

Recording Requested By and
When Recorded Mail To:

City of Moreno Valley
14177 Frederick Street
Moreno Valley, CA 92552-0805
Attention: City Clerk

SPACE ABOVE THIS LINE FOR RECORDER'S USE
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OPTION AGREEMENT (Legacy Ridge Site)

This **OPTION AGREEMENT (Legacy Ridge Site)** ("Option Agreement"), dated as of April 21, 2026 ("Effective Date"), is entered into by and between the CITY OF MORENO VALLEY, a California municipal corporation ("City") and **RANCHO BELAGO DEVELOPERS, INC.**, a California corporation ("Developer"). City and Developer collectively constitute the "Parties", with each being a "Party."

RECITALS

The following recitals are a substantive part of this Agreement:

A. City and Developer have negotiated the terms and conditions of and entered into that certain *Site Control Award Letter* dated as of April 21, 2026, which is incorporated herein by reference ("Award Letter") to pursue various activities toward the new construction of a 150-unit "Legacy Ridge" senior affordable rental housing development as described with greater particularity within the Award Letter.

B. This Option Agreement is entered into in connection with Developer's application to the Housing Authority of the County of Riverside ("HACR") in response to HACR's Request for Proposals, RFP No. 2026-001, Housing Choice Voucher Program, Project Based Vouchers ("PBVs") seeking an allocation and award of PBVs for the Legacy Ridge Project. In this regard, this Option Agreement Letter intends to fulfill HACR's requirement that Developer has "site control" of the Site in connection with its application for PBVs to be awarded by HACR for the Legacy Ridge Project.

C. The Parties have made substantial progress in moving forward with the consummation of certain activities described in the Award Letter. Based upon such progress, as well as the continued interest of each Party in moving forward with those undertakings for the respective Parties as set forth in the Award Letter, the Parties desire at this time to further formalize arrangements for additional activities in implementation of the Award Letter, including a commitment by City to grant to Developer an "Option" to acquire the Site as the term is defined in the Award Letter and as legally described in Exhibit A, attached and

incorporated herein, subject to satisfaction of terms and conditions precedent therein and other terms and conditions set forth in this Option Agreement.

D. This Option Agreement is in the vital and best interest of the City of Moreno Valley, California, and the health, safety and welfare of its residents.

NOW, THEREFORE, for and in consideration of the mutual promises, covenants, and conditions herein contained, City and Developer agree as follows:

1. Capitalized Terms. Except to the extent expressly defined herein, capitalized terms shall have the meanings established under the Award Letter.

2. Grant of Option; Option Consideration. City, as optionor, grants to Developer, as optionee, the Option to lease the Site on the terms and conditions set forth in this Option Agreement. The term of the Option shall commence on the Effective Date and shall continue until expiration of the Term as defined and set forth in the Award Letter (“Expiration Date”). As of the Expiration Date, this Option Agreement and the Option shall automatically terminate without the need of any notice or documentation; upon such termination, neither Party shall have any further rights or obligations under this Option Agreement.

2.1 *AHA Condition Precedent.* The Option may only be exercised subject to the Parties agreeing on a final form of *Disposition, Development and Affordable Housing Agreement* (“AHA”) as described in the Award Letter, and subject to Developer having provided evidence satisfactory to City that Developer has obtained financing adequate to cause the Closing of Financing for the new construction and operation of the Legacy Ridge senior affordable rental development on the Site acceptable to City, and which is financed in part using 4% Tax Credits and Bonds.

2.2 *Option Price.* In consideration of the grant of Option, Developer shall pay to City the sum of One Hundred Dollars (\$100.00) (“Option Consideration Amount”) within two (2) days after the Effective Date. The Option Consideration Amount shall be retained by City as its sole property.

3. Form of Disposition, Development and Affordable Housing Agreement. The form of AHA by which City expects to agree to sell the Site to Developer will be negotiated between City and Developer as contemplated in the Award Letter. The AHA will include various terms, including without limitation with respect to construction, insurance, indemnity, criteria for selection of senior tenant households, income limits, what constitutes Affordable Rent, reporting requirements, property management, maintenance standards, and scope of supportive social services to the residents. It is contemplated that the final form of AHA will include the final terms of financing and development of the Legacy Ridge Project, consistent with the Award Letter.

