

**FIRST AMENDMENT TO
DISPOSITION AND DEVELOPMENT AGREEMENT**

This First Amendment to Disposition and Development Agreement (the “**Amendment**”), is made and entered into as of February 1, 2025, by and between Fontana Housing Authority, a public body, corporate and politic (the “**Authority**”), the City of Fontana, California, a municipal corporation (the “**City**”), and Fontana Courtplace I Housing Partners, L.P., a California limited partnership (the “**Partnership**”). The Authority, the City, and the Partnership are collectively the “**Parties**.” The Parties have entered into this Amendment with reference to the following:

R E C I T A L S:

A. WHEREAS, the Parties entered into that certain Disposition and Development Agreement dated November 15, 2023 (the “**Original Agreement**”); and

B. WHEREAS, the Parties desire to amend the Original Agreement as set forth in this Amendment.

A G R E E M E N T:

1. Original Agreement. Except as amended hereby, the Original Agreement remains unmodified and in full force and effect. Capitalized terms not otherwise defined herein shall have the meanings set forth in the Original Agreement.

2. Authority Subordinate Loan. The definition of “Authority Subordinate Loan” in Section 1.1.3 and the amount of the Authority Subordinate Loan referenced in Section 11.1.2 of the Original Agreement are hereby amended to replace the amount provided therein with a loan amount consisting of Seven Million Two Hundred Sixty Two Thousand Three Hundred Seven Dollars and Eighty-Four Cents (\$7,262,307.84) of gap financing.

3. Financing Commitments. Notwithstanding anything to the contrary contained in Section 6.4 of the Original Agreement, the Partnership shall have the right to apply for two rounds of 9% Tax Credits in 2025, provided, however, any such applications shall be submitted no later than December 31, 2025. After submission of the foregoing two rounds of 9% Tax Credits, if the Partnership has not been awarded credits, the Partnership, City Manager and Executive Director may meet and confer to discuss alternative financing options for the project, which may, at the City Manager and Executive Director’s sole discretion, include pursuit of a bond allocation from the California Debt Limit Allocation Committee or a subsequent application for 4% Tax Credits. If efforts to obtain Tax Credits during the permitted successive rounds of 9% Tax Credit, or approved alternative, applications are not successful for any reason, the City Manager or Executive Director may terminate the Original Agreement by providing 30 days written notice to the Partnership as set forth in Section 6.4 thereof.

4. Authority Funding Sources. Section 11.3 of the Original Agreement is hereby deleted in its entirety and is replaced with the following:

“11.3 Authority Funding Sources. The Authority has identified the following funding sources to be applied to this Project, with a sum of Seven Million Two Hundred Sixty Two Thousand Three Hundred Seven Dollars and Eighty-Four Cents (\$7,262,307.84):

(A)	Low/Mod Asset Funds:	\$1,678,959.21
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(B)	AB 1486 (Surplus Land) Funds:	\$3,583,348.63
(C)	General Funds:	\$2,000,000.00"

5. Preliminary Project Budget. The Preliminary Project Budget attached as Exhibit D to the Original Agreement is hereby deleted in its entirety and replaced with the budget attached hereto as Schedule 1.

6. Applicable Law. This Amendment shall be construed and enforced in accordance with the laws of the State of California.

7. Counterparts. This Amendment may be executed in several counterparts, each of which shall be deemed to be an original copy and all of which together shall constitute one agreement binding on all Parties hereto, notwithstanding that all the Parties shall not have signed the same counterpart.

8. Severability of Provisions. Each provision of this Amendment shall be considered severable, and if for any reason any provision which is not essential to the effectuation of the basic purposes of this Amendment is determined to be invalid and contrary to any existing or future law, such invalidity shall not impair the operation of or affect those provisions of this Amendment which are valid.

9. Amendment Binding. This Amendment shall be binding upon and inure to the benefit of the heirs, executors, administrators, legal representatives and permitted successors and assigns of the Parties hereto. Except as amended hereby, the Original Agreement remains unchanged and in full force and effect and the Parties hereto hereby ratify and reaffirm the terms of the Original Agreement as amended hereby.

10. Effective Date. This Amendment is dated February 1, 2025, for reference purposes only. This Amendment shall not become effective until the date on which all of the following are true: (a) this Amendment is approved and executed by the appropriate authorities of the Partnership; (b) following all legally required notices and hearings, this Amendment is approved by the City Council and the Authority Board; and (c) this Amendment is executed by the City Manager and the Executive Director.

(signatures begin on following page)

IN WITNESS WHEREOF, the Parties have duly executed this Agreement by their duly authorized signatories effective on or as of the date written at the commencement of this Agreement.

