

# TRANSMITTAL

To:

**THE COUNCIL**

Date: 2/10/2017

From:

**THE MAYOR**

**TRANSMITTED FOR YOUR CONSIDERATION. PLEASE SEE ATTACHED.**



(Ana Guerrero)

**ERIC GARCETTI**  
Mayor

CITY OF LOS ANGELES  
CALIFORNIA

JAN PERRY  
GENERAL MANAGER



ERIC GARCETTI  
MAYOR

ECONOMIC AND WORKFORCE  
DEVELOPMENT DEPARTMENT

1200 W. 7<sup>TH</sup> STREET  
LOS ANGELES, CA 90017

February 6, 2017

Council File:  
Council District: 9  
Contact Persons & Phone Numbers:  
Sam Hughes: (213) 744-9723

The Honorable Eric Garcetti  
Mayor, City of Los Angeles  
Room 303, City Hall

Attention: Mandy Morales, Legislative Coordinator

**COMMITTEE TRANSMITTAL: REQUEST AUTHORITY TO SALE THE PROMISSORY NOTE SECURED BY THE PROPERTY LOCATED AT 6800 SOUTH AVALON BOULEVARD BETWEEN THE CITY OF LOS ANGELES AND THE AVALON PARK PLAZA, LLC AND EXECUTE A LOAN PURCHASE AGREEMENT WITH MILLENNIUM EQUITY FUNDING, LLC**

**RECOMMENDATIONS**

The General Manager of the Economic and Workforce Development Department (EWDD), respectfully requests that the Mayor and City Council:

1. AUTHORIZE the General Manager of the Economic and Workforce Development Department, or designee, to effectuate the sale of the Promissory Note, dated October 7, 2008, secured by the property located at 6800 South Avalon Boulevard and:
  - a. Negotiate and execute the Loan Purchase Agreement (See Attachment A) by and among Millennium Equity Funding LLC, a Delaware limited liability company (Buyer), the City of Los Angeles, a municipal corporation, (Seller), and Avalon Park Plaza, LLC a California limited liability company (Owner), subject to the approval of the City Attorney as to form and legality;
  - b. Assign and transfer the Deed of Trust to the Buyer and all of the Seller's rights and interests in and to the Deed of Trust;
  - c. Assign and transfer the Loan Documents, as defined in the City Loan Agreement (C-114663) to the Buyer and all of the Seller's rights and interests in and to the Loan Documents; and

- d. Prepare and execute any additional ancillary documents necessary to effectuate the purchase and sale of the Promissory Note secured by the property located at 6800 South Avalon Boulevard, subject to the approval of the City Attorney as to form and legality.
2. AUTHORIZE the General Manager, EWDD, or designee, to receive the Promissory Note sale proceeds and payback the outstanding Section 108 loan of up to amount \$3,817,000 and other expenditures incurred by the City to the U.S. Department of Housing and Urban Development (HUD); and
3. AUTHORIZE the General Manager, EWDD, or designee, to prepare Controller instructions and any technical adjustment(s) that may be required and are consistent with this action, subject to the approval of the City Administrative Officer, and instruct the Controller to implement the instructions.

### **FISCAL IMPACT STATEMENT**

There is no General Fund impact resulting from the recommended actions. The City's total investment to the Project is \$3,817,000 from the Section 108 Loan Guarantee Program (Section 108) plus administrative and collection cost that are guaranteed with the Community Development Block Grant allocations to the City from HUD. The collateral and debt service obligations on the City loan, as funded by Section 108 are the sole responsibility of the loan Borrower, and in this case the proceeds from the sale of the Promissory Note will be used to payback the outstanding Section 108 loan to HUD and expenses that the City incurred for the evaluation of this project.

### **SUMMARY**

On July 29, 2008, the City Council authorized (C.F. 08-1849) the former Community Development Department (CDD), now the Economic and Workforce Development Department (EWDD), to negotiate and execute a City Loan Agreement (C-114663) with Avalon Park Plaza, LLC (Borrower), wherein the City loaned Three Million Eight Hundred Seventeen Thousand Dollars, awarded to the City under the HUD's Section 108 Loan Guarantee Program to assist with land acquisition and pre-development costs for the Avalon Park Plaza Project, located at 6800 South Avalon Boulevard, Los Angeles.

