bonds. This release expressly extends to and bars any and all complaints, actions and/or proceedings, whether judicial or administrative, actually instituted by the Participant, or which could be instituted by the Participant with respect to the Bonds. Nothing in this Agreement shall be construed to mean that any of the Parties is or are waiving any rights to enforce this Agreement.

In furtherance of this intention, Participant expressly waives and relinquishes any and all rights and benefits conferred on it by the provisions of Section 1542 of the California Civil Code. Participant understands that California Civil Code Section 1542 provides as follows:

A general release does not extend to claims which a creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.

It is expressly understood and agreed by Participant that the possibility of unknown claims exists and has been explicitly taken into account in determining the consideration to be given for this Agreement and that a portion of the consideration, having been bargained for with full knowledge of the possibility of such unknown claims, was given in exchange for the release and discharge of the matters, claims and/or rights covered by this Agreement.

M1-6. **Board Approval**. Agency represents and warrants that Agency currently holds the Note, and has not endorsed, transferred or otherwise granted any rights in or to the Note to any other person. This Agreement and its amendments shall not be effective until it has been approved by the Successor Agency to the Community Development Commission as the National City Redevelopment Agency, the Oversight Board to the Successor Agency, and the California Department of Finance.

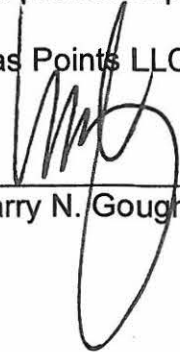
The parties have executed this Agreement for Modification of Obligations as of April 1, 2014 by their duly authorized representatives.

**SUCCESSOR AGENCY TO THE
COMMUNITY DEVELOPMENT COMMISSION
AS THE NATIONAL CITY REDEVELOPMENT
AGENCY CITY, a public body, corporate and
politic**

By: _____

**PARK VILLAS NATIONAL CITY L.P., a
California limited partnership**

By: Park Villas Points LLC, general partner

By:  _____
Larry N. Gough, Manager

ORIGINAL
DUPLICATE

FREE RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

The Community Development Commission
of the City of National City
140 East 12th Street, Suite B
National City, CA 91950
Attn: Executive Director

(Space Above This Line for Recorder's Office Use Only)

REGULATORY AGREEMENT AND
DECLARATION OF COVENANTS AND RESTRICTIONS

THIS REGULATORY AGREEMENT AND DECLARATION OF COVENANTS AND RESTRICTIONS ("Regulatory Agreement") is made and entered into this 19th day of August, 1997, by and between THE COMMUNITY DEVELOPMENT COMMISSION OF THE CITY OF NATIONAL CITY, a public body, corporate and politic ("Agency"), and PARK VILLAS POINTE LP, a California limited partnership ("Participant").

R E C I T A L S:

A. Participant is the owner of certain real property located in the City of National City, County of San Diego, State of California more particularly described in Attachment No. 1, attached hereto and incorporated by reference herein (the "Site"). The Site is improved with a rental housing project consisting of two hundred sixty-eight (268) units (hereinafter referred to as the "Project").

B. Agency and Participant have entered into an Owner Participation Agreement dated August 19, 1997 (the "OPA").

C. Pursuant to a tax-exempt multi-family housing bond issuance by Agency ("Bonds"), Participant, Agency and First Trust of California have executed a Regulatory Agreement and Declaration of Restrictive Covenants dated May 1, 1997, and recorded on July 1, 1997 as Instrument No. 1997-0311773 in the Official Records of San Diego County ("Official Records") and Developer and the Secretary of Housing and Urban Development have entered into a Regulatory Agreement for Multi Family Housing Projects dated July 1, 1997 and recorded July 1, 1997 as Instrument No. 1997-0311772 in the

Official Records (collectively the "Bond Regulatory Agreement"), which agreements provide for certain restrictions on the use of the Site as more particularly set forth therein.

D. Pursuant to an allocation of federal low-income housing tax credits by the California Tax Credit Allocation Committee ("TCAC"), Participant and TCAC will execute and record a Regulatory Agreement upon the completion of the rehabilitation of the Project ("TCAC Regulatory Agreement"), which agreement provides for further restrictions on the use of the Site as more particularly set forth therein.

E. Pursuant to the terms of the OPA, Agency and Participant now desire to place restrictions upon the use and operation of the Project, in order to ensure that the Project shall be operated continuously as a rental housing project available for rental by low-income households for the term of this Regulatory Agreement. The restrictions contained in this Regulatory Agreement shall be subordinate and junior to those contained in the Bond Regulatory Agreement and the TCAC Regulatory Agreement.

NOW, THEREFORE, the Participant and Agency declare, covenant and agree, by and for themselves, their heirs, executors, administrators and assigns, and all persons claiming under or through them, that the Site shall be held, transferred, encumbered, used, sold, conveyed, leased and occupied, subject to the covenants and restrictions hereinafter set forth, all of which are declared to be in furtherance of a common plan for the subdivision, improvement and sale of the Site, and are established expressly and exclusively for the use and benefit of the Site and of each and every person and entity who may now or in the future own the Site or any part thereof.

1. DEFINITIONS.

1.1 As used herein, the term "Adjusted Income" means the median income of the Area, adjusted for family size, as annually estimated by the United States Department of Housing and Urban Development pursuant to Section 8 of the United States Housing Act of 1937, as amended, or if discontinued, pursuant to Section 50093 of the California Health and Safety Code.

1.2 For the purposes of this Agreement, "Area" shall mean the San Diego Primary Metropolitan Statistical Area.

1.3 As used herein, the term "Low Income Tenant" shall mean those tenants whose income does not exceed the qualified limits for very low income families as established and amended from time to time pursuant to Section 8 of the United States Housing Act of 1937, as amended, or, if discontinued, pursuant to Section 50105 of the California Health and Safety Code (as in effect as of the date hereof), except that the percentage of Adjusted Income that

qualifies as very low income shall be sixty percent (60%) rather than fifty percent (50%).

1.4 As used herein, the term "Very Low Income Tenant" shall mean those tenants whose income does not exceed the qualified limits for very low income families as established and amended from time to time pursuant to Section 8 of the United States Housing Act of 1937, as amended, or, if discontinued, pursuant to Section 50105 of the California Health and Safety Code (as in effect as of the date hereof).

1.5 As used in this Agreement, the term "Eligible Tenant" shall collectively refer to a Low Income Tenant and a Very Low Income Tenant.

1.6 As used herein, the term "Low Income Affordable Rent" shall mean annual rentals whose amount does not exceed thirty percent (30%) of sixty percent (60%) of the Adjusted Income adjusted for family size appropriate for the unit; provided that, to the extent that the terms of this definition conflict with the terms of any federal, state or local financing or financial assistance, Low Income Affordable Rent shall not exceed the level prescribed by the terms of such financing or financial assistance. Notwithstanding the foregoing, for those tenants who are permitted to continue to occupy a unit pursuant to the terms hereof but whose income exceeds the maximum to qualify as a Low Income Tenant, Low Income Affordable Rent shall not exceed thirty percent (30%) of the actual income of the persons occupying the unit. Low Income Affordable Rent shall include a reasonable utility allowance.

1.7 As used herein, the term "Very Low Income Affordable Renting" shall mean annual rentals whose amount does not exceed thirty percent (30%) of fifty percent (50%) of the Adjusted Income adjusted for family size appropriate for the unit; provided that, to the extent that the terms of this definition conflict with the terms of any federal, state or local financing or financial assistance, Very Low Income Affordable Rent shall not exceed the level prescribed by the terms of such financing or financial assistance. Very Low Income Affordable Rents shall include a reasonable utility allowance.

1.8 For purposes of determining Low Income Affordable Rent and Very Low Income Affordable Rent, the term "adjusted for family size appropriate for the unit" shall mean two (2) persons for a one-bedroom unit, three (3) persons for a two-bedroom unit and four (4) persons for a three-bedroom unit.

2. RESIDENTIAL RENTAL PROPERTY. The Participant hereby agrees that the Project is to be owned, managed and operated as a project for residential rental purposes for a period of fifteen (15) years, commencing upon the date this Regulatory Agreement is executed and continuing until September 1, 2014. To that end, and

for the term of this Regulatory Agreement, the Participant hereby represents, covenants, warrants and agrees as follows:

2.1 Participant shall own, manage and operate the Project as a project to provide rental housing comprised of a building or structure or several interrelated buildings or structures, together with any functionally related and subordinate facilities, and no other facilities.

2.2 All of the dwelling units in the Project will be similarly constructed units, and each dwelling unit in the Project will contain facilities for living, sleeping, eating, cooking and sanitation for a single person or a family, which are complete, separate and distinct from other dwelling units, including a sleeping area, bathing and sanitation facilities and cooking facilities equipped with a cooking range, refrigerator (to the extent required by the Bond Regulatory Agreement) and sink.

2.3 None of the dwelling units in the Project will at any time be utilized on a transient basis or will ever be used as a hotel, motel, dormitory, fraternity house, sorority house, rooming house, nursing home, hospital, sanitarium, or trailer court or park.

2.4 No part of the Project will at any time be owned by a cooperative housing corporation, nor shall the Participant take any steps in connection with the conversion to such ownership or uses, to condominiums, or to any other form of ownership, without the prior written approval of Agency.

