

ASSIGNMENT, ASSUMPTION AND OPTION TO LEASE

This Assignment, Assumption and Option to Lease ("Assignment") is made as of _____, 2008 (the "**Effective Date**"), between Lemoore Housing Investors, L.P., a California limited partnership ("**Assignor**"), and the Lemoore Redevelopment Agency, a public body, corporate and politic ("**Assignee**").

RECITALS

A. Assignor is the assignee of all rights, duties and obligations of the Buyer under an Agreement for Purchase and Sale of Real Property and Escrow Instructions, dated as of October 3, 2006, as amended by that certain First Amendment thereto dated as of March 31, 2007, that certain Second Amendment thereto dated as of August 2, 2007, and that certain Third Amendment thereto dated as of January 20, 2008 (together, the "**Purchase Contract**"), for the purchase of real property described in the Purchase Contract ("**Property**"). A copy of the Purchase Contract, including all amendments, is attached to this Assignment as Exhibit A. The legal description of the Property is attached as Exhibit B and is made part of this Assignment.

B. Assignor desires to assign the Purchase Contract to Assignee, and Assignee is willing to accept the assignment of the Purchase Contract from Assignor and assume obligations as the Buyer under the Purchase Contract on the terms and conditions in this Assignment.

THEREFORE, FOR GOOD AND VALUABLE CONSIDERATION, the receipt and adequacy of which are acknowledged, Assignor and Assignee agree as follows:

Section 1. Assignment. Assignor assigns and transfers to Assignee all right, title, and interest in the Purchase Contract, and Assignee accepts from Assignor all right, title and interest in the Purchase Contract, subject to the terms and conditions in this Assignment.

Section 2. Assumption of Purchase Contract Obligations. As of the Effective Date of this Assignment, Assignee assumes, and shall timely and fully perform, pay and fulfill, all the terms, covenants, conditions and obligations required to be performed, paid and fulfilled by the Buyer under the Purchase Contract remaining unperformed, unpaid or unfulfilled on the Effective Date. Assignee shall not amend or modify the Purchase Contract without the prior written consent of Assignor, which consent shall not be withheld unreasonably.

Assignee shall be entitled to credits against the Purchase Price under the Purchase Contract at Close of Escrow for the initial Deposit (\$5000) and all Additional Extension Fees (\$10,000 each) paid to Seller pursuant to the Purchase Contract. Assignee is not obligated to reimburse Assignor for the Deposit, any Additional Extension Fees or any Extension Payments made pursuant to the Purchase Contract.

Section 3. Representations.

(a) Assignor represents that the copy of the Purchase Contract attached as Exhibit A is a true and accurate copy of the Purchase Contract as currently in effect and that

Assignor is not a party to any other agreement (other than this Assignment) related to the Purchase Contract.

(b) Assignor represents that the Purchase Contract is in full effect and no defaults exist under the Purchase Contract, and that there are no acts or events which, with the passage of time or the giving of notice or both, could become a default. In any event, without limiting Section 8, Assignor shall remedy fully and immediately, and shall indemnify, defend and hold Assignee and its board, commissions, officers, officials, employees and agents harmless from, any damages, costs, expenses, fees, or charges incurred as a result of any such default which may arise from any event or occurrence before the Effective Date of this Assignment.

(c) Assignee represents that it has the legal and organizational capacity to enter into this Assignment and that it has received all approvals and authorizations necessary and required to carry out its duties and fulfill its obligations hereunder and under the Purchase Contract, including but not limited to approval and authorization to pay the purchase price for the Property (subject to all conditions in the Purchase Contract) and that no further approvals, consents or authorizations are necessary or required for Assignee to act under this Assignment or the Purchase Contract, or for Assignee to grant the Lease Option, or to execute and perform the Ground Lease (as hereinafter defined).

Section 4. Assignor's Option to Lease. For a period commencing on the date Assignee acquires the title to the Property and ending eighteen months from that date, or for the period of four consecutive 9-percent Low Income Housing Tax Credit applications to the California Tax Credit Allocation Committee, whichever is longer (the "**Option Period**"), Assignor shall have the right and option to lease the Property from Assignee on the terms and conditions stated in the Ground Lease (the "**Ground Lease**") which is attached as Exhibit C and is made part of this Assignment (the "**Lease Option**"). Assignor may exercise the Lease Option by giving Assignee a written notice (the "**Exercise Notice**") of the exercise of the Lease Option together with two original counterparts of the Ground Lease, in the form attached as Exhibit C, duly executed by Assignor. Within 10 days after receipt of the Exercise Notice and the executed original Ground Lease counterparts, Assignee shall execute and return to Assignor a fully-executed original counterpart of the Ground Lease. During the Option Period, except for routine property maintenance and normal activities associated with real property owned by a California redevelopment agency, Assignee shall not take any action with respect to the development, financing, operation, construction, transfer or other use of the Property without first obtaining Assignor's prior written consent for such action.

If Assignor fails to exercise its Lease Option in accordance with the above paragraph during the Option Period, and unless the parties agree in writing to extend the Option Period prior to its expiration, the Lease Option and all rights, duties and obligations of the parties under this Assignment shall expire automatically, without notice by either party, except as provided in the following paragraphs. The parties shall promptly execute and deliver any documents reasonably necessary to evidence such termination and remove the Lease Option from title to the Property.