While the Borrower used the loan proceeds for the approved purpose as contemplated under the Agreement, the Borrower has not fully performed other obligations associated with the redevelopment of the project. Such nonperformance on the part of the Borrower has caused the EWDD to pursue its remedies under the terms of the Agreement, including foreclosure. As a result of filing the required public notices and general real estate investor interest in commercial real estate, the EWDD was contacted by an investor seeking to purchase the non-performing loan for the full value owed to the City of Los Angeles.

## **BACKGROUND**

In November of 2008, the former CDD originated a \$3,817,000 Section 108 loan for the purpose of financing the acquisition and pre-development of the property located at 6800 South Avalon Boulevard, Los Angeles, CA (Assessor Parcel Number 6007-019-019). The

Borrower obtained a \$3,817,000 Section 108 loan from the City, \$1,200,000 from the former Community Redevelopment Agency (CRA), \$2,901,543 from private financing, and contributed upwards of \$879,838 in private equity towards a total project budget of \$8,798,381.

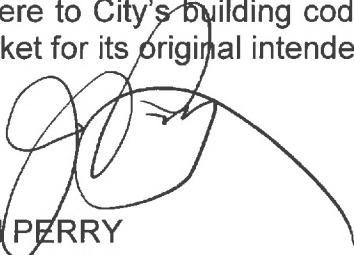
The project included the acquisition of a 49,339 square foot industrial complex, demolition of two small stand-alone buildings and construction of a new 15,800 square foot garment manufacturing business. Several years after closing the Section 108 loan, the Borrower encountered financial and operational difficulties in completing this project and meeting its obligations to make timely mortgage payments and perform according to the agreed upon schedule. As a result of the lack of performance, on September 11, 2014, the City issued the first Notice of Default letter, alerting the Borrower that it did not adhere to the performance schedule, the HUD national objective requirement and covenants as set forth in the Loan Agreement C-114663. On July 2, 2015, the City issued a second Notice of Default letter, which provided the Borrower a final opportunity to cure the outstanding defaults and informed the Borrower about the City's potential legal action pursuant to the Agreement. The Borrower did not comply and failed to cure the default during the given period.

On December 9, 2015, the General Manager of EWDD approved the issuance of the Declaration of Beneficiary pursuant to the California Civil Code Section 2923.5(b), which demonstrates that the City took the necessary steps required by law to work with the Borrower. Since the Borrower was not responsive, the City proceeded with the foreclosure. On December 11, 2015, a Notice of Default (NOD) was recorded with the Los Angeles County Recorder's Office. The Notice of Trustee's Sale is scheduled for March 10, 2017. Soon after the Notice of Trustee's Sale was recorded, EWDD began receiving inquiries from investors to purchase the property or the underlying Promissory Note secured by the property. Notwithstanding the default, EWDD made attempts to work with the Borrower to resolve outstanding performance issues during the foreclosure proceeding period and all attempts failed.

Upon realizing the need to mitigate the City's exposure, EWDD began discussions with the Buyer; the only investor that offered to purchase the Promissory Note at full price. The Loan Purchase Agreement in the form and substance of Attachment A shall serve as the instrument to memorialize the agreement between the City of Los Angeles and the Buyer. The terms of the Loan Purchase Agreement in substantive part shall include, but not be limited to, the purchase price, representations and warranties of the Seller and Buyer, default and remedies, general releases and waivers.

By selling the Promissory Note, the City will forego foreclosing, owning and managing the property that may have environmental issues including potential contaminated land, unfinished construction, and building code enforcement issues. Moreover, by selling the Promissory

Note, the City will use the sale proceeds to payback the outstanding Section 108 loan to HUD and all other expenditures incurred during the evaluation. The repayment to HUD will also increase the City's Section 108 loan capacity for new investment opportunities. The Buyer will become the responsible private investor to pursue the Owner for completing the project, as well as all the remedies and privileges under the terms of the Promissory Note including foreclosure, if the Owner cannot perform. The Buyer can also choose to foreclose the property and complete the outstanding construction issues, remediate potential soil contamination, adhere to City's building code enforcement, and ultimately place the completed project on the market for its original intended industrial and manufacturing use.