2.5 All of the dwelling units will be available for rental on a continuous basis to members of the general public in accordance with the terms of this Regulatory Agreement, and the Participant will not give preference to any particular class or group in renting the dwelling units in the Project, except to the extent that the dwelling units are required to be leased or rented to Eligible Tenants.

2.6 Two (2) units may be occupied by the Participant or by persons related to or affiliated with the Participant such as a resident manager or maintenance personnel and no more than four (4) units (inclusive of the two (2) units referenced above) may be set aside for administrative uses.

3. OCCUPANCY OF PROJECT BY ELIGIBLE TENANTS. Participant hereby represents, warrants, and covenants as follows:

3.1 Except as expressly provided herein, throughout the term of this Regulatory Agreement, thirty percent (30%) of the completed units in the Project shall be continuously occupied or held vacant and available for occupancy by Low Income Tenants and ten percent (10%) of the completed units in the Project shall be

continuously occupied or held vacant and available for occupancy by Very low Income Tenants; provided, however, that Participant shall not be required to evict any tenant residing in the Project as of the date hereof.

3.2 Participant hereby agrees to rent those units occupied by Low Income Tenants at no greater than Low Income Affordable Rent and to rent those units occupied by Very Low Income Tenants at no greater than Very Low Income Affordable Rent. The rent charged for a unit may be adjusted annually.

3.3 A unit occupied by a Low Income Tenant or a Very Low Income Tenant (as applicable) who at the commencement of the occupancy is a Low Income Tenant or a Very Low Income Tenant, respectively, shall be treated as occupied by a Low Income Tenant or a Very Low Income Tenant, respectively, until a recertification of such tenant's income in accordance with Section 3.5 below demonstrates that such tenant no longer qualifies as a Low Income Tenant or a Very Low Income Tenant and thereafter any residential unit of comparable size in the Project is occupied by a new resident other than a Low Income Tenant or a Very Low Income Tenant. Moreover, a unit previously occupied by a Low Income Tenant or a Very Low Income Tenant and then vacated shall be considered occupied by a Low Income Tenant or a Very Low Income Tenant until reoccupied, other than for a temporary period, at which time the character of the unit shall be redetermined. In no event shall such temporary period exceed thirty-one (31) days.

3.4 Immediately prior to an Eligible Tenant's occupancy of a unit, the Participant will obtain and maintain on file an Income Computation and Certification form (which form shall be the same as set forth on Exhibit "B" of the Bond Regulatory Agreement) from each such Eligible Tenant dated immediately prior to the date of initial occupancy in the Project by such Eligible Tenant. The Participant shall make a good-faith effort to verify that the income provided by an applicant is accurate by taking one or more of the following steps as a part of the verification process: (i) obtain a pay stub for the most recent pay period; (ii) obtain a federal income tax return for the most recent tax year; (iii) obtain a written verification of income and employment from applicant's current employer; (iv) obtain an income verification form from the Social Security Administration and/or California Department of Social Services if the applicant receives assistance from either agency; or (v) if an applicant is unemployed or did not file a tax return for the previous calendar year, obtain other verification of such applicant's income as is reasonably satisfactory to the Agency. A copy of each such Income Computation and Certification shall be provided to the Agency with the next submission of a Certificate of Continuing Program Compliance pursuant to Section 3.6.

3.5 Immediately prior to the first anniversary date of the occupancy of a unit by an Eligible Tenant and on each anniversary date thereafter, the Participant shall recertify the income of such Eligible Tenant by obtaining a completed Income Computation and Certification based upon the current income of each occupant of the unit. In the event the recertification demonstrates that such household's income exceeds one hundred forty percent (140%) of the income at which such household would qualify as a Low Income Tenant or a Very Low Income Tenant, as applicable, the next available unit of comparable size must be rented to (or held vacant and available for immediate occupancy by) a Low Income Tenant or a Very Low Income Tenant, as applicable. Participant shall provide the Agency with a copy of each such recertification with the next submission of a Certificate of Continuing Program Compliance pursuant to Section 3.6.

3.6 Within fifteen (15) days of the last day of each calendar quarter during the term of this Regulatory Agreement, the Participant shall advise the Agency of the occupancy of the Project by delivering a Certificate of Continuing Program Compliance (which shall be as Exhibit "C" to the Bond Regulatory Agreement) stating (i) the percentage of the dwelling units of the Project which were occupied or deemed occupied, pursuant to subsection 3.3, by a Low Income Tenant or a Very Low Income Tenant during such period and (ii) that to the knowledge of Participant either (a) no unremedied default has occurred under this Regulatory Agreement or the OPA, or (b) a default has occurred, in which event the certificate shall describe the nature of the default and set forth the measures being taken by the Participant to remedy such default.

3.7 Participant shall maintain complete and accurate records pertaining to the units, and will permit any duly authorized representative of the Agency to inspect the books and records of Participant pertaining to the Project including, but not limited to, those records pertaining to the occupancy of the dwelling units.

3.8 Participant shall accept as tenants on the same basis as all other prospective tenants, persons who are recipients of federal certificates for rent subsidies pursuant to the existing program under Section 8 of the United States Housing Act of 1937, or its successor. Participant shall not apply selection criteria to Section 8 certificate holders that is more burdensome than criteria applied to all other prospective tenants.

3.9 Each lease shall contain a provision to the effect that Participant has relied on the income certification and supporting information supplied by the tenant in determining qualification for occupancy of the unit, and that any material misstatement in such certification (whether or not intentional) will be cause for immediate termination of such lease.

4. MAINTENANCE. Participant shall maintain and operate the Site, and all landscaping, easements, open space, common areas, improvements and structures upon the Site in good order, condition and repair, and shall keep the entire Site free from any accumulation of debris or waste materials or other nuisances. Participant shall also maintain all landscaping on the Site in a healthy condition and replace any deteriorated or dead landscaping. The Site shall be maintained in accordance with all City codes, laws, regulations and ordinances, as they now exist or may be amended. Participant shall maintain the Site in such a manner as to avoid the reasonable determination of a duly authorized officer of the Agency or City that a public nuisance has been created such as to be detrimental to public health, safety or general welfare.

5. NON-DISCRIMINATION. The Participant covenants that there shall be no discrimination against, or segregation of, any persons, or group of persons, on account of race, color, creed, religion, sex, marital status, age, physical or mental disability, ancestry, or national origin in the rental, sale, lease, sublease, transfer, use, occupancy or enjoyment of the Site, or any portion thereof, nor shall Participant, or any person claiming under or through Participant, 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, or vendees of the Site or any portion thereof. The nondiscrimination and nonsegregation covenants contained herein shall remain in effect in perpetuity.

6. FORM OF NONDISCRIMINATION CLAUSES IN AGREEMENTS. Participant shall refrain from restricting the rental, sale, or lease of any portion of the Site on the basis of race, color, creed, religion, sex, marital status, age, physical or mental disability, ancestry, or national origin of any person. All such deeds, leases, or contracts shall contain or be subject to substantially the following nondiscrimination or nonsegregation clauses:

6.1 Deeds: In deeds the following language shall appear: "The grantee herein covenants by and for itself, its heirs, executors, administrators, 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 race, color, creed, religion, sex, marital status, age, physical or mental disability, ancestry, or national origin in the sale, lease, rental, sublease, transfer, use, occupancy, tenure, or enjoyment of the land herein conveyed, nor shall the grantee itself, or any persons 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, sublessees, or vendees in the land herein conveyed. The foregoing covenants shall run with the land."

6.2 Leases: In leases the following language shall appear: "The lessee herein covenants by and for itself, its heirs, executors, administrators, successors, and assigns, and all persons claiming under or through them, and this lease is made and accepted upon and subject to the following conditions:

"That there shall be no discrimination against or segregation of any person or group of persons on account of race, color, creed, religion, sex, marital status, age, physical or mental disability, ancestry, or national origin in the leasing, subleasing, renting, transferring, use, occupancy, tenure, or enjoyment of the land herein leased nor shall the lessee 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, sublessees, subtenants, or vendees in the land herein leased."

6.3 Contracts: In contracts the following language shall appear: "There shall be no discrimination against or segregation of any person or group of persons on account of race, color, creed, religion, sex, marital status, age, physical or mental disability, ancestry, or national origin in the sale, lease, rental, sublease, transfer, use, occupancy, tenure, or enjoyment of the land, nor shall the transferee 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, sublessees, or vendees of the land."

The foregoing covenants shall remain in effect in perpetuity.

7. ENFORCEMENT. In the event Participant defaults in the performance or observance of any covenant, agreement or obligation of Participant set forth herein, and if such default remains uncured for a period of thirty (30) days after written notice thereof shall have been given by Agency, or, in the event said default cannot be cured within said time period, Participant has failed to commence to cure such default within said thirty (30) days and diligently prosecute said cure to completion, then Agency shall declare an "Event of Default" to have occurred hereunder, and, at its option, may take one or more of the following steps:

7.1 By mandamus or other suit, action or proceeding at law or in equity, require Participant to perform its obligations and covenants hereunder or enjoin any acts or things which may be unlawful or in violation of this Regulatory Agreement; or

7.2 Take such other action at law or in equity as may appear necessary or desirable to enforce the obligations, covenants and agreements of Participant hereunder.

Except as otherwise expressly stated in this Regulatory Agreement, the rights and remedies of the parties are cumulative, and the exercise by any party of one or more of its rights or remedies shall not preclude the exercise by it, at the same or different times, of any other rights or remedies for the same default or any other default by another party.