On expiration of the Lease Option as provided above, on demand by Assignee, Assignor shall promptly deliver to Assignor copies of all Plans (as defined in subsection V.C.9 of the attached Ground Lease) to the extent completed as of the date of expiration, including, without

limitation, partially completed Plans, free of all claims or interest of Assignor. If any Plan is then incomplete and Assignee wants it to be completed, Assignee shall pay the costs to complete such Plan or shall reimburse Assignor for its out-of-pocket costs and expenses for completing such Plan (but not the costs that Assignor owes or has incurred or that would be payable whether or not the Plan is completed). For all such Plans delivered to or coming into Assignee's possession, Assignee may demand and Assignor shall transfer to Assignee, without cost to Assignee, all right, title, interest and ownership rights that Assignor has or may have to any or all such Plans, and shall notify Assignee of known third party rights, if any, in any Plan, such as copyright, trademark or other use limitations retained by persons other than Assignor. On Assignee's request, Assignor, at no cost to Assignor, will cooperate with Assignee to obtain any third party rights that may be necessary for Assignee to use any Plan.

After acquiring any Assignor rights in any Plan, and subject to acquiring any third party rights, Assignee may thereafter use, grant, license or otherwise dispose of such Plan to any person or entity for development of the Property with the Apartment Project described in the Ground Lease or any other purpose. Any Assignee use or Assignee transferee's use of any Plan in completed or uncompleted form on other projects, or on the Apartment Project, with a developer other than Assignor, will be at Assignee's risk and without liability or legal exposure to Assignor.

Assignee's right to acquire and use Plans as provided above is additional consideration from Assignor to Assignee for the Lease Option granted in this Assignment.

Section 5. Event of Default. It shall be an event of default if either party fails to perform any act or obligation required of it under this Assignment and such failure continues for a period of 30 days after the date that the nondefaulting party gives written notice of such default to the other party ("**Event of Default**").

Section 6. Remedies. If an Event of Default occurs, in addition to any remedy or relief provided in this Assignment, the nondefaulting party shall be entitled to all remedies, damages and relief available to it at law or in equity.

Section 7. Litigation Costs. If either party commences legal action or arbitration to enforce or interpret any provisions of this Assignment, the prevailing party in such action or arbitration shall be entitled to recover from the non-prevailing party reasonable attorneys' fees, court costs and legal expenses in the amounts determined by the court or tribunal having jurisdiction.

Section 8. Indemnification. Assignor shall indemnify, defend and hold harmless Assignee and its board, commissions, officers, officials, employees and agents (collectively, the "Indemnitees") from any and all loss, liability, costs and damages (whether in contract, statute, tort or strict liability, including without limitation death at any time, personal injury or property damage), and from any and all suits and claims in law or equity (including attorneys' fees, court costs and legal expenses), arising directly or indirectly out of or in any way connected with (i) the failure of Assignor to fulfill Assignor's obligations under the Purchase Contract accruing with prior to the Effective Date of this Assignment, or (ii) this Assignment.

The preceding paragraph shall apply to the greatest extent allowed by law except that it shall not apply to, and Assignor shall not be responsible for, any loss, liability, costs, damages, suits or claims caused solely by the active negligence or willful misconduct of Assignee or any of its officials, officers or employees acting within the scope of their authority.

Section 9. Successors and Assigns. This Assignment shall be binding on and inure to the benefit of the parties and their respective officers, directors, principals, successors in interest and assigns. Either party may assign this Assignment only with the written consent of the other party, which consent may be withheld in the consenting party's sole and absolute discretion; provided, however, Assignor may, without prior consent of Assignee, assign this Assignment to a limited partnership of which Assignor or one of its affiliates is a general partner. Assignor shall promptly notify Assignee of any such permitted assignment. The term "affiliate" shall mean any person or entity who controls, directly or indirectly, Assignor; or is under the control of, directly or indirectly, of Assignor; or is directly or indirectly, owned by or owns Assignor.

Section 10. Governing Law. The provisions of this Assignment shall be interpreted and enforced, and the rights and duties (both procedural and substantive) of the parties hereunder shall be determined, according to California law.

Section 11. Notices. All notices in connection with this Assignment shall be in writing and shall be given by personal delivery or first-class U.S. mail, postage prepaid, to a party at its address set forth below such party's signature block (unless such address has been changed by a written notice given in accordance herewith). Notice given by personal delivery shall be effective upon delivery; notice given by mail shall be effective upon receipt or three days after the postmark date, whichever is earlier.

Section 12. Waiver, Amendment, Integration.

(a) Waiver of any provision of this Assignment must be in writing and signed by Assignor and Assignee or their respective authorized agents.

(b) This Assignment may be amended only in writing signed by duly authorized representatives of Assignor and Assignee, after approval by Assignee's Board of Directors.

(c) This Assignment, including Exhibits A, B and C, integrates all of the terms, conditions, agreements and understandings between Assignor and Assignee concerning the matters described in the Assignment. The Assignment supersedes all negotiations and previous agreements and understandings between the parties concerning such matters.

SIGNATURE PAGE FOLLOWS

The parties have executed this Assignment as of the Effective Date written above.

Assignor:
Lemoore Housing Partners, L.P.,
a California limited partnership
By: TELACU HOMES INC.,
a California nonprofit corporation,
its Managing General Partner

Assignee:
Lemoore Redevelopment Agency
By:
Name:
Title:

By:
Name:
Title:

Address for notice:
Lemoore Housing Partners, L.P.
320 Golden Shore, Suite 200
Long Beach, CA 90802
Attention: Legal Department

Address for notice:
119 Fox Street
Lemoore, CA 93245
Attention: Redevelopment Project Manager

ATTEST:

By: _____
Secretary, Lemoore
Redevelopment Agency

EXHIBIT A

PURCHASE CONTRACT

(To be Provided)

EXHIBIT B

PROPERTY DESCRIPTION

(To be Provided)

EXHIBIT C

GROUND LEASE

(To be Provided)