JAN PERRY  
General Manager

JP:SH

Attachment A: Loan Purchase Agreement

LOAN PURCHASE AGREEMENT

THIS LOAN PURCHASE AGREEMENT (this "**Agreement**") is made and entered into as of February \_\_\_, 2017 (the "**Effective Date**"), by and among MILLENIUM EQUITY FUNDING LLC, a Delaware Limited Liability Company (the "**Buyer**"), the City of Los Angeles, a municipal corporation, (the "**Seller**"), and AVALON PARK PLAZA, LLC, a California limited liability company (the "**Owner**") with reference to the following:

A. Pursuant to the terms and conditions of that certain Loan Agreement by and between the Seller and the Owner dated as of October 8, 2008 (as amended, the "**Loan Agreement**"), Seller has advanced to Owner Three Million Eight Hundred Seventeen Thousand Dollars (\$3,817,000.00) (the "**Loan**"). The Loan has been made by Seller to assist Owner in the acquisition and development of an industrial complex on that certain property located at 6800 Avalon Boulevard, in the City of Los Angeles and more particularly described in Exhibit A attached hereto (the "**Property**"). Owner has executed and delivered, or caused to be delivered, to Seller (a) a Promissory Note dated October 7, 2008 (the "**Note**") evidencing Owner's indebtedness to Seller, (b) a Deed of Trust With Assignment of Rents As Additional Security And Fixture Filing dated October 7, 2008, with respect to the Loan and recorded in the Official Records of Los Angeles County, California as Instrument No. 2008-2000414 (the "**Deed of Trust**") creating a lien on the Property, and (c) certain other documents listed on Exhibit B attached hereto executed in connection with the Loan (such other documents, together with the Loan Agreement, the Note and the Deed of Trust, are referred to herein collectively as the "**Loan Documents**").

B. Buyer has agreed with Seller to purchase the Loan and the Loan Documents from Seller, Seller has agreed with Buyer to sell the Loan and the Loan Documents to Buyer, and Owner has agreed to consent to such purchase and sale upon the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the mutual promises and agreements hereinafter contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Seller, Buyer and Owner hereby agree as follows:

1. PURCHASE AND SALE. Subject to the terms and conditions of this Agreement, Buyer shall purchase from Seller, and Seller shall sell to Buyer, all of Seller's right, title and interest in and to the Loan and the Loan Documents; and Owner hereby consents to such conveyance of the Loan and Loan Documents.

2. PURCHASE PRICE.

(a) The purchase price to be paid by Buyer to Seller hereunder for the Loan and the Loan Documents shall be in the amount of \_\_\_\_\_ Dollars (\$\_\_\_\_\_) (the "**Purchase Price**").

(b) The Purchase Price shall be paid by Buyer through an escrow established with Fidelity National Title Insurance Company ("**Escrow Agent**") and whose offices are

located at \_\_\_\_\_, California, \_\_\_\_\_ pursuant to instructions to be provided to Escrow Agent pursuant to Sections 5 and 6 of this Agreement.

(c) Upon Seller's receipt of the Purchase Price and the recordation of the Assignment of Deed of Trust (as defined in Section 4(d) below), Buyer shall become the owner of, and entitled to receive from and after the Closing Date (as defined in Section 3(b) below), all payments and recoveries in respect of the Loan. In no event shall Buyer have any right or claim in or to any payment received by Seller prior to the Closing Date.

### 3. CLOSING.

(a) The consummation of the purchase and sale of the Loan and the Loan Documents contemplated hereby (the "**Closing**") shall occur on a date mutually approved by Seller and Buyer, but no later than February 28, 2017. Subject to the provisions of Section 11 hereof, if the Closing has not occurred on or before February 28, 2017, then this Agreement may be terminated at the written election of either Seller or Buyer, and upon such termination, neither Seller nor Buyer shall have any liability whatsoever to the other relating to the transactions contemplated hereby, whether arising under this Agreement or otherwise.

(b) As used in this Agreement, the "**Closing Date**" shall mean the date on which the Assignment of Deed of Trust is recorded in the Official Records of Los Angeles County, California.

(c) Seller and Buyer shall each pay one-half (1/2) of any recording fees and escrow charges pertaining to the Closing. Buyer shall pay all other fees and expenses associated with the purchase and sale of the Loan as described herein.

