

ADMINISTRATION AGREEMENT
Rental Units

Stonewood Garden Apartments

This Administration Agreement ("Agreement") is dated as of the 2 day of April, 2018, by and between the City of San Diego, a municipal corporation ("City"), the San Diego Housing Commission, a public agency ("Administrator"), and MG Stonewood Garden Apartments L.P., a California limited partnership ("Participant"), which shall collectively be referred to as the "Parties."

RECITALS

A. The Participant ground leases from the City certain real property in San Diego, California ("Property"), as set forth in that certain City of San Diego Percentage Ground Lease between the City and Participant (as amended by that certain First Amendment to Percentage Ground Lease between the City and Participant, the "Ground Lease"). Any capitalized term not defined herein shall have the meaning ascribed to such term in the Ground Lease.

B. The Participant operates 253 residential apartment units ("Project") on the Property. The Ground Lease requires 51 residential apartment units be rented exclusively to low income individuals and families ("Affordable Units").

C. The City desires to use the staff, skills, and facilities of the Administrator to provide monitoring and reporting requirements with respect to the Affordable Units pursuant to the requirements of the Ground Lease.

D. The Parties desire to enter into this Agreement to, inter alia, provide that (i) the Participant shall pay a fee to Administrator in consideration for monitoring the Affordable Units for the period of affordability contained in the Ground Lease; and (ii) the Administrator shall administer and perform all monitoring and reporting requirements with respect to the Affordable Units as regulated by the Ground Lease; and (iii) and as otherwise provided herein.

NOW, THEREFORE, for good and valuable consideration, the receipt of and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

AGREEMENT

I. Purpose of Agreement

The purpose of this Agreement is to provide for the administration of the affordable housing obligations of the Participant arising under the Ground Lease.

II. Scope of Work

A. Services. In addition to the reporting requirements set forth in Paragraph VII below, the Administrator shall monitor Participant's compliance with the affordable housing

requirements of the Project as set forth in the Ground Lease, including, without limitation: (i) establishing the eligibility criteria for renters of the Affordable Units in accordance with the requirements of the Ground Lease; and (ii) monitoring ongoing compliance with the terms of the Ground Lease with respect to the Affordable Units, including an annual certification that the Affordable Units remain occupied by eligible tenants. The City will notify the Administrator of any amendments to the Ground Lease that would affect the affordable housing requirements of the Project.

B. Administrator and City Approval of Rents. The maximum amount which Participant may charge for rent of each of the Affordable Units is set forth in Exhibit A, attached hereto and incorporated herein by this reference.

C. City Rights and Obligations. All rights, obligations, and/or duties of the City under the Ground Lease, not otherwise the subject of this Agreement, shall remain the rights, obligations, and/or duties of the City.

III. Parties to Agreement

The Parties to this Agreement are the City, the Administrator and Participant.

IV. Representatives of the Parties

The representatives of the respective Parties who are authorized to administer this Agreement and to whom formal notices, demands and communications shall be given are as follows:

A. The representative of the City shall be:

City of San Diego
Attention: Director, Real Estate Assets Department
1200 Third Avenue, Suite 1700 (MS 51A)
San Diego, California 92101

B. The representatives of the Administrator shall be:

Richard C. Gentry
San Diego Housing Commission
1122 Broadway, Suite 300
San Diego, California 92101

C. The representative of the Participant shall be:

Marc Gleiberman, President of the General Partner
MG Stonewood Garden Apartments L.P.
1505 Sorrento Valley Road, Suite 300
San Diego, California 92121

With a copy to:

Procopio, Cory, Hargreaves & Savitch LLP
Attention: Robert J. Brown
525 B Street, Suite 2200
San Diego, CA 92101

Any Party may designate another representative by providing written notice to the other Parties.

V. Time of Performance

Services pursuant to this Agreement shall commence as of the date of the execution of this Agreement by all of the Parties and shall terminate upon the earlier of: (i) expiration of the affordable rental restriction requirements, as described in the Ground Lease; or (ii) termination of this Agreement pursuant to Section XII or Section XV, below.

VI. Monitoring of the Administrator by the City

The City may monitor the Administrator's performance of its duties under this Agreement. The Administrator shall reasonably cooperate with the City in connection with such monitoring.