8. COVENANTS TO RUN WITH THE LAND. Participant hereby subjects the Site to the covenants, reservations and restrictions set forth in this Regulatory Agreement. The Agency and the Participant hereby declare their express intent that all such covenants, reservations and restrictions shall be deemed covenants running with the land and shall pass to and be binding upon the Participant's successors in title to the Site; provided, however, that on the termination of this Regulatory Agreement said covenants, reservations and restrictions shall expire, except for Sections 5 and 6, which shall remain in perpetuity. All covenants without regard to technical classification or designation shall be binding for the benefit of the Agency, and such covenants shall run in favor of the Agency for the entire term of this Regulatory Agreement, without regard to whether the Agency is or remains an owner of any land or interest therein to which such covenants relate. Each and every contract, deed or other instrument hereafter executed covering or conveying the Site 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 instrument.

Agency and Participant hereby declare their understanding and intent that the burden of the covenants set forth herein touch and concern the land in that Participant's legal interest in the Site is rendered less valuable thereby. Agency and Participant hereby further declare their understanding and intent that the benefit of such covenants touch and concern the land by enhancing and increasing the enjoyment and use of the Project by Very Low Income Tenants, the intended beneficiaries of such covenants, reservations and restrictions, and by furthering the public purposes for which the Agency was formed.

9. ATTORNEYS' FEES. In the event that a party to this Regulatory Agreement brings an action against the other party hereto by reason of the breach of any condition or covenant, representation or warranty in this Regulatory Agreement, or otherwise arising out of this Regulatory Agreement, the prevailing party in such action shall be entitled to recover from the other reasonably attorney's fees to be fixed by the court which shall

render a judgment, as well as the costs of suits. Attorney's fees shall include attorney's fees on any appeal, and in addition a party entitled to attorney's fees shall be entitled to all other reasonable costs for investigating such action, including the conducting of discovery.

10. AMENDMENTS. This Regulatory Agreement shall be amended only by a written instrument executed by the parties hereto or their successors in title, and duly recorded in the real property records of the County of San Diego.

11. NOTICE. Any notice required to be given hereunder shall be made in writing and shall be given by personal delivery, certified or registered mail, postage prepaid, return receipt requested, at the addresses specified below, or at such other addresses as may be specified in writing by the parties hereto:

If to Agency: The Community Development Commission
 of the City of National City
 140 East 12th Street, Suite B
 National City, CA 91950
 Attn: Executive Director

If to Participant: Park Villas Pointe LP
 c/o Gough & Gough, Inc.
 1620 Country Club Road, Suite D
 Valparaiso, IN 46383
 Attn: Larry N. Gough, President

With Copy to: Fairfield Properties, Inc.
 5510 Morehouse Drive, Suite 200
 San Diego, CA 92121
 Attn: Christopher E. Hashioka

The notice shall be deemed given three (3) business days after the date of mailing, or, if personally delivered, when received.

12. SUBORDINATION TO REGULATORY AGREEMENTS AND LAWS. Notwithstanding anything in this Agreement to the contrary, in the event any provision in this Regulatory Agreement conflicts with, contradicts, modifies, or in any way changes the terms of the Bond Regulatory Agreement or the TCAC Regulatory Agreement, the terms of the Bond Regulatory Agreement or the TCAC Regulatory Agreement (as appropriate) shall control.

13. SEVERABILITY/WAIVER/INTEGRATION.

13.1 If any provision of this Regulatory Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining portions hereof shall not in any way be affected or impaired thereby.

13.2 A waiver by either party of the performance of any covenant or condition herein shall not invalidate this Agreement nor shall it be considered a waiver of any other covenants or conditions, nor shall the delay or forbearance by either party in exercising any remedy or right be considered a waiver of, or an estoppel against, the later exercise of such remedy or right.

13.3 This Agreement contains the entire Agreement between the parties and neither party relies on any warranty or representation not contained in this Agreement.

3.1 PARTICIPANT'S BREACH .NOT TO DEFAULT MORTGAGE LIEN. Declarant's breach of any of the covenants or restrictions contained in this Regulatory Agreement or the OPA shall not defeat or render invalid the lien of any mortgage or deed of trust made in good faith and for value as to the Site or any part thereof or interest therein, whether or not said mortgage or deed of trust is subordinated to this Regulatory Agreement or the OPA; but, unless otherwise herein provided, the terms, conditions, covenants, restrictions and reservations of this Regulatory Agreement and the OPA shall be binding and effective against the holder of any such mortgage or deed of trust and any owner of any of the Site or any part thereof whose title thereto is acquired by foreclosure, trustee's sale, or otherwise.

3.2 AMENDMENTS OR MODIFICATIONS TO REGULATORY AGREEMENT. NO purported rule, regulation, modification, amendment and/or termination of this Regulatory Agreement or the OPA shall be binding upon or affect the rights of any mortgagee holding a mortgage or deed of trust upon the Site that is recorded in the Office of the San Diego County Recorder prior to the date any such rule, regulation, modification, amendment or termination is recorded in such office, without the prior written consent of such mortgagee.

14. FUTURE ENFORCEMENT. The parties hereby agree that should the Agency cease to exist as an entity at any time during the term of this Regulatory Agreement, the City of National City shall have the right to enforce all of the terms and conditions herein, unless the Agency had previously specified another entity to enforce this Regulatory Agreement.

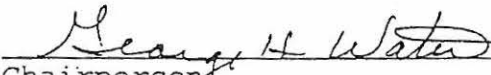
[THE REMAINDER OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK.]

IN WITNESS WHEREOF, the Agency and Participant have executed this Regulatory Agreement and Declaration of Covenants and Restrictions by duly authorized representatives on the date first written hereinabove.

ATTEST:

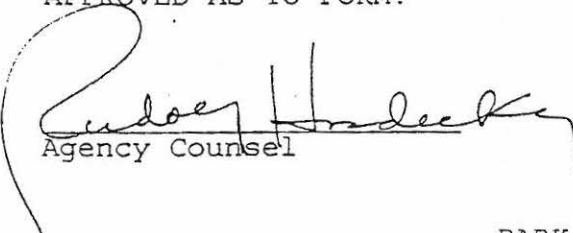
THE COMMUNITY REDEVELOPMENT COMMISSION OF THE CITY OF NATIONAL CITY, a public body, corporate and politic

By: 
Secretary

By: 
Chairperson

"Agency"

APPROVED AS TO FORM:


Agency Counsel

PARK VILLAS POINTE LP, a California limited partnership

By: PARK VILLAS POINTE LLC, a California limited liability company, General Partner

By: 
Larry N. Gough, Managing Member

By: FF PARK VILLAS, LLC, a California limited liability company, General Partner

By: FAIRFIELD INVESTMENTS, INC., a California corporation, Managing Member

By: _____
Patrick J. Gavin, Vice President

"Participant"

IN WITNESS WHEREOF, the Agency and Participant have executed this Regulatory Agreement and Declaration of Covenants and Restrictions by duly authorized representatives on the date first written hereinabove.

ATTEST: THE COMMUNITY REDEVELOPMENT COMMISSION OF THE CITY OF NATIONAL CITY, a public body, corporate and politic

By: _____
Secretary

By: _____
Chairperson

"Agency"

APPROVED AS TO FORM:

Agency Counsel


PARK VILLAS POINTE LP, a California limited partnership

By: PARK VILLAS POINTE LLC, a California limited liability company, General Partner

By: _____
Larry N. Gough, Managing Member

By: FF PARK VILLAS, LLC, a California limited liability company, General Partner

By: FAIRFIELD INVESTMENTS, INC., a California corporation, Managing Member

By: 
Patrick J. Gavin, Vice President

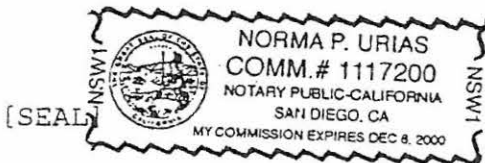
"Participant"

STATE OF CALIFORNIA)
) ss.
COUNTY OF San Diego)

On August 26, 1997, before me, Norma P. Urias, Notary Public
personally appeared George H. Waters

personally known to me (or 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~~ signatures ~~(s)~~ on the instrument the person ~~(s)~~ or the entity upon behalf of which the person ~~(s)~~ acted, executed the instrument.

Witness my hand and official seal.



Norma P. Urias
Notary Public

STATE OF CALIFORNIA)
) ss.
COUNTY OF)

On _____, before me, _____,
personally appeared _____

personally known to me (or 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 signatures(s) on the instrument the person(s) or the entity upon behalf of which the person(s) acted, executed the instrument.

Witness my hand and official seal.

Notary Public

[SEAL]

STATE OF Indiana)
CALIFORNIA) ss.
COUNTY OF)

On 8-21-97, before me, Linda M. Sims,
personally appeared Larry N. Gough

personally known to me (or 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.

Witness my hand and official seal.

Porter County
Expiration: Jan 22, 2000
[SEAL]

Linda M. Sims
Notary Public

STATE OF CALIFORNIA)
) ss.
COUNTY OF)

On _____, before me, _____,
personally appeared _____

personally known to me (or 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.

Witness my hand and official seal.