AUTHORITY:

FONTANA HOUSING AUTHORITY,
a public body, corporate and politic

By: _____
Matthew C. Ballantyne, Executive Director

Attest By:

By: _____
Germaine Key, Authority Clerk

CITY

CITY OF FONTANA, CA
a California municipal corporation

By: _____
Matthew C. Ballantyne, City Manager

Attest By:

By: _____
Germaine Key, City Clerk

Approved as to form:

Best, Best & Krieger, LLP

By: _____
Ruben Duran, Esq.
City Attorney

(signatures continue on following page)

FONTANA COURTPLACE I HOUSING PARTNERS, L.P.,
a California limited partnership

By: Related/Fontana Courtplace I Development Co., LLC,
a California limited liability company, its administrative general partner

By: _____
Frank Cardone, President

By: FFAH V Fontana Courtplace I, LLC,
a California limited liability company,
its managing general partner

By: Foundation for Affordable Housing V, Inc.,
a California nonprofit public benefit corporation, its managing general partner

By: _____
Melissa Vincent, Vice President

By: LBI Southridge Fontana LLC,
a California limited liability company, its co-general partner

By: LaBarge Industries, LLC,
a Delaware limited liability company, its sole member

By: _____
Josh LaBarge, President

Schedule 1

Exhibit D – Preliminary Project Budget

(begins on next page)

EXHIBIT "D"
PRELIMINARY PROJECT BUDGET

	50 units Budget
ACQUISITION COSTS	
Purchase Price	\$ 2,800,000
TOTAL ACQUISITION COSTS	<u>\$ 2,800,000</u>
PROFESSIONAL FEES	
Architecture & Engineering	\$ 1,892,786
Other Professional / Consulting	\$ 807,214
TOTAL PROFESSIONAL FEES	<u>\$ 2,700,000</u>
FEES AND PERMITS	
City/County Fees and Permits	\$ 1,899,625
Utility Fees/Costs	\$ 600,375
TOTAL FEES AND PERMITS	<u>\$ 2,500,000</u>
CONSTRUCTION COSTS	
Offsite Improvements	\$ 619,575
Site Improvements	\$ 4,573,415
Residential Structures (Community Building Included)	\$ 12,491,699
Contractor Contingency	\$ 375,054
General Conditions	\$ 1,554,132
Contractor Profit	\$ 967,387
Contractor Insurance	\$ 219,969
Construction Contingency	\$ 1,040,062
Construction Management	\$ 215,000
TOTAL CONSTRUCTION COSTS	<u>\$ 22,056,293</u>
FINANCING COSTS	
Gap Loan Costs	\$ 25,000
Construction Loan Costs	\$ 150,000
Construction Loan Fees	\$ 168,000
Construction Period Interest	\$ 875,000
Post-Construction Interest	\$ 640,000
Permanent Loan Costs	\$ 50,000
Permanent Loan Fees	\$ 13,000
TCAC Fees	\$ 112,000
Misc. Finance Costs	\$ 50,000
TOTAL FINANCING COSTS	<u>\$ 2,083,000</u>
OTHER COSTS	
Furnishings, Fixtures & Equipment	\$ 300,000
Marketing Costs	\$ 185,000
Legal Fees	\$ 300,000
Soft Cost Contingency	\$ 100,000
Accounting / Audit / Insurance	\$ 430,000
Developer Fees	\$ 2,500,000
Other Costs / Reserves	\$ 135,075
TOTAL OTHER COSTS	<u>\$ 3,950,075</u>
TOTAL DEVELOPMENT COSTS	<u>\$ 36,089,367</u>

EXHIBIT "D"
PRELIMINARY OPERATING EXPENSES

	50 Units Budget
RENTING	
Advertising	\$ 245
Misc. Renting	\$ 2,000
TOTAL RENTING	<u>\$ 2,245</u>
ADMINISTRATION	
Office	\$ 2,720
Legal	\$ 2,076
Audit	\$ 15,785
Telephone/Computer	\$ 11,565
Tenant Relations	\$ 644
Misc. Administrative	\$ 6,997
TOTAL ADMINISTRATION	<u>\$ 39,787</u>
MANAGEMENT FEE	
Contract Management	\$ 42,000
TOTAL MANAGEMENT	<u>\$ 42,000</u>
OPERATING	
Electricity	\$ 429
Water	\$ 23,724
Gas	\$ -
Sewer	\$ 17,851
Exterminating	\$ 866
Rubbish Removal	\$ 12,180
Misc. Operating	\$ 5,882
TOTAL OPERATING	<u>\$ 60,932</u>
MAINTENANCE	
Security	\$ 11,402
Grounds	\$ 12,026
Repairs	\$ 2,213
Elevator	\$ -
Misc. Maintenance	\$ 16,684
TOTAL MAINTENANCE	<u>\$ 42,325</u>
SALARIES AND BENEFITS	
Office Salaries	\$ 62,400
Maintenance Salaries	\$ 58,240
Payroll Taxes and Benefits	\$ 26,495
TOTAL SALARIES AND BENEFITS	<u>\$ 147,135</u>
TAXES AND INSURANCE	
Real Estate Taxes	\$ 1,500
Business Taxes and Licenses	\$ 1,276
Insurance	\$ 50,000
TOTAL TAXES AND INSURANCE	<u>\$ 52,776</u>
RESERVES AND OTHER EXPENSES	
Replacement Reserves	\$ 15,000
Social Programs	\$ 22,800
TOTAL RESERVES AND OTHER COSTS	<u>\$ 37,800</u>
TOTAL OPERATING EXPENSES	<u><u>\$ 425,000</u></u>