VII. Monitoring and Reporting Requirements

Administrator Requirements

- A. The Administrator shall determine whether proposed applicants are income eligible to qualify as tenants for the Affordable Units.
- B. The Administrator shall monitor the following, pursuant to Exhibit A attached hereto:
 - (1) Each Affordable Unit's occupancy by eligible residents (i.e., at Low Income); and
 - (2) The period of each Affordable Unit's affordability.
- C. The Administrator shall submit to the City annual reports of its monitoring activities pursuant to this Agreement, which may include an up to date certification of continuing program compliance report, no later than July 31st for the prior fiscal year (July 1- June 30).
- D. The Administrator shall re-certify household income annually. Participant shall be solely responsible for eviction of tenants; the Administrator shall have no obligation to evict any persons.

City Requirements

- A. Annually, upon request from the Administrator, provide updated rent chart based upon the San Diego Area Median Income (as defined in Exhibit A) and the Ground Lease.

Participant Requirements

- A. Provide complete and accurate information required by the Administrator with regard to the affordable housing obligations of the Participant contained in the Ground Lease, immediately upon request.
- B. Provide the tenants with a written notice from Participant, one (1) year prior to the expiration of an affordability restriction.
- C. Participant shall timely pay all fees to the Administrator as required by this Agreement.

VIII. Books and Records

A. Complete Books. The Administrator shall maintain or cause to be maintained complete and accurate books, reports, files, and records necessary to carry out its monitoring and reporting obligations under this Agreement and the Ground Lease. The Participant shall maintain or cause to be maintained in a location within the City of San Diego complete and accurate books, reports, files, and records necessary to carry out its monitoring and reporting obligations under this Agreement and the Ground Lease.

B. Availability. All records prepared in accordance with this Agreement shall be made available to the City for copying and inspection at any time without notice during normal business hours.

IX. Access to Records

A. The City shall have full and free access to all books, papers, documents, and records of the Administrator and/or Participant that are pertinent to the obligations of all Parties under this Agreement.

B. The Administrator shall have full and free access to all books, papers, documents and records of the Participant and/or City that are pertinent to the Administrator's obligations under this Agreement.

X. Ownership, Use and Distribution of Documents

A. All records, reports, books, papers, documents, computer discs or other information prepared or developed by the Administrator or Participant on behalf of the City in connection with services rendered under this Agreement ("Administration Documents") are and shall remain the exclusive property of the City.

B. The City and Administrator may use and distribute in each of their sole discretions any Administration Documents. Such purposes include, but are not limited to, responses to public information requests. The City shall identify the Administrator as the author of any such reports prepared by the Administrator that are distributed by the City. Neither the City, nor the Administrator shall be required to secure any prior authorization, written or otherwise, from one another prior to any such distribution.

C. Upon expiration of this Agreement or in the event of termination of this Agreement by the City or the Administrator as provided in Section XII or Section XV of this Agreement, the Administrator agrees to provide to the City and the Participant copies of Administration Documents not previously provided to the City or the Participant.

XI. Payment of Compensation

A. Amount. In consideration for the Services provided by the Administrator with respect to the Affordable Units as referenced in this Agreement, the Participant shall pay to the Administrator an annual fee ("Annual Monitoring Fee") for services rendered pursuant to this Agreement. The amount of the Annual Monitoring Fee shall be based upon schedules promulgated by the Administrator from time to time.

B. Time of Payment. Concurrently with Participant's execution and delivery of this Agreement, Participant shall pay to the Administrator an initial set up fee. The Administrator's right to the Annual Monitoring Fee referenced in Exhibit B shall commence concurrently with the activities referenced in Section VII above. Participant's failure to timely pay the initial set up fee, Annual Monitoring Fee or any other fees required hereunder shall constitute a material default under this Agreement. Such breach shall entitle the Administrator, in addition to all other rights that it has at law, equity and under the terms of this Agreement, to terminate this Agreement in accordance with Section XII above or Section XV below.

C. Administrator Entitled to All Fees. Participant also agrees to pay additional fees as necessary to reasonably compensate the Administrator in the event the Administrator's monitoring results in a need to take additional steps to enforce the covenants and conditions contained in the Ground Lease and referenced in this Agreement. Participant further agrees that failure to pay all such fees within fifteen (15) days after receipt of a billing statement for such fees shall constitute a material breach of the covenants and conditions of this Agreement. Such breach shall entitle the Administrator, in addition to all other rights that it has at law, equity and under the terms of this Agreement, to terminate this Agreement in accordance with Section XII above or Section XV below. In the event that the City directs the Administrator to take legal steps, including the initiation of litigation, to enforce the affordable housing requirements of the Ground Lease, then the Administrator shall be entitled to the legal costs and fees and other court costs associated with such enforcement actions, in addition to the fees set forth herein. The City shall compensate the Administrator for such fees and costs as incurred, and the Administrator shall seek reimbursement of such fees and costs in any litigation against the Participant. The City may, in lieu of requesting the Administrator to enforce the affordable housing requirements of the Ground Lease, enforce the obligations itself.