4. SELLER'S CLOSING DOCUMENTS. Except as otherwise provided in this Section 4, on the Closing Date, Seller shall deliver to Escrow Agent with respect to the sale of the Loan, as conditions precedent to all of Buyer's duties and obligations under this Agreement (any of which conditions may be waived in writing by Buyer), the following documents and items (collectively, the "**Closing Documents**"):

(a) The executed original of the Note;

(b) The executed and as recorded original of the Deed of Trust (or, if unavailable, a copy thereof certified by Seller to be the true, correct and complete copy of the original);

(c) An Endorsement to Note in the form and substance of Exhibit C attached hereto, duly executed by Seller, which shall be attached to the Note;

(d) An Assignment of Deed of Trust (the "**Assignment of Deed of Trust**") in the form and substance of Exhibit D attached hereto, duly executed and acknowledged by Seller, with respect to the Deed of Trust, assigning and transferring to Buyer all of Seller's rights and interests in and to the Deed of Trust;

(e) An Assignment of Loan Documents in the form and substance of Exhibit E attached hereto, duly executed by Seller, assigning and transferring to Buyer all of Seller's rights and interests in and to the Loan Documents;

(f) Written notice of the assignment of the Loan, in form and substance of that attached hereto as Exhibit F, duly executed by Seller, instructing Owner to remit all payments to Buyer or its collection agent; and

(g) On or before the Closing, written instructions in form and substance acceptable to Buyer, duly executed by Seller or Seller's legal counsel (the "**Seller's Escrow Instructions**"), instructing the Escrow Agent to record the Assignment of Deed of Trust and to deliver to Buyer the documents and items described in this Section 4, all of which shall occur concurrently with the Escrow Agent wire transferring to Seller the Purchase Price for the Loan and the Loan Documents and the performance by Buyer of all of Buyer's other obligations hereunder to be performed or concurrently with the Closing.

#### 5. BUYER'S CLOSING DOCUMENTS.

(a) On or before the Closing Date, Buyer shall deliver to the Escrow Agent, as a condition precedent to all of Seller's duties and obligations under this Agreement (any of which conditions may be waived in writing by Seller), written instructions in form and substance acceptable to Seller, duly executed by Buyer or Buyer's legal counsel (the "**Buyer's Escrow Instructions**"), instructing the Escrow Agent to wire transfer the Purchase Price for the Loan and the Loan Documents to Seller (pursuant to the wire transfer instructions to be provided to Escrow Agent by Seller) upon the Escrow Agent's recordation of the Assignment of Deed of Trust and the performance by Seller of all of Seller's obligations hereunder to be performed by Seller prior to or concurrently with the Closing.

(b) Upon the Escrow Agent's notification to Buyer that it is in receipt of the Closing Documents, and is prepared to perform pursuant to the Seller's Escrow Instructions and the Buyer's Escrow Instructions, Buyer shall instruct its wiring bank to wire transfer the Purchase Price to the Escrow Agent on the Closing Date.

6. REPRESENTATIONS OF SELLER. Seller hereby represents to Buyer, which representations shall be deemed restated as of the Closing Date, that:

(a) Seller is a municipal corporation organized under the laws of the State of California;

(b) Seller has duly authorized the execution, delivery and performance of this Agreement, has duly executed and delivered this Agreement, and this Agreement constitutes a legal, valid and binding obligation of Seller, enforceable against it in accordance with its terms;

It is understood and agreed that the representations set forth above shall survive the Closing.



7. REPRESENTATIONS OF BUYER. Buyer hereby represents to Seller, which representations shall be deemed restated as of the Closing Date, that:

(a) Buyer is a \_\_\_\_\_ established under the laws of the State of California; and

(b) Buyer has duly authorized the execution, delivery and performance of this Agreement, has duly executed and delivered this Agreement, and this Agreement constitutes a legal, valid and binding obligation of Buyer, enforceable against it in accordance with its terms.

It is understood and agreed that the representations set forth above shall survive the Closing.

8. BUYER'S INDEPENDENT ANALYSIS. Buyer hereby acknowledges, represents, agrees and warrants to Seller, which acknowledgements, representations, agreements and warranties shall be deemed restated as of the Closing Date, that (i) Buyer has made its own due diligence and credit analyses with respect to the Owner, the Loan, the Loan Documents, and the Property; (ii) Buyer is purchasing the Loan and the Loan Documents without recourse to Seller and without any representations or warranties of Seller except as expressly set forth in Section 6 of this Agreement, (iii) Buyer has not relied, in entering into this Agreement or purchasing the Loan and the Loan Documents, upon any oral or written information from Seller or any of its employees, affiliates, agents or representatives, except as expressly set forth in this Agreement, and no employee or representative of Seller has been authorized to make, or has made, and Buyer has not relied upon, any statements or representations other than those expressly set forth in this Agreement, (iv) Buyer is purchasing the Loan and the Loan Documents "as is" and "with all faults" and Buyer waives all claims Buyer may have which are known to Buyer or which could or should have been known to Buyer as a result of Buyer's due diligence, credit analyses, examinations and investigations of the Owner, the Loan, the Loan Documents and the Property pursuant to this Agreement, and arising out of any actual or alleged defect in or defense to the Loan or the payment of all or any portion thereof, except any claims arising out of a breach by Seller of any representation expressly set forth in Section 6 hereof, and (v) Seller makes no representation or warranty with respect to the Property (including, without limitation, the value thereof or the existence or nonexistence of any hazardous material or environmental concerns with respect to the Property).