Notary Public

[SEAL]

STATE OF CALIFORNIA)
) ss.
COUNTY OF)

On _____, before me, _____,
personally appeared _____

personally known to me (or 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 signatures(s) on the instrument the person(s) or the entity upon behalf of which the person(s) acted, executed the instrument.

Witness my hand and official seal.

Notary Public


[SEAL]

STATE OF CALIFORNIA)
) ss.
COUNTY OF SAN DIEGO)

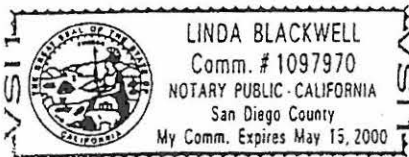
On August 21, 1997, before me, Linda Blackwell, Notary Public,
personally appeared Patrick J. Gavin

personally known to me (or 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 signatures(s) on the instrument the person(s) or the entity upon behalf of which the person(s) acted, executed the instrument.

Witness my hand and official seal.


Notary Public

[SEAL]



ATTACHMENT NO. 1

LEGAL DESCRIPTION OF SITE

PARCEL A:

THAT PORTION OF LOT 69 OF A PORTION OF EX-MISSION LANDS OF SAN DIEGO, (COMMONLY CALLED HORTON'S PURCHASE), IN THE CITY OF NATIONAL CITY, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF NO. 283, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, MARCH 9, 1878, DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEAST CORNER OF LAND DESCRIBED IN DEED TO MC MILLIN CONSTRUCTION COMPANY, INC., RECORDED NOVEMBER 4, 1971 AS FILE NO. 255743 OF OFFICIAL RECORDS, SAID NORTHEAST CORNER BEING WEST 50.00 FEET AND SOUTH 367.75 FEET ALONG THE EAST LINE OF SAID LOT 69 FROM THE NORTHEAST CORNER THEREOF; THENCE ALONG THE NORTHERLY LINE OF SAID LAND SOUTH 89° 36' 55" WEST, 250.00 FEET TO THE NORTHWEST CORNER THEREIN; BEING ALSO A POINT ON THE EASTERLY LINE OF LAND DESCRIBED IN DEED TO MC MILLIN CONSTRUCTION COMPANY, INC., RECORDED NOVEMBER 4, 1971 AS FILE NO. 255778 OF OFFICIAL RECORDS; THENCE ALONG THE BOUNDARY OF SAID LAND NORTH 00° 23' 05" WEST, 129.95 FEET TO A POINT ON THE SOUTH RIGHT OF WAY OF DELTA STREET AS GRANTED TO THE COUNTY OF SAN DIEGO ON AUGUST 20, 1907 IN BOOK 310, PAGE 423 OF DEEDS; THENCE ALONG SAID RIGHT OF WAY SOUTH 89° 36' 55" WEST 51.00 FEET TO A POINT ON SAID MC MILLIN LAND; THENCE ALONG THE BOUNDARY OF SAID MC MILLIN LAND AS FOLLOWS: SOUTH 00° 23' 05" EAST 129.95 FEET TO AN ANGLE POINT; SOUTH 89° 36' 55" WEST 168.25 FEET TO THE MOST WESTERLY, NORTHWESTERLY CORNER OF SAID LAND AND BEING A POINT ON THE EAST LINE OF LAND DESCRIBED IN DEED TO MC MILLIN CONSTRUCTION COMPANY, INC., RECORDED DECEMBER 1, 1971 AS FILE NO. 278706 OF OFFICIAL RECORDS; THENCE ALONG THE BOUNDARY OF SAID LAST MENTIONED DEED AS FOLLOWS:

NORTH 00° 23' 05" WEST, 45.00 FEET TO THE MOST EASTERLY, NORTHEAST CORNER, SOUTH 89° 36' 55" WEST, 41.75 FEET TO A POINT DISTANT THEREON WEST, 561.00 FEET FROM THE EAST LINE OF SAID LOT 69, NORTH 00° 23' 05" WEST, 84.95 FEET TO A POINT ON THE PREVIOUSLY REFERENCED SOUTH RIGHT OF WAY LINE OF DELTA STREET; THENCE ALONG SAID RIGHT OF WAY LINE SOUTH 89° 36' 55" WEST, 8.25 FEET TO A POINT ON THE WEST LINE OF SAID MC MILLIN'S LAND DESCRIBED IN LAST REFERENCED DEED; ALONG THE WESTERLY LINE OF SAID MC MILLIN'S LAND, SOUTH 00° 23' 05" EAST, 289.38 FEET TO THE NORTHEAST CORNER OF LAND, DESCRIBED IN DEED TO MC MILLIN CONSTRUCTION COMPANY, INC., RECORDED DECEMBER 1, 1971 AS FILE NO. 278752 OF OFFICIAL RECORDS, SAID NORTHEAST CORNER THEREOF, BEING A POINT THAT IS 527.175 FEET SOUTH AND 569.25 FEET WEST OF THE NORTHEAST CORNER OF SAID LOT 69 BEING ALSO THE NORTHEAST CORNER OF LAND DESCRIBED IN DEED TO CHARLES O. POWERS, RECORDED NOVEMBER 5, 1921 IN BOOK 855, PAGE 428 OF DEEDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY; THENCE ALONG THE NORTHERLY LINE OF SAID POWERS LAND WEST SOUTH 89° 36' 55" WEST, 465.00 FEET TO THE NORTHWEST CORNER OF SAID MC MILLIN LAND; THENCE ALONG THE SOUTHWESTERLY LINE OF SAID LAND AND THE SOUTHEASTERLY PROLONGATION THEREOF SOUTH 16° 33' 37" EAST, 217.00 FEET TO A LINE WHICH IS PARALLEL WITH AND 12.00 FEET SOUTHEASTERLY OF AND MEASURED AT RIGHT ANGLES TO THE NORTHWESTERLY LINE OF LAND DESCRIBED IN DEED TO ROBERT P. HARVEY, ET UX, RECORDED NOVEMBER 18, 1968 AS FILE NO. 201274 OF OFFICIAL

RECORDS; THENCE ALONG SAID PARALLEL LINE SOUTH 73° 26' 23" WEST, 252.86 FEET TO THE EASTERLY RIGHT OF WAY LINE OF HIGHLAND AVENUE; THENCE ALONG SAID RIGHT OF WAY LINE SOUTH 16° 52' 35" EAST, 157.90 FEET TO A POINT OF CURVATURE, SAID POINT BEING ON THE NORTHERLY LINE OF THAT PROPERTY GRANTED TO THE CITY OF NATIONAL CITY BY DEED RECORDED NOVEMBER 18, 1971 AS FILE NO. 269345 OF OFFICIAL RECORDS; THENCE ALONG THE BOUNDARY OF SAID PROPERTY, AND ALONG THE BOUNDARY OF THAT PROPERTY GRANTED TO THE CITY OF NATIONAL CITY BY DEEDS RECORDED APRIL 25, 1972 AS FILE NO. 102516 AND 102517 OF OFFICIAL RECORDS AS FOLLOWS:

ALONG THE ARC OF A CURVE TO THE LEFT, HAVING A RADIUS OF 20.00 FEET AND A CENTRAL ANGLE OF 73° 30' 30", 25.66 FEET TO A POINT OF TANGENCY; NORTH 89° 36' 55" EAST, 160.38 FEET TO A POINT OF CURVE; ALONG THE ARC OF SAID CURVE TO THE LEFT, HAVING A RADIUS OF 375.00 FEET AND A CENTRAL ANGLE OF 09° 04' 08", 59.36 FEET TO A POINT OF REVERSE CURVE; ALONG THE ARC OF SAID CURVE TO THE RIGHT, HAVING A RADIUS OF 425.00 FEET AND A CENTRAL ANGLE OF 09° 04' 08", 67.27 FEET TO A POINT OF TANGENCY; NORTH 89° 36' 55" EAST, 418.92 FEET; SOUTH 00° 23' 05" EAST, 20.00 FEET TO A POINT ON THE NORTH LINE OF THE LAND DESCRIBED IN DEED TO ELMUR STEALE, RECORDED FEBRUARY 14, 1877, IN BOOK 29, PAGE 338 OF DEEDS; THENCE NORTH 89° 36' 55" EAST ALONG THE NORTH LINE OF SAID STEALE LAND 447.25 FEET TO THE EAST LINE OF SAID LOT 69; THENCE NORTH 00° 23' 05" WEST ALONG THE EAST LINE OF SAID LOT 69, 379.50 FEET TO THE NORTHEAST CORNER OF SAID STEALE LAND; THENCE ALONG THE NORTHERLY LINE OF SAID STEALE LAND SOUTH 89° 36' 55" WEST, 50.00 FEET TO THE SOUTHEAST CORNER OF SAID MC MILLIN LAND DESCRIBED IN DEED RECORDED NOVEMBER 4, 1971 AS FILE NO. 255778 OF OFFICIAL RECORDS; THENCE ALONG THE EASTERLY LINE OF SAID LAND NORTH 00° 23' 05" WEST 234.50 FEET TO THE POINT OF BEGINNING.