XII. Default

In the event of any breach or default hereunder, which the defaulting or breaching Party fails to satisfactorily cure within ten (10) calendar days of receiving written notice from a non-defaulting Party specifying the nature of the default or breach, the non-defaulting Party may immediately cancel and/or terminate this Agreement upon written notice to all other Parties and/or maintain any and all legally permissible actions at law or in equity against the defaulting Party to enforce the correction of any such default or breach or to enjoin any such default or breach.

XIII. No Partnership

The Parties hereto are entering into this Agreement independently from one another and shall not be deemed officers, officials, agents, partners or employees of one another.

XIV. Amendment or Assignment of Agreement

All amendments to this Agreement must be in writing and executed with mutual consent of the Administrator, the City and Participant. This Agreement may not be assigned by any Party without the written approval of the remaining Parties, and such approval shall not be unreasonably withheld.

XV. Termination

This Agreement may be terminated with or without cause by the City or the Administrator upon thirty (30) calendar days' written prior notice to all other Parties.

XVI. Complete Agreement

This Agreement contains the full and complete agreement between the parties concerning the matters contained herein. No verbal agreements or conversation with any officer, official, agent or employee of any Party shall affect or modify any of the terms and conditions of this Agreement.

XVII. Limitations on Agreement

The Parties agree that this Agreement is not in any way intended to, and does not, revise, amend or otherwise affect any of the terms, conditions or priority of the Ground Lease, nor the enforcement thereof, except as specifically set forth herein. The Parties hereby agree that, except as expressly provided herein, the provisions of the Ground Lease shall be and remain unmodified and in full force and effect.

XVIII. Counterparts

This Agreement may be executed in counterparts, each of which shall be an original and all of which shall constitute one and the same instrument. The signature pages of one or more counterpart copies may be removed from such counterpart copies and all attached to the same copy

of this Agreement, which, with all attached signature pages, shall be deemed to be an original Agreement.

XIX. Time of Essence

Time is expressly declared to be of the essence in this Agreement, and of each and every provision in which time is an element.

XX. Captions

Section or paragraph titles and captions contained in this Agreement are inserted as a matter of convenience and for reference, and are not a substantive part of this Agreement.

XXI. Additional Documents

The Parties each agree to sign any additional documents, which are reasonably necessary to carry out this Agreement or to accomplish its intent.

XXII. Benefit and Burden

This Agreement shall be binding upon and inure to the benefit of the Parties and their respective heirs, representatives, successors and assigns. This Agreement is not intended to benefit any person other than the Parties hereto.

XXIII. Governing Law

This Agreement has been entered into in the State of California and shall be interpreted and enforced under California law.

XXIV. Venue

Any action that may be filed to enforce or interpret the terms of this Agreement shall be filed in a court located within the City of San Diego, California.

XXV. Attorneys' Fees

The prevailing party in any action including, but not limited to, arbitration, a petition for writ of mandate, and/or an action for declaratory relief, brought to enforce, interpret or reform the provisions of this Agreement shall be entitled to reasonable attorneys' fees and costs (including, but not limited to, experts' fees and costs, and including "costs" regardless of whether recoverable as such under statute) incurred in such action.

XXVI. Waiver

No breach of any provision hereof may be waived unless in writing by all Parties. Waiver of any one breach of any provision hereof shall not be deemed to be a waiver of any other breach of the same or any other provision hereof.

XXVII. Number of Pages and Exhibits

This Agreement includes ten (10) pages and one (2) Exhibit.

XXVIII. Signing Authority

The representative signing on behalf of each Party to this Agreement represents that authority has been obtained to sign on behalf of such Party.

XXIX. Exhibits and Recitals Incorporated

All exhibits referred to in this Agreement are hereby incorporated in this Agreement by this reference, regardless of whether or not the exhibits are actually attached to this Agreement. The recitals to this Agreement are hereby incorporated in this Agreement by this reference.