9. CONDITIONS PRECEDENT TO CLOSING. The following shall be conditions precedent to Buyer's and Seller's respective duties and obligations under this Agreement, unless Buyer or Seller (whichever is the beneficiary of the condition in question) waives the satisfaction thereof in writing:

(a) Conditions Precedent. Each and every condition precedent to the Closing expressly set forth in this Agreement shall have been satisfied or waived by the party to be benefited thereby;

(b) Delivery of Documents. Seller and Buyer shall each have delivered to the other party, or to the Escrow Agent, all payments, documents and instruments required of such party by the terms of this Agreement at the times and in the manner provided hereunder;

(c) Further Assurances. Seller and Buyer shall each have done, executed, acknowledged and delivered all such further acts, instruments and assurances and shall have taken all such further actions as shall be reasonably necessary or desirable to consummate and effect the transactions contemplated by this Agreement; and

(d) Representations. The representations of Buyer and Seller contained in Sections 6 and 7 hereof shall be true and correct as of the Closing Date.

The conditions described in (a) through (d) above in this Section are conditions precedent to the Closing, and Buyer and Seller agree to use reasonable efforts to satisfy such conditions.

#### 10. DEFAULT AND REMEDIES.

(a) Should Buyer or Seller be in material default hereunder, the non-defaulting party shall promptly notify the defaulting party in writing of any alleged default upon obtaining knowledge thereof. In the event the defaulting party has not cured the alleged default within ten (10) days after receipt of such notice: if the non-defaulting party is Buyer, Buyer shall have (as its exclusive remedy) the right to pursue its remedies under Section 10(c) below; if the non-defaulting party is Seller, Seller shall have (as its exclusive remedy) the right to pursue its remedies under Section 10(b) below. Provided, however, (i) that if any such default is not reasonably susceptible to cure within such ten (10) day period, and provided that the defaulting party has commenced and is diligently pursuing such cure to completion, such party shall have such additional time (but in no event more than ten (10) days) as may be reasonably necessary to effect such cure (the “**Cure Period**”); and (ii) the Closing Date shall be extended to the extent necessary to afford the defaulting party the full Cure Period within which to cure such breach or default.

(b) In the event of an uncured default by Buyer prior to the Closing Date, Seller shall be entitled to, at its option, (i) commence an action against Buyer, in a court of competent jurisdiction, seeking damages, the specific performance of Buyer’s obligations to purchase the Loan hereunder or such other remedies as may be provided by law, or (ii) terminate this Agreement, notwithstanding any other conflicting provision set forth in this Agreement. Seller shall be entitled to pursue its rights and remedies under and with respect to the Loan Documents and the Property during the pendency of any such action.

(c) In the event of an uncured default by Seller prior to the Closing Date, Buyer shall be entitled, at its option, to (i) commence an action against Seller, in a court of competent jurisdiction, seeking the specific enforcement of Seller’s obligations under this Agreement or such other remedies as may be provided by law, or (ii) terminate this Agreement.

#### 11. GENERAL RELEASE BY BUYER AND OWNER.

(a) Except as otherwise expressly provided to the contrary herein, the Buyer and Owner (collectively, the “**Releasing Parties**”) hereby forever and irrevocably release Seller and its representatives, agents, attorneys, employees, and their respective successors and assigns from any and all claims, demands, suits, cross-complaints, causes of action, assertions, liabilities or debts of any nature, whether known or unknown, or hereafter discovered, pertaining to,

connected with, or arising out of the Loan, the Loan Documents, the Property or the transaction described in this Agreement, and/or the lending relationship between Seller and Owner.

(b) Releasing Parties, and each of them, have reviewed the release described in (a) above and the provisions of California Civil Code Section 1542 as set forth below, and Releasing Parties, and each of them, hereby waive the protection afforded by such statute, which states in pertinent part as follows:

“A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing a release, which if known to him or her must have materially affected his or her settlement with the debtor.”