PARCEL B:

THAT PORTION OF LOT 69 OF A PORTION OF EX-MISSION LANDS OF SAN DIEGO, (COMMONLY CALLED HORTON'S PURCHASE), IN THE CITY OF NATIONAL CITY, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF NO. 283, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, MARCH 9, 1878, DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHEAST CORNER OF SAID LOT 69; THENCE SOUTH 00° 23' 05" EAST, 217.80 FEET ALONG THE EAST LINE OF SAID LOT 69 TO THE CENTER LINE OF A COUNTY ROAD (DELTA STREET) AS SHOWN ON RECORD OF SURVEY NO. 1378, RECORDED NOVEMBER 14, 1946 AS FILE NO. 12510 OF OFFICIAL RECORDS; THENCE SOUTH 89° 36' 55" WEST, 300.00 FEET ALONG SAID CENTER LINE TO THE TRUE POINT OF BEGINNING;

THENCE CONTINUING SOUTH 89° 36' 55" WEST, 51.00 FEET ALONG SAID CENTER LINE; THENCE SOUTH 00° 23' 05" EAST, 20.00 FEET; THENCE NORTH 89° 36' 55" EAST, 51.00 FEET; THENCE NORTH 00° 23' 05" WEST, 20.00 FEET TO THE TRUE POINT OF BEGINNING.

PARCEL C:

THAT PORTION OF LOT 69 OF A PORTION OF EX-MISSION LANDS OF SAN DIEGO, (COMMONLY CALLED HORTON'S PURCHASE), IN THE CITY OF NATIONAL CITY, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF NO. 283, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, MARCH 9, 1878, DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHEAST CORNER OF SAID LOT 69; THENCE SOUTH 00° 23' 05" EAST, 217.80 FEET ALONG THE EAST LINE OF SAID LOT 69 TO THE CENTER LINE OF A COUNTY ROAD (DELTA STREET) AS SHOWN ON RECORD OF SURVEY NO. 1378, RECORDED NOVEMBER 14, 1946 AS FILE NO. 12510 OF OFFICIAL RECORDS; THENCE SOUTH 89° 36' 55" WEST, 561.00 FEET ALONG SAID CENTER LINE TO THE TRUE POINT OF BEGINNING.

THENCE CONTINUING SOUTH 89° 36' 55" WEST, 8.25 FEET ALONG SAID CENTER LINE; THENCE SOUTH 00° 23' 05" EAST, 20.00 FEET; THENCE NORTH 89° 36' 55" EAST, 8.25 FEET; THENCE NORTH 00° 23' 05" WEST, 20.00 FEET TO THE TRUE POINT OF BEGINNING.

PARCEL D:

THAT PORTION OF LOT 69 OF A PORTION OF EX-MISSION LANDS OF SAN DIEGO, (COMMONLY CALLED HORTON'S PURCHASE), IN THE CITY OF NATIONAL CITY, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF NO. 283, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, MARCH 9, 1878, DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHEAST CORNER OF SAID LOT 69; THENCE SOUTH 00° 23' 05" EAST, 1,001.75 FEET; THENCE SOUTH 89° 36' 55" WEST, 1,200.42 FEET TO A POINT ON THE WEST LINE OF SAID SECTION 69, SAID POINT BEING THE TRUE POINT OF BEGINNING.

THENCE NORTH 16° 52' 35" WEST, 192.28 FEET ALONG SAID WEST LINE; THENCE NORTH 73° 07' 25" EAST, 40.00 FEET; THENCE SOUTH 16° 52' 35" EAST, 204.12 FEET; THENCE SOUTH 89° 36' 55" WEST 41.72 FEET TO THE TRUE POINT OF BEGINNING.

EXCEPTING THE INTEREST CONVEYED TO THE CITY OF NATIONAL CITY BY DEED RECORDED DECEMBER 3, 1991 AS FILE NO. 1991-0621683 OF OFFICIAL RECORDS.

ORIGINAL
DUPLICATE

OWNER PARTICIPATION AGREEMENT

By and Between

THE COMMUNITY DEVELOPMENT COMMISSION
OF THE CITY OF NATIONAL CITY

AND

PARK VILLAS POINTE LP

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OWNER PARTICIPATION AGREEMENT

THIS OWNER PARTICIPATION AGREEMENT ("Agreement") is entered into this 19th day of August, 1997 (the "Effective Date") by and between THE COMMUNITY DEVELOPMENT COMMISSION OF THE CITY OF NATIONAL CITY, a public body, corporate and politic ("Agency"), and PARK VILLAS POINTE LP, a California limited partnership ("Participant").

NOW, THEREFORE, Agency and Participant hereby agree as follows:

1. DEFINITIONS.

1.1 Agency Loan. The term "Agency Loan" shall mean a Five Hundred Thousand Dollar (\$500,000.00) loan from Agency to Participant to pay for Project Costs evidenced by the Note.

1.2 Certificate of Completion. The term "Certificate of Completion" shall mean that certain Certificate of Completion attached hereto as Exhibit "E".

1.3 City. The term "City" shall mean the CITY OF NATIONAL CITY, a municipal corporation, having its offices at 140 East 12th Street, Suite B, National City, CA 91950.

1.4 Note. The term "Note" shall mean that certain Promissory Note in the form attached hereto as Exhibit "C".

1.5 Project Costs. The term "Project Costs" shall mean those costs incurred or to be incurred by Developer in connection with the acquisition and rehabilitation of the Project more particularly described on Exhibit "F" attached hereto.

1.6 Project. The term "Project" shall mean the acquisition and rehabilitation of the two hundred sixty-eight (268) unit apartment project located on the Site commonly known as the Park Villas Pointe Apartments, which rehabilitation work is more particularly described in the Scope of Development attached hereto as Exhibit "B".

1.7 Redevelopment Plan. The term "Redevelopment Plan" shall mean the Redevelopment Plan for the National City Downtown Redevelopment Project Area ("Project Area") which was adopted by Ordinance Number 1762 of the City Council of City on December 1, 1981. A copy of the Redevelopment Plan is on file in the Office of the City Clerk of the City. The Redevelopment Plan is incorporated herein by this reference as though fully set forth herein.

1.8 Regulatory Agreement. The term "Regulatory Agreement" shall mean that certain Regulatory Agreement and Declaration of Covenants and Restrictions in the form attached

hereto as Exhibit "D" to be executed by Agency and Participant and recorded against the Site.

1.9 Schedule of Performance. The term "Schedule of Performance" shall mean that certain Schedule attached hereto as Exhibit "B".

1.10 Site. The term "Site" shall mean that certain real property currently owned by Participant located within the Project Area commonly known as 817 Eta Street, National City, California and more particularly described on Exhibit "A" attached hereto.

1.11 Transfer. The term "Transfer" shall have the meaning set forth in Section 3.8.

2. PURPOSE OF AGREEMENT. The purpose of this Agreement is to effectuate the Redevelopment Plan for the Project Area by assisting in providing adequate housing affordable to low-income households within the City by preserving the affordability of the Project. The fulfillment generally of this Agreement is in the best interests of the City and the welfare of its residents and are in accordance with the public purposes and provisions of applicable federal, state, and local laws and regulations, under which the Project has been undertaken and is being assisted.

This Agreement is entered into by the Agency pursuant to its authority under the Community Redevelopment Law of the State of California, Health and Safety Code Sections 33000 et seq. (all statutory references herein are to the Health and Safety Code unless otherwise provided); which authorizes the Agency to make agreements with owners, purchasers and lessees of property in the Project Area providing for the rehabilitation of property in conformity with the Redevelopment Plan, and providing that the Agency retain controls and establish restrictions or covenants running with the land so that the property will be developed, operated, and used in conformity with this Agreement and the Redevelopment Plan (see Sections 33380, 33381, 33437-33439 and 33339).

3. DEVELOPMENT OF THE SITE.

3.1 Plans and Specifications. Participant shall rehabilitate the Project upon the Site in accordance with the Scope of Development and the construction drawings and specifications previously submitted to and approved by the Building Department of City in order to obtain building permits for the Project.

3.2 Permits. Before commencement of the rehabilitation of the Project on the Site, Participant shall obtain any and all permits and approvals which may be required by the City or any other governmental agency with jurisdiction. Participant

shall comply with all environmental mitigation measures imposed as conditions of approval of the Project.

3.3 Commencement and Completion of Construction. The rehabilitation of the Project commenced prior to the execution of this Agreement and shall be completed within two (2) years of the date of this Agreement except as mutually agreed in writing by Participant and Agency. The Project shall be deemed complete upon the issuance of a Certificate of Completion as provided in Section 3.7.

3.4 Right of Access. Representatives of Agency and City shall have the reasonable right of access to the Site during the period of construction for the purposes of this Agreement, including, but not limited to, the inspection of the work being performed.

3.5 Nondiscrimination During Construction. Participant, for itself and its successors and assigns, agrees that during the rehabilitation of the Project, Participant will not discriminate against any employee or applicant for employment because of race, color, creed, religion, sex, marital status, age, physical or mental disability, ancestry, or national origin.

3.6 Agency Loan.

(a) Loan. Subject to the terms of this Agreement, Agency agrees to make and Participant agrees to accept the Agency Loan to reimburse Participant for the Project Costs.

(b) Conditions Precedent to Disbursement. Agency shall disburse the Agency Loan to Participant upon the satisfaction of the following conditions precedent:

(i) Participant has submitted evidence reasonably satisfactory to Agency that the Project Costs have been incurred by Participant.

(ii) The Regulatory Agreement has been recorded against the Site;

(iii) Participant has executed and delivered the Note to Agency;

(iv) There exists no condition, event, act or omission which constitutes a breach, default or event of default under this Agreement, the Note or the Regulatory Agreement or with notice, the passage of time, or both, would constitute a default hereunder or thereunder.