EXHIBIT "D"
SOURCES AND USES OF FUNDS

Construction Sources and Uses

Construction Sources	
Construction Loan	\$ 16,713,456
Tax Credit Equity	\$ 1,869,837
Residual Receipts Loan (Fontana Housing Authority)	\$ 7,262,308
Residual Receipts Loan (City of Fontana)	\$ 6,037,692
Land Acquisition Loan (City of Fontana)	\$ 2,800,000
Deferred Developer Fee	\$ 1,250,000
Deferred Operating Deficit Reserve	\$ 135,075
Deferred TCAC Monitoring Fees	\$ 21,000
Total Construction Sources	\$ 36,089,367
Construction Uses	
Total Development Cost	\$ 36,089,367
Amount Over/(Under)	\$ -

Permanent Sources and Uses

Permanent Sources	
Tax Credit Equity	\$ 18,698,367
Permanent Financing	\$ 1,291,000
Residual Receipts Loan (Fontana Housing Authority)	\$ 7,262,308
Residual Receipts Loan (City of Fontana)	\$ 6,037,692
Land Acquisition Loan (City of Fontana)	\$ 2,800,000
Total Permanent Sources	\$ 36,089,367
Uses	
Total Development Cost	\$ 36,089,367
Amount Over/(Under)	\$ -

EXHIBIT "D"
15 YEAR CASH FLOW PROJECTIONS

	Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
INCOME																
Gross Rental Income		589,476	607,160	625,375	644,136	663,460	683,364	703,865	724,981	746,731	769,132	792,206	815,973	840,452	865,665	891,635
Laundry Income		3,600	3,708	3,819	3,934	4,052	4,173	4,299	4,428	4,560	4,697	4,838	4,983	5,133	5,287	5,445
Vacancy @ 5.0%		(29,654)	(30,543)	(31,460)	(32,404)	(33,376)	(34,377)	(35,408)	(36,470)	(37,565)	(38,691)	(39,852)	(41,048)	(42,279)	(43,548)	(44,854)
EFFECTIVE GROSS INCOME		563,422	580,325	597,735	615,667	634,137	653,161	672,756	692,938	713,726	735,138	757,192	779,908	803,305	827,404	852,227
EXPENSES																
Administrative		(39,787)	(40,981)	(42,210)	(43,477)	(44,781)	(46,124)	(47,508)	(48,933)	(50,401)	(51,913)	(53,471)	(55,075)	(56,727)	(58,429)	(60,182)
Management Fee		(42,000)	(43,260)	(44,558)	(45,895)	(47,271)	(48,690)	(50,150)	(51,655)	(53,204)	(54,800)	(56,444)	(58,138)	(59,882)	(61,678)	(63,529)
Operating		(60,932)	(62,760)	(64,642)	(66,582)	(68,579)	(70,637)	(72,756)	(74,938)	(77,186)	(79,502)	(81,887)	(84,344)	(86,874)	(89,480)	(92,165)
Maintenance		(42,325)	(43,595)	(44,903)	(46,250)	(47,637)	(49,066)	(50,538)	(52,054)	(53,616)	(55,225)	(56,881)	(58,588)	(60,345)	(62,156)	(64,020)
Salaries		(147,135)	(151,549)	(156,095)	(160,778)	(165,601)	(170,569)	(175,686)	(180,957)	(186,386)	(191,977)	(197,736)	(203,669)	(209,779)	(216,072)	(222,554)
Taxes (escalated at 2.00%)		(2,776)	(2,832)	(2,889)	(2,946)	(3,005)	(3,065)	(3,127)	(3,189)	(3,253)	(3,318)	(3,385)	(3,452)	(3,521)	(3,592)	(3,664)
Insurance		(50,000)	(51,500)	(53,045)	(54,636)	(56,275)	(57,964)	(59,703)	(61,494)	(63,339)	(65,239)	(67,196)	(69,212)	(71,288)	(73,427)	(75,629)
Renting		(2,245)	(2,312)	(2,382)	(2,453)	(2,527)	(2,603)	(2,681)	(2,761)	(2,844)	(2,929)	(3,017)	(3,108)	(3,201)	(3,297)	(3,396)
Social Programs		(22,800)	(23,484)	(24,189)	(24,914)	(25,662)	(26,431)	(27,224)	(28,041)	(28,882)	(29,749)	(30,641)	(31,561)	(32,507)	(33,483)	(34,487)
Replacement Reserves		(15,000)	(15,000)	(15,000)	(15,000)	(16,500)	(16,500)	(16,500)	(16,500)	(16,500)	(18,150)	(18,150)	(18,150)	(18,150)	(18,150)	(18,150)
TOTAL OPERATING EXPENSES		(425,000)	(437,272)	(449,912)	(462,931)	(476,339)	(491,649)	(505,873)	(520,523)	(535,612)	(551,152)	(568,809)	(585,295)	(602,275)	(619,763)	(637,776)
NET OPERATING INCOME		138,422	143,053	147,823	152,736	157,798	161,512	166,883	172,415	178,115	183,986	188,383	194,613	201,031	207,641	214,451