3.1 Limited Partnership Entity. City and Developer acknowledge that as a condition to the applications to TCAC and CDLAC as described in the Award Letter, Developer and Kingdom Development, Inc., a California nonprofit public benefit corporation (“KDI”) or their affiliates or subsidiaries will be forming a California limited partnership that will be the “developer” entity under the AHA, with Developer as administrative general partner, KDI as managing general partner, and the tax credit investor as special limited partner(s).

4. **Conditions to Closing; Closing of Financing.** The obligation of City to sell and deliver possession of the Site pursuant to the Option of Developer to acquire the Site shall be subject to conditions customarily and normally applied by City in connection with affordable housing transactions, such as: a delineation of improvements, required in detail satisfactory to City; requirements that evidence of financing, reasonably satisfactory to the City Manager of the City, be in place; and requirements that a title insurer acceptable to City and Developer be prepared to insure fee title vested in Developer upon the Closing of Financing, subject only to encumbrances which do not render title unmerchantable. The Parties acknowledge that certain steps will be needed in order for the condition of title as those certain Site to be rendered merchantable, and agree to reasonably take commercially reasonable actions necessary and appropriate in order to accomplish such a result.

5. **Activities of City Manager.** The City Manager is authorized and directed to take such actions as he shall deem necessary or convenient to implement the disposition of the Site as provided above, and as generally described in the Award Letter and the negotiated and duly executed AHA.

6. **Reaffirmation.** Each of the Parties reaffirms its desire to proceed with implementation of those respective responsibilities and activities and further described in the Award Letter.

7. **No Third Party Beneficiaries.** This Option Agreement is made for the purpose of setting forth rights and obligations of City and Developer, and no other person shall have any rights hereunder or by reason hereof. Excepting (a) the Moreno Valley Housing Authority, which entity may be a party to the AHA, and (b) Kingdom Development, Inc. that will be the managing general partner of the limited partnership as described in Section 3.1 above, which entity will be the “developer” under the AHA, there shall be no third party beneficiaries of the Award Letter or this Option Agreement.

8. **Effectiveness.** This Option Agreement shall be effective as of the Effective Date and shall remain in effect until the Expiration Date.

9. **Interpretation.** This Option Agreement shall be interpreted to effectuate the terms of the Award Letter as modified hereby, in accordance with the laws of the State of California, and as if prepared and reviewed equally by the Parties. This Option Agreement may be executed in counterparts.

IN WITNESS WHEREOF, the Parties hereto have caused this Option Agreement (Legacy Ridge Site) to be executed as of the Effective Date.

DEVELOPER:

RANCHO BELAGO DEVELOPERS, INC.,
a California corporation

By: _____
James M. Jernigan, President

(City signatures on following page)

(Option Agreement signatures continued from previous page)

CITY:

CITY OF MORENO VALLEY,
a California municipal corporation

By: _____
Brian Mohan, City Manager
or Authorized Designee

ATTEST:

M. Patricia Rodriguez, City Clerk
or Authorized Designee

APPROVED AS TO FORM:

STRADLING YOCCA CARLSON & RAUTH LLP

Celeste Stahl Brady
Special Counsel to City

EXHIBIT A
LEGAL DESCRIPTION OF SITE

Real property in the City of Moreno Valley, County of Riverside, State of California, described as follows:

LOT 4 IN BLOCK 120, MAP NO. 1 BEAR VALLEY AND ALESSANDRO DEVELOPMENT CO., IN THE CITY OF MORENO VALLEY, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 11, PAGE 10, OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID SAN BERNARDINO COUNTY, CALIFORNIA, TOGETHER THE SOUTH HALF OF ALESSANDRO BOULEY ARD AND THE EAST HALF OF LASSELLE STREET, WITHIN SAID BLOCK, LYING WESTERLY OF THE EASTERLY LINE OF SAID LOT, PROLONGED NORTHERLY AND NORTHERLY OF THE SOUTHERLY LINE OF SAID LOT, PROLONGED WESTERLY.

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
) ss.
COUNTY OF _____)

On _____ before me, _____,
Notary Public,

personally appeared _____,
who proved to me on the basis of satisfactory evidence to be the person(s) whose names(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal

SIGNATURE OF NOTARY PUBLIC

DRAFT