(v) Delivery to and approval by Agency of the evidence of insurance coverage as required pursuant to Section 3.9(a).

3.7 Certificate of Completion. Upon written request by Participant, and upon satisfactory completion of the Project, Agency shall issue to Participant a Certificate of Completion. The Certificate of Completion shall be, and shall so state, a conclusive determination of satisfactory completion of the Project required by this Agreement, and a full compliance with the terms of this Agreement relating to commencement and completion of the Project. After the date Participant is entitled to issuance of the Certificate of Completion, and notwithstanding any other provision of this Agreement to the contrary, any party then owning or thereafter purchasing, leasing or otherwise acquiring any interest in the Site or the Site shall not (because of any such ownership, purchase, lease, or acquisition) incur any obligation or liability under this Agreement, except that such party shall be bound by the covenants that survive the issuance of the Certificate of Completion, as set forth in the Regulatory Agreement. The Certificate of Completion is not a notice of completion as referred to in California Civil Code section 3093.

3.8 Sale or Transfer of the Project. The Participant covenants that prior to the date which is ten (10) years after the Effective Date, Participant shall not transfer this Agreement or any of Participant's rights hereunder or any interest in the Site or in the Improvements thereon, directly or indirectly, voluntarily or by operation of law, without the prior written approval of Agency; which approval may be withheld in Agency's sole and absolute discretion subsequent to such ten (10) year period but prior to fifteen (15) years after the date of this Agreement, Participant shall not assign this Agreement or transfer the Site or any of its interests therein except as provided in this Section.

(a) Transfer Defined. As used in this Section, the term "Transfer" shall include any assignment, conveyance, or transfer of this Agreement, the Site, or the improvements thereon (but specifically excluding any transfer, assignment, pledge, hypothecation or mortgage for financing purposes). A Transfer shall also include the transfer to any person or group of persons acting in concert of more than twenty-five percent (25%) (in the aggregate) of the present ownership and/or control of any person or entity constituting Participant, taking all transfers into account on a cumulative basis, except transfers of such ownership or control interest between members of the same immediate family, or transfers to a trust, testamentary or otherwise, in which the beneficiaries are limited to members of the transferor's immediate family, or among the entities constituting Participant or its general partners or their respective partners, members or shareholders. In the event Participant or any successor of Participant, is a corporation or trust, such transfer shall refer to the transfer of the issued and outstanding capital stock of such corporation, or of beneficial interests of such trust; in the event that Participant or any successor of Participant is a limited or general partnership, such transfer shall refer to the transfer of more than twenty-five percent

(25%) of the general partnership interests of such partnership; in the event that Participant or any successor of Participant is a joint venture, such transfer shall refer to the transfer of more than twenty-five percent (25%) of the ownership and/or control of any such joint venture partner, taking all transfers into account on a cumulative basis.

(b) Agency Approval of Transfer Required. Prior to the date which is ten (10) years after the Effective Date, Participant shall not Transfer this Agreement or any of Participant's rights hereunder or any interest in the Site or in the Improvements thereon, directly or indirectly, voluntarily or by operation of law, without the prior written approval of Agency, which approval may be withheld in Agency's sole and absolute discretion. Subsequent to such ten (10) year period but prior to the date which is fifteen (15) years after the Effective Date, Participant shall not Transfer this Agreement or any of Participant's rights hereunder, or any interest in the Site or in the improvements thereon, directly or indirectly, voluntarily or by operation of law, without the prior written approval of Agency, which approval will not be unreasonably withheld and any such purported Transfer without such approval shall be null and void. In considering whether it will grant approval to any Transfer by Participant, which Transfer requires Agency approval, Agency shall consider factors such as (i) whether the completion of the Project is jeopardized; (ii) the financial credit, strength and capability of the proposed transferee to perform Participant's obligations hereunder; and (iii) the proposed transferee's experience and expertise in the planning, financing, rehabilitation, development, ownership, and operation of similar projects. The provisions of this Section shall not apply to the leasing of the Project in compliance with the terms of the Regulatory Agreement.

(c) Release; Assumption. In the absence of specific written agreement by Agency, no Transfer by Participant of all or any portion of its interest in the Site shall be deemed to relieve Participant or any successor party from the obligation to complete the Project or any other obligations under this Agreement. In addition, no attempted Transfer of any of Participant's obligations hereunder shall be effective unless and until the successor party executes and delivers to Agency an assumption agreement in a form approved by the Agency assuming such obligations.

3.9 Insurance and Indemnification.

(a) Insurance. Participant shall procure and maintain, at its sole cost and expense, during the entire term of construction, the following policies of insurance:

(i) Comprehensive General Liability Insurance.
A policy of comprehensive general liability insurance

written on a per occurrence basis in an amount not less than either (i) a combined single limit of ONE MILLION DOLLARS (\$1,000,000.00) or (ii) bodily injury limits of FIVE HUNDRED THOUSAND DOLLARS (\$500,000.00) per person, ONE MILLION DOLLARS (\$1,000,000.00) per occurrence, ONE MILLION DOLLARS (\$1,000,000.00) products and completed operations and property damage limits of FIVE HUNDRED THOUSAND DOLLARS (\$500,000.00) per occurrence and FIVE HUNDRED THOUSAND DOLLARS (\$500,000.00) in the aggregate.

(ii) Workers' Compensation Insurance. A policy of workers' compensation insurance in such amount as will fully comply with the laws of the State of California and which shall indemnify, insure and provide legal defense for both the Participant, Agency, and the City against any loss, claim or damage arising from any injuries or occupational diseases occurring to any worker employed by or any persons retained by the Participant in the course of carrying out the work or services contemplated in this Agreement.

(iii) Automobile Insurance. A policy of automobile liability insurance in an amount not less than Five Hundred Thousand Dollars (\$500,000.00) combined single limit.

(iv) Builder's Risk Insurance. A policy of "builder's risk" insurance covering the full replacement value of all of the Project.

All of the above policies of insurance shall be primary insurance and shall name Agency, City, and their officers, employees, and agents as additional insureds. All of said policies of insurance shall provide that said insurance may not be amended or cancelled without providing thirty (30) days prior written notice by registered mail to Agency and City. In the event any of said policies of insurance are cancelled, Participant shall, prior to the cancellation date, submit new evidence of insurance in conformance with this Section to the Executive Director.

The policies of insurance required by this Agreement shall be satisfactory only if issued by companies qualified to do business in California, rated "B+" or better in the most recent edition of Best Rating Guide, The Key Rating Guide or in the Federal Register, and only if they are of a financial category Class VII or better, unless such requirements are waived by the Risk Manager of the City ("Risk Manager") due to unique circumstances.

The Participant agrees that the provisions of this Section shall not be construed as limiting in any way the extent to which the Participant may be held responsible for the payment of damages to any persons or property resulting

from the Participant's activities or the activities of any person or persons for which the Participant is otherwise responsible.

(b) Indemnification. During the period of any construction of the improvements pursuant to this Agreement and until such time as is issued a Certificate of Completion for the Project, Participant agrees to defend and shall indemnify and hold the Agency and the City harmless from and against all liability, loss, damage, cost, or expense (including reasonable attorneys' fees and court costs) arising from or as a result of the death of any person or any accident, injury, loss, or damage whatsoever caused to any person or to the property of any person which shall occur on the Site and which shall be directly or indirectly caused by the negligent acts done thereon or any negligent errors or omissions of the Participant or its agents, servants, employees, or contractors. Participant shall not be responsible for (and such indemnity shall not apply to) any negligent acts, errors, or omissions of the Agency or the City or their respective agents, servants, employees, or contractors. Agency and City shall not be responsible for any acts, errors, or omissions of any person or entity except Agency and City and their respective agents, servants, employees, or contractors. The provisions of this Section shall survive the termination of this Agreement.

4. USE OF THE SITE.

4.1 Use of the Site. Participant hereby covenants and agrees, for itself and its successors and assigns, to use and maintain the Project only as a housing project to be rented to low-income households as more fully set forth in the Regulatory Agreement. Participant shall have sole and exclusive responsibility and financial liability for any and all construction or works of improvement on the Site as may be necessary in order to use the Site for the Project.

4.2 No Inconsistent Uses. Participant covenants and agrees that it shall not devote the Site to uses inconsistent with the Redevelopment Plan, the applicable zoning restrictions, this Agreement, or the Regulatory Agreement.

4.3 Obligation to Refrain from Discrimination. There shall be no discrimination against, or segregation of, any persons, or group of persons, on account of race, color, creed, religion, sex, marital status, age, physical or mental disability, ancestry, or national origin in the rental, sale, lease, sublease, transfer, use, occupancy, or enjoyment of the Site, or any portion thereof, nor shall Participant, or any person claiming under or through Participant, 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, or vendees of the Site or any portion thereof. The nondiscrimination and nonsegregation covenants contained herein and in the Regulatory Agreement shall remain in effect in perpetuity.