\_\_\_\_\_  
Buyer

\_\_\_\_\_  
Owner

## 12. MISCELLANEOUS.

(a) Notices. All notices and demands shall be given in writing by certified mail, postage prepaid, and return receipt requested, by nationally recognized overnight courier or by personal delivery. Notices shall be considered given upon the earlier of (a) personal delivery, (b) five (5) business days following deposit in the United States mail, postage prepaid, certified or registered, return receipt requested or (c) the next business day after deposit with a nationally reorganized overnight courier, in each instance addressed to the recipient as set forth below. Notices shall be addressed as provided below for the respective party; provided that if any party gives notice in writing of a change of name or address, notices to such party shall thereafter be given as demanded in that notice:

**SELLER:** City of Los Angeles  
1200 West 7<sup>th</sup> Street, 6<sup>th</sup> Floor  
Los Angeles, CA 90017  
Attention: Samuel Hughes  
Telephone: (213) 744-9723

with a copy to: Richards, Watson & Gershon, A Professional Corporation  
355 South Grand Avenue, 40<sup>th</sup> Floor  
Los Angeles, CA 90017  
Attention: Jim G. Grayson, Esq.  
Telephone: (213) 626-8484  
Facsimile: (213) 626-0078

**BUYER:** Millenium Equity Funding LLC,  
a Delaware Limited Liability Company

\_\_\_\_\_  
\_\_\_\_\_  
Attention: \_\_\_\_\_  
Telephone: \_\_\_\_\_

**OWNER:** Avalon Park Plaza, LLC, a California limited liability company

\_\_\_\_\_  
\_\_\_\_\_  
Attention: \_\_\_\_\_  
Telephone: \_\_\_\_\_

With a copy to: Carlson & Cohen LLP  
16133 Ventura Boulevard, Suite 1175  
Encino, CA 91436  
Attention: Earle H. Cohen, Esq.  
Telephone: (818) 501-6285

(b) Waivers. No delay or omission by either party hereto in exercising any right or power arising from any default by the other party hereto shall be construed as a waiver of such default or as acquiescence therein, nor shall any single or partial exercise thereof preclude any further exercise thereof or the exercise of any other right or power arising from any default by the other party hereto. No waiver of any breach of any of the covenants or conditions contained in this Agreement shall be construed to be a waiver of or acquiescence or consent to any previous or subsequent breach of the same or of any other condition or covenant.

(c) No Third Party Beneficiary. Notwithstanding anything to the contrary contained herein, this Agreement is made for the sole benefit of Seller, Buyer and Owner and their respective successors and permitted assigns, and no other person or persons shall have any rights or remedies under or by reason of this Agreement or any right to the exercise of any right or power of either party hereto or arising from any default by either party hereto.

(d) Further Assurances. Seller and Buyer hereby agree to perform, execute and deliver, or cause to be performed, executed and delivered, on the Closing Date or thereafter any and all such further acts and assurances as Buyer or Seller, as the case may be, may reasonably require in order to consummate fully the transaction contemplated hereunder.

(e) Attorneys' Fees. In the event any legal action is undertaken in order to enforce or interpret any provision of this Agreement, the prevailing party in such legal action, as determined by the court, shall be entitled to receive from the other party the prevailing party's reasonable attorneys' fees and court costs.

(f) Time of Essence; Context. Time is hereby declared to be of the essence of this Agreement and of every part hereof. When the context and construction so require, all

words used in the singular herein shall be deemed to have been used in the plural and the masculine shall include the feminine and the neuter and vice versa.

(g) Assignment. This Agreement shall not be assigned by Buyer or Seller without the written consent of the other party, which consent may be given or withheld in the exercise of such party's sole and absolute discretion.

(h) Entire Agreement. This Agreement constitutes the entire understanding between the parties hereto with respect to the subject matter hereof, superseding all prior written or oral understandings, and may not be terminated, modified or amended in any way except by a written agreement signed by each of the parties hereto.

(i) Counterparts. This Agreement may be executed in two (2) or more counterparts, each of which shall be deemed an original but all of which together shall constitute but one and the same document.

(j) Costs and Expenses. Except as otherwise expressly provided in this Agreement, whether or not the transactions contemplated by this Agreement are consummated, each party shall pay its own expenses in negotiating and carrying out its obligations under this Agreement, including the costs of its counsel and all of the expenses of such party relating to this Agreement.

Nothing contained in this Agreement shall prevent Seller from recovering from Owner its expenses incurred in negotiating and carrying out its obligations, including the costs of its counsel, under this Agreement.

(k) Applicable Law. The laws of the State of California shall govern the interpretation and enforcement of this Agreement.