XXX. Severability of Provisions

If any term or provision of this Agreement, the deletion of which would not adversely affect the receipt of any material benefit by any party hereunder, shall be held by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Agreement shall not be affected thereby and each other term and provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

XXXI. Successors and Assigns

This Agreement shall be binding upon and shall inure to the benefit of the Parties and their respective heirs, legal and personal representatives, successors, and assigns.

IN WITNESS WHEREOF, the Parties have signed this Agreement as of the dates set opposite their signatures.

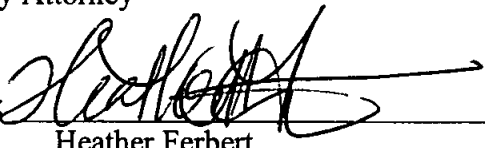
CITY:

THE CITY OF SAN DIEGO,
a municipal corporation

By: 
Cybele L. Thompson, Director
Real Estate Assets Department

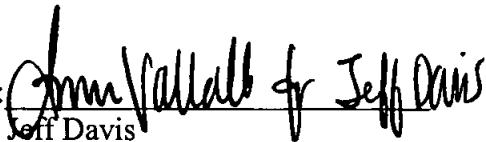
APPROVED AS TO FORM:

Mara W. Elliott
City Attorney

By: 
Heather Ferbert
Deputy City Attorney

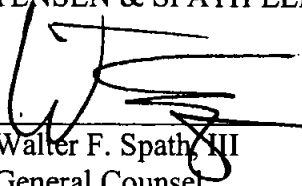
ADMINISTRATOR:

SAN DIEGO HOUSING COMMISSION

By: 
Jeff Davis
Executive Vice President and Chief of Staff

APPROVED AS TO FORM:

CHRISTENSEN & SPATH LLP

By: 
Walter F. Spath, III
General Counsel
San Diego Housing Commission

PARTICIPANT:

MG Stonewood Garden Apartments L.P.,
a California limited partnership,

By: Gleiberman Investments, Inc., a California corporation
Its: General Partner

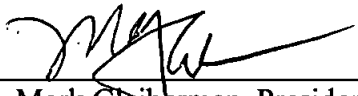
By: 
Mark Gleiberman, President

EXHIBIT A

QUALIFIED TENANT SCHEDULE

Stonewood Garden Apartments

A "Qualified Tenant" shall be a person of Low Income, as defined in the Percentage Ground Lease. Qualified Tenants for 51 Affordable Units in the Project shall meet the income limits and shall not pay more than the rental rates identified and approved by the Housing Commission pursuant to Section 8 Program:

Fifty one (51) of the rental units at the Property (the "Affordable Units") will be made available to the San Diego Housing Commission or its successor (the "Housing Commission") for occupancy by persons receiving assistance pursuant to Section 8 of the Housing Act of 1937 or another similar federal, state or local government program intended to provide rental subsidies for low-income households ("Eligible Resident(s)") during the entire term of this Lease. The Affordable Units shall be allocated throughout the Improvements according to bedroom size (i.e. twenty percent (20%) of the total number of one bedroom, two bedroom and three bedroom units shall be Affordable Units), as follows:

Type of Unit	Total Number	Affordable Units
1 Bedroom	129	28
2 Bedroom	62	15
3 Bedroom	64	8
Total	255	51

The above allocation may be modified by amendment to the Lease, approved by the Mayor of San Diego pursuant to Section 1.5 of the Lease, whenever CITY and LESSEE reach agreement upon a mutually satisfactory reallocation.

EXHIBIT B

MONITORING FEE SCHEDULE

Stonewood Garden Apartments

The Annual Monitoring Fee is an annual charge to cover costs of monitoring compliance with the affordability requirements of a development. Compliance monitoring includes developing a compliance monitoring plan, computer database program and reporting system for the project, 1-2 trainings per year and technical assistance provided by Administrator to property owner, manager and/or representatives.

Annual Monitoring Fee

The Annual Monitoring Fee is \$150 per monitored unit. The number of monitored units is equal to the total number of units being monitored under the Lease.

“In the event that the Property utilizes a high volume of monitoring (for example, due to repeated trainings and/or frequent contact to address inaccurate or incomplete reports) Administrator, in its sole discretion, may elect to charge an additional fee based on an hourly rate of \$100.

Adjustment of Annual Fee

Administrator reserves the right to revise the Monitoring Fee annually based on the Administrator's costs for monitoring functions. In no event shall the monitoring fee decrease.