4.4 Effect of Covenants. Agency is deemed a beneficiary of the terms and provisions of this Agreement and of the restrictions and covenants running with the land, whether or not appearing in the Regulatory Agreement for and in its own right and for the purposes of protecting the interests of the community in whose favor and for whose benefit the covenants running with the land have been provided. The covenants in favor of the Agency shall run without regard to whether Agency has been, remains or is an owner of any land or interest therein in the Site, or in the Project Area, and shall be effective as both covenants and equitable servitudes against the Site. Agency shall have the right, if any of the covenants set forth in this Agreement which are provided for its benefit are breached, to exercise all rights and remedies and to maintain any actions or suits at law or in equity or other proper proceedings to enforce the curing of such breaches to which it may be entitled. With the exception of the City, no other person or entity shall have any right to enforce the terms of this Agreement under a theory of third-party beneficiary or otherwise. The covenants running with the land and their duration are set forth in the Regulatory Agreement.

5. ENFORCEMENT.

5.1 Termination by Agency. The Agency may terminate this Agreement, in its sole and absolute discretion, if Participant fails to begin construction of the Project by the date specified in the Schedule of Performance (or some later date if an extension of time has been granted pursuant to the terms of this Agreement).

5.2 Events of Default. In the event either party defaults in the performance or observance of any covenant, agreement or obligation set forth in this Agreement, and if such default remains uncured for a period of thirty (30) days after written notice thereof shall have been given by the non-defaulting party, or, in the event said default cannot be cured within said time period, the defaulting party has failed to commence to cure such default within said thirty (30) days and diligently prosecute said cure to completion, then the non-defaulting party shall declare an event of default to have occurred hereunder.

5.3 Remedies. In addition to any other rights or remedies that may be available and subject to the requirements of Section 5.1 above, either party to this Agreement may institute a legal or equitable action to cure, correct or remedy any default, to recover damages for any default, or to obtain any other remedy consistent with the purposes of this Agreement. If either party defaults hereunder by failing to perform any of its obligations herein, each party agrees that the other shall be entitled to the

judicial remedy of specific performance, and each party agrees (subject to its reserve right to contest whether in fact a default does exist) not to challenge or contest the appropriateness of such remedy. In this regard, Participant specifically acknowledges that Agency is entering into this Agreement for the purpose of assisting in the redevelopment of the Site and not for the purpose of enabling Participant to speculate with land.

5.4 No Waiver. Waiver by either party of the performance of any covenant, condition, or promise shall not invalidate this Agreement, nor shall it be considered a waiver of any other covenant, condition, or promise. Waiver by either party of the time for performing any act shall not constitute a waiver of time for performing any other act or an identical act required to be performed at a later time. The delay or forbearance by either party in exercising any remedy or right as to any default shall not operate as a waiver of any other default or of any rights or remedies or to deprive such party of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert, or enforce any such rights or remedies.

5.5 Rights and Remedies are Cumulative. Except as otherwise expressly stated in this Agreement, the rights and remedies of the parties are cumulative, and the exercise by any party of one or more of its rights or remedies shall not preclude the exercise by it, at the same or different times, of any other rights or remedies for the same default or any other default by another party.

5.6 Attorneys' Fees. In the event of litigation between the parties arising out of this Agreement, the prevailing party shall be entitled to recover its reasonable attorneys' fees and other costs and expenses incurred, including such fees and costs incurred on appeal, in addition to whatever other relief to which it may be entitled.

6. MISCELLANEOUS.

6.1 Governing Law. The laws of the State of California shall govern the interpretation and enforcement of this Agreement.

6.2 Notices. Formal notices, demands, and communications between Agency and Participant shall be sufficiently given if personally delivered or dispatched by registered or certified mail, postage prepaid, return receipt requested, to the following addresses:

If to Agency: The Community Development Commission
 of the City of National City
 140 East 12th Street, Suite B
 National City, CA 91950
 Attn: Executive Director

If to Participant: Park Villas Pointe LP
c/o Gough & Gough, Inc.
1620 Country Club Road, Suite D
Valparaiso, IN 46383
Attn: Larry N. Gough, President

With Copy to: Fairfield Properties, Inc.
5510 Morehouse Drive, Suite 200
San Diego, CA 92121
Attn: Christopher E. Hashioka

All notices shall be deemed to be received as of the earlier of actual receipt by the addressee thereof or the expiration of forty-eight (48) hours after depositing in the United States Postal System in the manner described in this Section. Such written notices, demands, and communications may be sent in the same manner to such other addresses as a party may from time to time designate by mail.

6.3 Conflicts of Interest. No member, official, or employee of Agency shall have any personal interest, direct or indirect, in this Agreement nor shall any such member, official, or employee participate in any decision relating to this Agreement which affects his personal interests or the interests of any corporation, partnership, or association in which he is, directly or indirectly, interested.

6.4 Nonliability of Agency Officials and Employees. No member, official, employee, or consultant of Agency or City shall be personally liable to Participant, or any successor in interest of Participant, in the event of any default or breach by Agency or for any amount which may become due to Participant or to its successor, or on any obligations under the terms of this Agreement.

6.5 Books and Records.

(a) Maintenance of Books and Records. Participant shall prepare and maintain all books, records, and reports necessary to substantiate Participant's compliance with the terms of this Agreement or reasonably required by the Agency.

(b) Right to Inspect. The Agency shall have the right, upon not less than seventy-two (72) hours' notice, at all reasonable times, to inspect the books and records of the Participant pertinent to the purposes of this Agreement. Said right of inspection shall not extend to documents privileged under attorney-client or other such privileges.

6.6 Modifications. Any alteration, change or modification of or to this Agreement, in order to become effective, shall be made by written instrument or endorsement thereon and in each such instance executed on behalf of each party hereto.

6.7 Merger of Prior Agreements and Understandings.

This Agreement and all documents incorporated herein contain the entire understanding among the parties hereto relating to the transactions contemplated herein and all prior or contemporaneous agreements, understandings, representations, and statements, oral or written, are merged herein and shall be of no further force or effect.

6.8 Binding Effect of Agreement.

This Agreement shall be binding upon and shall inure to the benefit of the parties hereto, their legal representatives, successors, and assigns. This Agreement shall likewise be binding upon and obligate the Site and the successors in interest, owner or owners thereof, and all of the tenants, lessees, sublessees, and occupants of such Site.

6.9 Assurances to Act in Good Faith.

Agency and Participant agree to execute all documents and instruments and to take all action and shall use their best efforts to accomplish the purposes of this Agreement. Agency and Participant shall each diligently and in good faith pursue the satisfaction of any conditions or contingencies subject to their approval.

6.10 Severability.

Wherever possible, each provision of this Agreement shall be interpreted in such a manner as to be effective and valid under applicable law. If, however, any provision of this Agreement shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement.


6.11 Exhibits.

Exhibits "A" through "F", inclusive, attached hereto, are incorporated herein as if set forth in full.

IN WITNESS WHEREOF the Agency and Participant have executed this Agreement as of the date first written above.

ATTEST:

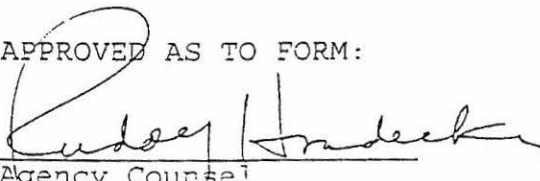
THE COMMUNITY REDEVELOPMENT COMMISSION
OF THE CITY OF NATIONAL CITY, a public
body, corporate and politic

By: 
Secretary

By: 
Chairperson

"Agency"

APPROVED AS TO FORM:

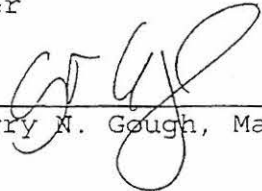

Agency Counsel

[Signatures continue on next page]

[Signatures continued from preceding page]

PARK VILLAS POINTE LP, a California
limited partnership

By: PARK VILLAS POINTE LLC, a California
limited liability company, General
Partner

By: 
Larry N. Gough, Managing Member

By: FF PARK VILLAS, LLC, a California
limited liability company, General
Partner

By: FAIRFIELD INVESTMENTS, INC., a
California corporation,
Managing Member

By: _____
Patrick J. Gavin, Vice
President

"Participant"

[Signatures continued from preceding page]

PARK VILLAS POINTE LP, a California
limited partnership

By: PARK VILLAS POINTE LLC, a California
limited liability company, General
Partner

By: _____
Larry N. Gough, Managing Member

By: FF PARK VILLAS, LLC, a California
limited liability company, General
Partner

By: FAIRFIELD INVESTMENTS, INC., a
California corporation,
Managing Member

By:  _____
Patrick J. Gavin, Vice
President

"Participant"

ORIGINAL
DUPLICATEPROMISSORY NOTE

\$500,000.00

August 19, 1997
San Diego County, California

FOR VALUE RECEIVED, the undersigned ("Maker") hereby promises to pay to THE COMMUNITY DEVELOPMENT COMMISSION OF THE CITY OF NATIONAL CITY, a public body, corporate and politic ("Holder"), at a place designated by Holder, the principal sum of FIVE HUNDRED THOUSAND DOLLARS (\$500,000.00) or such lesser amount which shall from time to time be owing hereunder on account of unpaid advances made by Holder to or for the benefit of Maker. The principal sum hereof shall be disbursed pursuant to the terms and conditions set forth in that certain Owner Participation Agreement dated August 19, 1997 by and between Maker and Holder ("OPA"). Interest shall accrue on all principal advanced hereunder at the rate of six and seventy-five one hundredths percent (6.75%) per annum.

