

**MEMORANDUM OF UNDERSTANDING
REGARDING
AGREEMENT FOR PURCHASE AND SALE
AND ESCROW INSTRUCTIONS
(PA2 School Site)**

1. Parties. This Memorandum of Understanding (“MOU”) is between Capistrano Unified School District (“District”) and RMV Community Development, LLC and RMV PA2 Development, LLC (collectively, “Developer”) and relates to that certain School Facilities and Funding Agreement and Option Purchase School Site executed in 2013 by the District and RMV Community Development, LLC and RMV PA2 Development, LLC, DMB San Juan Investment North, LLC, RMV Middle Chiquita, LLC, RMV Ranch House, LLC, RMV Headquarters, LLC, RMV San Juan Watershed, LLC, RMV San Mateo Watershed, LLC, and RMV Blind Canyon, LLC (“SFF/Agreement”) and the Agreement for Purchase and Sale and Escrow Instructions (PA2 School Site) (“Purchase Agreement”) executed on January 19, 2017 by the District and RMV PA2 Development, LLC.

2. Agreements. Concurrent with execution of the SFF/Agreement, District executed that certain Option Agreement, which granted District the right to purchase a 14-acre site in PA2 (the “PA2 School Site”). Capitalized terms used in this MOU that are not otherwise defined shall have the meaning ascribed to them in the SFF/Agreement.

3. PA2 School Site Appraisal. The parties agreed and understood that pursuant to Section 8.3 of the SFF/Agreement, the purchase price for the PA2 School Site would be based on the fair market value of the land based upon its highest and best use as residential development pursuant to Developer’s entitlements, as determined by an MAI appraiser.

An appraisal of the PA2 School Site was completed by Larry W. Heglar & Associates on October 24, 2016, and an opinion of fair market value of the land was determined to be \$33,860,000 (“First Appraisal”). Accordingly, the purchase price under the Purchase Agreement is determined to be \$33,860,000 (“Purchase Price”).

4. Post-Closing Reappraisal. District has elected to proceed with the closing of the PA2 School Site pursuant to the Purchase Agreement, provided, District and Developer enter into this MOU to set forth the understanding of the parties hereto with respect to possible adjustments to the Purchase Price for the PA2 School Site, and to set forth certain post-closing obligations of the parties hereto.

The parties hereto agree and understand that expeditiously after the District closes on the PA2 School Site pursuant to the Purchase Agreement, District shall select two (2) MAI appraisers with experience appraising commercial and residential properties in South Orange County. District shall submit the names of the two appraisers to Developer for Developer’s approval, which shall not be unreasonably withheld. If Developer does not approve of one or more of the appraisers, District shall submit additional names for approval. The cost of the appraisals shall

be funded from the Funding Sources. Once approved, the appraisers shall each prepare a report as to the fair market value of the PA2 School Site, with instructions to appraise the fair market value, as set forth in Section 8.3 of the SFF/Agreement, which is based upon the PA2 School Site's highest and best use as residential development pursuant to Developer's entitlements, assuming the land is in Superpad Condition, and based on the density yield of the approved PA 2.1 (Phase 1) development, as verified by documentation and information reasonably acceptable to the District, and based on a valuation of the PA 2 School Site with the date of value of October 10, 2016. Upon completion, each appraiser shall simultaneously deliver copies of its corresponding appraisals to District and Developer. Once submitted, the two appraisals shall be added together and divided by two to determine the average opinion of value for the PA2 School Site ("Second Appraisal Average").

If the Second Appraisal Average differs by less than 10% from the First Appraisal, or if the Second Appraisal Average is greater than the First Appraisal, then no adjustment shall be made to the Purchase Price. If the Second Appraisal Average is less than 90% of the First Appraisal (i.e. the Second Appraisal Average is less than \$30,474,000), then Developer shall refund the difference between the Purchase Price and the Second Appraisal Average, which refund shall be disbursed as follows:

(i) 50% to the CFD, and

(ii) 50% to the State of California, but only if Developer has received State Funds. Until such time as Developer has received State Funds for 50% of the Purchase Price, Developer shall retain the State Funds refund. Developer agrees to cooperate in good faith with the District to assist in the preparation of documentation and provide all information required by the State agencies with jurisdiction regarding the disbursement of the State Funds, to facilitate this refund and to, if needed, revise the appraised value of the PA2 School Site indicated in the State's records and upon which the State determines the amount to allocate as the State Funds.

5. **SFF/Agreement.** Except as modified by the provisions of this MOU, all terms and conditions of the SFF/Agreement remain unchanged. In the event of a conflict between the provisions of this MOU and the SFF/Agreement, this MOU shall prevail.

CAPISTRANO UNIFIED SCHOOL DISTRICT


By: Martha McNicholas
President, Board of Trustees

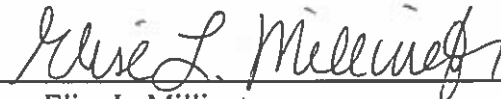
By: [Signature]
Clerk, Board of Trustees

[further signatures continue on following page]

**RMV COMMUNITY DEVELOPMENT, LLC,
a California limited liability company**


By: Rancho Mission Viejo, L.L.C.,
a Delaware limited liability company,
its authorized agent and manager


By: 
Donald L. Vodra
President & COO

By: 
Elise L. Millington
Senior VP and CFO

**RMV PA2 DEVELOPMENT, LLC,
a Delaware limited liability company**

By: Rancho Mission Viejo, L.L.C.,
a Delaware limited liability company,
its authorized agent and manager

By: 
Donald L. Vodra
President & COO

By: 
Elise L. Millington
Senior VP and CFO