13. BROKERS. Buyer and Seller each warrant to the other that no fees or commissions are due or owing to any finders or brokers as a result of the respective activities of each party in connection with this transaction. In the event of any claim for brokers' or finders' fees or commissions in connection with the negotiation, execution or consummation of this Agreement or the purchase and sale of the Loan, then Buyer shall indemnify, save harmless and defend Seller from and against any such claim based upon the alleged statement, representation or agreement by Buyer, and Seller shall indemnify, save harmless and defend Buyer from and against any such claim based upon any alleged statement, representation or agreement by Seller. The indemnity provided for herein shall survive the Closing or the termination of this Agreement for any reason.

IN WITNESS WHEREOF, Buyer, Seller and Owner have executed this Loan Purchase Agreement as of the day and year first above written.

“SELLER”

“BUYER”

CITY OF LOS ANGELES,  
a municipal corporation

MILLENIUM EQUITY FUNDING LLC,  
a Delaware Limited Liability Company

By: \_\_\_\_\_

Name: Jan Perry  
Title: General Manager,  
Economic and Workforce  
Development Department

By: \_\_\_\_\_

Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Attest:

HOLLY L. WOLCOTT  
City Clerk

APPROVED AS TO FORM:

Richards, Watson & Gershon,  
A Professional Corporation

By: \_\_\_\_\_

Special Counsel to the City

“OWNER”

AVALON PARK PLAZA, LLC,  
a California limited liability company

By: \_\_\_\_\_

Hamid Eshaghian  
Manager

By: \_\_\_\_\_

Ruth Eshaghian  
Partner

## SCHEDULE OF EXHIBITS

- A. Legal Description of the Property
- B. List of Loan Documents
- C. Endorsement to Promissory Note
- D. Form of Assignment of Deed of Trust
- E. Assignment of Loan Documents
- F. Notice to Owner

EXHIBIT A

LEGAL DESCRIPTION OF THE PROPERTY

All that certain real property situated in the County of Los Angeles, State of California, described as follows:

That portion of Lot C, of the De Cantillon Tract, in the City of Los Angeles, County of Los Angeles, State of California, as shown on map recorded in Book 12, Page 164 of Maps, in the Office of the County Recorder of said County, described as follows:

Beginning at a point in the East line of South Park Avenue, distant along said East line South 1276.3 feet from the South line of Merrill Avenue, said East line being 45 feet Easterly from and parallel with the North and Street quarter Section 20, Township 2, Ranged 13 West, San Bernardino Base Meridian, thence East 345 feet; thence South 282.68 feet; thence West 345 feet to said East line; thence along said East line, North 282.68 feet to the point of beginning.

Commonly known as: 6800 South Avalon Boulevard, Los Angeles, CA

APN: 6007-019-019



EXHIBIT B

LIST OF LOAN DOCUMENTS

1. Unconditional Personal Guaranty by Hamid Eshaghian, an individual for the benefit of the City of Los Angeles, in the amount of Three Million Eight Hundred Seventeen Thousand Dollars (\$3,817,000);
2. Unconditional Personal Guaranty by Ruth Eshaghian, an individual for the benefit of the City of Los Angeles, in the amount of Three Million Eight Hundred Seventeen Thousand Dollars (\$3,817,000);

EXHIBIT C

ENDORSEMENT TO PROMISSORY NOTE

This Endorsement applies to that certain \_\_\_\_\_ dated \_\_\_\_\_  
\_\_\_\_\_ in the face amount of \_\_\_\_\_ and  
No/100 Dollars (\$\_\_\_\_\_).

PAY TO THE ORDER OF \_\_\_\_\_, without  
recourse and without representation or warranty of any kind except as expressly set forth in that  
certain Loan Purchase Agreement dated as of \_\_\_\_\_, 200\_\_, by and  
between the undersigned and \_\_\_\_\_.

Dated as of \_\_\_\_\_, 200\_\_.