1. Repayment by Maker. No payments of principal and interest shall be payable hereunder unless and until an "Event of Default" shall have been declared hereunder pursuant to Section 3 below. If no Event of Default shall have occurred hereunder on or before September 1, 2014 ("Forgiveness Date"), all accrued interest and all principal advanced hereunder shall be forgiven on the Forgiveness Date. If an Event of Default is declared prior to the Forgiveness Date, Maker shall commence repayment of the outstanding principal balance of this Note, together with all accrued and unpaid interest hereunder, on a monthly basis commencing on the fifteenth day of the month succeeding the date the Event of Default occurs and continuing on the fifteenth day of each succeeding month solely from "Surplus Cash" (as such term is defined in that certain Regulatory Agreement for Multifamily Housing Projects between Maker and the Secretary of Housing and Urban Development dated July 1, 1997 and recorded on July 1, 1997 as Instrument No. 1997-0311772 in the Official Records of San Diego County, California) generated by the Project (as such term is defined in the OPA) during the preceding month. If not sooner paid, all unpaid and unforgiven principal under this Note and all accrued, unpaid and unforgiven interest, if any, shall be due and payable on March 1, 2039 ("Maturity Date"). Any payments made by Maker in payment of this Note shall be applied first to the interest then accrued and then to the unpaid principal balance under this Note.

2. Prepayment. This Note may be prepaid in whole or in part at any time without penalty.

3. Event of Default. If (i) a default occurs under the OPA or the Regulatory Agreement [as defined in the OPA] which is not cured within the time period set forth therein; (ii) Maker commits

a material breach of any promise or obligation in this Note which is not cured by Maker within thirty (30) days of receiving written notice by Holder of such default; or (iii) a default occurs under any other instrument now or hereafter securing the indebtedness evidenced hereby which is not cured within the time period set forth therein, then, and in any of such events, Holder may, at its option, declare an "Event of Default" to have occurred hereunder.

4. Default Interest. If an Event of Default is declared by Holder, the entire unpaid and unforgiven principal owing hereunder shall commence to accrue interest at a rate equal to six and three-quarters percent (6.75%) per annum.

5. Collection Costs; Attorneys' Fees. If any attorney is engaged by Holder because of any event of default under this Note or to enforce or defend any provision herein, whether or not suit is filed hereon, then Maker shall pay upon demand reasonable attorneys' fees and all costs so incurred by Holder together with interest thereon until paid at the applicable rate of interest payable hereunder, as if such fees and costs had been added to the principal owing hereunder.

6. Waivers by Maker. Maker and all endorsers, guarantors and persons liable or to become liable on this Note waive presentment, protest and demand, notice of protest, demand and dishonor and nonpayment of this Note and any and all other notices or matters of a like nature, and consent to any and all renewals and extensions near the time of payment hereof and agree further that at any time and from time to time without notice, the terms of payment herein may be modified or the security described in any documents securing this Note released in whole or in part, or increased, changed or exchanged by agreement between Holder and any owner of the premises affected by said documents securing this Note, without in any way affecting the liability of any party to this Note or any persons liable or to become liable with respect to any indebtedness evidenced hereby.

7. Severability. The unenforceability or invalidity of any provision or provisions of this Note as to any persons or circumstances shall not render that provision or those provisions unenforceable or invalid as to any other provisions or circumstances, and all provisions hereof, in all other respects, shall remain valid and enforceable.

8. Modifications. Neither this Note nor any term hereof may be waived, amended, discharged, modified, changed or terminated orally; nor shall any waiver of any provision hereof be effective except by an instrument in writing signed by Maker and Holder. No delay or omission on the part of Holder in exercising any right hereunder shall operate as a waiver of such right or of any other right under this Note.

9. No Waiver by Holder. No waiver of any breach, default or failure of condition under the terms of this Note or the Deed of Trust or the obligation secured thereby shall be implied from any failure of the Holder of this Note to take, or any delay be implied from any failure by the Holder in taking action with respect to such breach, default or failure from any prior waiver of any similar or unrelated breach, default or failure.

10. Usury. Notwithstanding any provision in this Note, Deed of Trust or other document securing same, the total liability for payment in the nature of interest shall not exceed the limit now imposed by applicable laws of the State of California.


11. Governing Law. This Note has been executed and delivered by Maker in the State of California and is to be governed and construed in accordance with the laws thereof.

12. Non-Recourse Loan. Notwithstanding any provision or obligation to the contrary contained in this Note, the liability of Maker under this Note to Holder and its successors and assigns is limited to the Surplus Cash generated by the Project and Holder shall look exclusively thereto, or to such other security as may from time to time be given for the payment of obligations arising out of this Note or any other agreement securing the obligations of Maker under this Note.

IN WITNESS WHEREOF, Maker has executed this Note as of the date and year first above written.

PARK VILLAS POINTE LP, a California limited partnership

By: PARK VILLAS POINTE LLC, a California limited liability company, General Partner


By: 
Larry N. Gough, Managing Member

[Signatures continue on next page]

[Signatures continued from preceding page]

By: FF PARK VILLAS, LLC, a California
limited liability company, General
Partner

By: FAIRFIELD INVESTMENTS, INC.,
a California corporation,
Managing Member

By: 
Patrick J. Gavin, Vice
President

"Maker"

RESOLUTION NO. 2014 – 46

RESOLUTION OF THE SUCCESSOR AGENCY
TO THE COMMUNITY DEVELOPMENT COMMISSION
AS THE NATIONAL CITY REDEVELOPMENT AGENCY
AUTHORIZING THE CHAIRMAN TO EXECUTE AN AGREEMENT
FOR MODIFICATION OF OBLIGATIONS WHICH WILL AMEND
THE REGULATORY AGREEMENT, FORGIVE
THE PROMISSORY NOTE, AND TERMINATE THE PARTICIPATION
AGREEMENT WITH PARK VILLAS NATIONAL CITY, L.P.

WHEREAS, the City of National City formed the Community Development Commission of the City of National City (“CDC”), which has continuously engaged in both redevelopment activities under the Community Redevelopment Law (Health and Safety Code sections 33000, et seq.) (“CRL”) and housing authority activities under the Housing Authority Law (Health and Safety Code sections 34200, et seq.); and

WHEREAS, at the time the City of National City formed the CDC, the City also established the Housing Authority of the City of National City (Ordinance No. 1484, dated October 14, 1975); and

WHEREAS, the Redevelopment Agency of the City of National City (“Agency”) was established by Ordinance No. 1164, dated April 11, 1967; and

WHEREAS, the CDC was established to enable both the Agency and the Housing Authority to operate under a single board and single entity; and

WHEREAS, by enactment of Part 1.85 of Division 24 of the Health and Safety Code, the Agency, was dissolved as of February 1, 2012 such that the Agency was deemed as a former redevelopment agency under Health and Safety Code section 34173(a); and

WHEREAS, the Agency was succeeded by the Successor Agency to the Community Development Commission as the National City Redevelopment Agency (“Successor Agency”); and

WHEREAS, Agency and Park Villas National City, LP, (“Participant”) entered into certain agreements with respect to a \$500,000 forgivable loan made by Agency to Participant as of August 19, 1997 (the “Loan”), via Resolution Number 97-38, as follows:

- A Regulatory Agreement and Declaration of Covenants and Restriction, dated as of August 19, 1997, executed by Agency and Participant (the “Agency Regulatory Agreement”);
- An Owner Participation Agreement, dated as of August 19, 1997, executed by Agency and Participant (the “Participation Agreement”);
- A Promissory Note, dated as of August 19, 1997, in the principal amount of \$500,000.00, executed by Participant to the order of Agency (the “Note”); and

WHEREAS, said documents relate to the redevelopment and operation of the 268-unit multifamily residential development commonly known as the Park Villas Apartments, 817 Eta Street, National City, San Diego County, California (the “Project”); and

WHEREAS, Successor Agency, Participant and First Trust of California, National Association entered into a certain Regulatory Agreement and Declaration of Restrictive Covenants, dated as of June 1, 1997, and recorded on July 1, 1997 as Instrument No. 1997-0311773 (the “Bond Regulatory Agreement”), relating to the Project; and

WHEREAS, Participant and the California Tax Credit Allocation Committee entered into a certain Regulatory Agreement Federal Credits Tax-Exempt Bond Financed Project dated as of July 31, 1998, and recorded on October 7, 1999 as Instrument No. 1999-0679835 (the “TCAC Regulatory Agreement”), relating to the Project; and

WHEREAS, Successor Agency and Participant wish to enter into certain agreements to modify the end date of the Note, clarify the termination dates of the Regulatory Agreement, extend the length of the TCAC Regulatory Agreement affordability covenants to the benefit of the Successor Agency, and acknowledge Participant’s consent and waiver of claims to the prior sale of GNMA Collateralized – Park Villa Apartments, Series 1997 Series A Bonds on the terms and conditions provided in the Agreement for Modification of Obligations.

NOW, THEREFORE, BE IT RESOLVED, by the Successor Agency to the Community Development Commission as the National City Redevelopment Agency, that the Chairman is hereby authorized to execute the Agreement for Modification of Obligations on file with the Secretary of the Successor Agency.

PASSED and ADOPTED this 20th day of May, 2014.

Ron Morrison, Chairman

ATTEST:

Michael R. Dalla, City Clerk as
Secretary to the Successor Agency

APPROVED AS TO FORM:

Claudia Gacitua Silva
Successor Agency Counsel