\_\_\_\_\_  
a \_\_\_\_\_

By \_\_\_\_\_  
Its \_\_\_\_\_

By \_\_\_\_\_  
Its \_\_\_\_\_

EXHIBIT D

FORM OF ASSIGNMENT OF DEED OF TRUST

RECORDING REQUESTED BY  
AND WHEN RECORDED MAIL TO:

\_\_\_\_\_  
c/o \_\_\_\_\_

\_\_\_\_\_  
Attention: \_\_\_\_\_

\_\_\_\_\_  
SPACE ABOVE THIS LINE FOR RECORDER'S USE

ASSIGNMENT OF DEED OF TRUST

FOR VALUE RECEIVED, the undersigned hereby assigns and transfers to \_\_\_\_\_, a \_\_\_\_\_ all beneficial interest under that certain Construction Deed of Trust dated \_\_\_\_\_, 200\_\_\_\_, executed by \_\_\_\_\_, a \_\_\_\_\_, as trustor, to \_\_\_\_\_, as trustee, and recorded on \_\_\_\_\_, 200\_\_\_\_, in the \_\_\_\_\_ County Recorder's Office, \_\_\_\_\_ County, California, as Instrument No. \_\_\_\_\_ encumbering certain real property more particularly described therein, together with the note or notes therein described or referred to, the money due or to become due thereon with interest, and all rights accrued or to accrue under said Deed of Trust, without recourse and without representation or warranty of any kind except as expressly set forth in that certain Loan Purchase Agreement dated as of \_\_\_\_\_, 200\_\_\_\_, by and among the undersigned, \_\_\_\_\_, and Avalon Park Plaza, LLC.

Dated: \_\_\_\_\_, 200\_\_\_\_.

\_\_\_\_\_  
a \_\_\_\_\_

By \_\_\_\_\_  
Its \_\_\_\_\_

By \_\_\_\_\_  
Its \_\_\_\_\_

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            )  
  )  
COUNTY OF \_\_\_\_\_        )        ss.

On \_\_\_\_\_, before me, \_\_\_\_\_, a notary public, personally appeared \_\_\_\_\_ who proved to me on the basis of satisfactory evidence to be the person(s) whose name(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.

\_\_\_\_\_  
Notary Public

EXHIBIT E

ASSIGNMENT OF LOAN DOCUMENTS

FOR VALUE RECEIVED the undersigned, \_\_\_\_\_, a \_\_\_\_\_  
\_\_\_\_\_ (“Assignor”), hereby assigns and transfers to  
\_\_\_\_\_ (“Assignee”), all of Assignor’s right, title and interest in, to and  
under any and all documents and instruments executed in connection with, or related in any  
manner whatsoever to, the loan evidenced by that certain Promissory Note dated  
\_\_\_\_\_, 200\_\_ executed by \_\_\_\_\_, a  
\_\_\_\_\_, to the order of Assignor, in the original principal amount of  
\$\_\_\_\_\_, including without limitation, all those certain loan documents and instruments  
expressly described on Exhibit A attached hereto and hereby made a part hereof.

This Assignment shall be binding upon and shall inure to the benefit of Assignor  
and Assignee and their respective successors and assigns.

This Assignment is made without representation or warranty by, or recourse to,  
Assignor.

Date: \_\_\_\_\_, 200\_\_

\_\_\_\_\_,  
a \_\_\_\_\_

By \_\_\_\_\_  
Its \_\_\_\_\_

By \_\_\_\_\_  
Its \_\_\_\_\_

Exhibit A  
to  
Assignment of Loan Documents

1. Unconditional Personal Guaranty by Hamid Eshaghian, an individual for the benefit of the City of Los Angeles, in the amount of Three Million Eight Hundred Seventeen Dollars (\$3,817,000);
2. Unconditional Personal Guaranty by Ruth Eshaghian, an individual for the benefit of the City of Los Angeles, in the amount of Three Million Eight Hundred Seventeen Dollars (\$3,817,000);

Exhibit E

EXHIBIT F  
NOTICE TO OWNER

\_\_\_\_\_, 200\_\_

**VIA REGISTERED MAIL**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Attention: \_\_\_\_\_

Re: \_\_\_\_\_ / \_\_\_\_\_

Ladies and Gentlemen:

\_\_\_\_\_ has transferred the above-referenced Loan to  
\_\_\_\_\_.

Accordingly, you are hereby irrevocably and unconditionally authorized and directed that each payment of interest, principal, escrows or any other charge made by you under the Loan is to be made in the form of a check made payable to the order of \_\_\_\_\_ and delivered to the following address:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Payments that are not made in accordance with this authorization and direction will not be credited to payment of such interest, principal, escrows or other charges until otherwise properly directed.

Should you have any questions in this regard, please contact \_\_\_\_\_  
at (\_\_\_\_) \_\_\_\_-\_\_\_\_.

Very truly yours,

\_\_\_\_\_  
a \_\_\_\_\_

By \_\_\_\_\_  
Its \_\_\_\_\_