

**PURCHASE AND SALE AGREEMENT
AND JOINT ESCROW INSTRUCTIONS**

BY AND BETWEEN

**CRA/LA
("Seller")**

AND

**CITY OF LOS ANGELES
("Purchaser")**

REGARDING

110 S. BOYLE AVENUE, LOS ANGELES, CALIFORNIA 90033

(APN 5174-018-900)

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PURCHASE AND SALE AGREEMENT
[110 S. BOYLE AVENUE, LOS ANGELES, CALIFORNIA 90033]

THIS PURCHASE AND SALE AGREEMENT (this “**Agreement**”), dated as of _____, 2019 (the “**Effective Date**”) is entered into by and between **CRA/LA**, a Designated Local Authority (the “**Seller**” or “**CRA/LA**”), and successor to the former **COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES** (the “**Former Agency**”), and the **CITY OF LOS ANGELES**, a municipal corporation (the “**Purchaser**” or “**City**”). The Seller and the Purchaser are hereinafter sometimes individually referred to as a “**Party**” and collectively referred to as the “**Parties**”.

RECITALS

A. Seller owns the fee interest of that certain approximately 14,620 square-foot parcel of real property located at 110 S. Boyle Avenue, Los Angeles, California 90033 (the “**Real Property**”) as more particularly described in Exhibit “A” attached hereto and incorporated herein by this reference (such real property together with all improvements located thereon and the Appurtenances, as defined in Section 1.1.2, is referred to herein as the “**Property**”). Purchaser desires to acquire fee title to the Property from Seller.

B. Seller and Purchaser have entered into that certain Option Agreement, dated as of January 8, 2015, and pertaining to the Property (as hereafter defined) (the “**Option**”). All capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Option.

C. As contemplated by the Option and as set forth in Purchaser’s proposed disposition plan for the Property (“**Disposition Plan**”), Purchaser intends to transfer interests in the Property to Azure Development, Inc., a California corporation, and Many Mansions, a California nonprofit benefit corporation (“**Azure**” or the “**Developer**”), upon its acquisition thereof from Seller for development of the Property. Such transfer of possession of the Property from Purchaser to Developer and use thereof shall occur pursuant and subject to the terms and provisions of that certain Disposition and Development Agreement by and between Purchaser and Developer (the “**City-Azure DDA**”).

D. On June 25, 2018, Seller’s Oversight Board approved, by the adoption of Resolution No. OB 18-09, the Disposition Plan pursuant to Section 6(b) of the Option and in accordance with the approved Long Range Property Management Plan, the applicable Redevelopment Plan, Five Year Implementation Plan and Community Plan.

E. On _____, 2019, Purchaser exercised its right to purchase the Property as provided in Section 13 of the Option by delivery to Seller of the Option Notice and the establishment of an escrow with the Escrow Agent.

NOW, THEREFORE, in reliance upon the foregoing Recitals and in consideration of the mutual covenants in this Agreement and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

AGREEMENT

ARTICLE 1 DEFINITIONS

1.1 **Definitions.** The following terms as used in this Agreement shall have the meanings given unless expressly provided to the contrary:

1.1.1 “**Agreement**” means this Purchase and Sale Agreement.

1.1.2 “**Appurtenances**” means all of Seller’s right, title and interest, if any, in and to the following: (a) all improvements on the Real Property as of the Close of Escrow; (b) all rights, privileges, appurtenances, hereditaments, easements, reversions, and remainders, including, without limitation, all (i) development rights and credits, air rights, water rights, and water stock, (ii) strips and gores, streets, alleys, easements, rights-of-way, public ways, and (iii) mineral, oil, gas, and other subsurface rights; (c) all plats and maps; (d) entitlements; (e) security deposits; (f) guarantees, warranties, and utility contracts; and (g) all leases pertaining to the Real Property.

1.1.3 “**City**” means the City of Los Angeles, acting in its capacity as the Purchaser hereunder, exercising governmental functions and powers, and organized and existing under the laws of the State of California. The principal office of the City is located at 1200 West 7th Street, 9th Floor, Los Angeles, California 90017.

1.1.4 “**City-Azure DDA**” means that certain Disposition and Development Agreement by and between Purchaser and Developer.

1.1.5 “**Close of Escrow**” and “**Closing**” are defined in Section 2.3.2.

1.1.6 “**Default**” is defined in Section 3.2.

1.1.7 “**Deposit**” is defined in Section 2.2.1.

1.1.8 “**Developer**” means Azure Development, Inc., a California corporation, and Many Mansions, a California nonprofit benefit corporation.

1.1.9 “**Disposition Plan**” means the City’s First & Boyle Proposed Disposition Plan, dated May 2018.

1.1.10 “**Effective Date**” means the date on which this Agreement is fully executed by the Parties and date stamped by the City Clerk.

1.1.11 “**Escrow**” is defined in Section 2.3.1.

1.1.12 “**Escrow Agent**” means Chicago Title Company. The principal office of the Escrow Agent for purposes of this Agreement is 725 S. Figueroa Street, Los Angeles, California 90017, Attention: Joan Hawkins, AVP/SR, telephone: (213) 612-4161, Fax: (213) 488-4384, Email: joan.hawkins@ctt.com.

1.1.13 “**Grant Deed**” is defined in Section 2.5.2.

1.1.14 “**Hazardous Materials**” means any chemical, material or substance now or hereafter defined as or included in the definition of “hazardous substances,” “hazardous wastes,” “hazardous materials,” “extremely hazardous waste,” “restricted hazardous waste,” “toxic substances,” “pollutant or contaminant,” “imminently hazardous chemical substance or mixture,” “hazardous air pollutant,” “toxic pollutant,” or words of similar import under any local, state or federal law or under the regulations adopted or publications promulgated pursuant thereto applicable to the Property, including, without limitation: the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. § 9601, et seq. (“**CERCLA**”); the Hazardous Materials Transportation Act, as amended, 49 U.S.C. § 1801, et seq.; the Federal Water Pollution Control Act, as amended, 33 U.S.C. § 1251, et seq.; and the Resource Conservation and Recovery Act of 1976, 42 U.S.C. § 6901, et seq. The term “**Hazardous Materials**” shall also include any of the following: any and all toxic or hazardous substances, materials or wastes listed in the United States Department of Transportation Table (49 CFR 172.101) or by the Environmental Protection Agency as hazardous substances (40 CFR Part 302) and in any and all amendments thereto in effect as of the date of the close of any escrow; oil, petroleum, petroleum products (including, without limitation, crude oil or any fraction thereof), natural gas, natural gas liquids, liquefied natural gas or synthetic gas usable for fuel, not otherwise designated as a hazardous substance under CERCLA; any substance which is toxic, explosive, corrosive, reactive, flammable, infectious or radioactive (including any source, special nuclear or by-product material as defined at 42 U.S.C. § 2012, et seq.), carcinogenic, mutagenic, or otherwise hazardous and is or becomes regulated by any governmental authority; asbestos in any form; urea formaldehyde foam insulation; transformers or other equipment which contain dielectric fluid containing levels of polychlorinated biphenyls; radon gas; or any other chemical, material or substance (i) which poses a hazard to the Property, to adjacent properties, or to persons on or about the Property, (ii) which causes the Property to be in violation of any of the aforementioned laws or regulations, or (iii) the presence of which on or in the Property requires investigation, reporting or remediation under any such laws or regulations.

1.1.15 “**Hazardous Materials Laws**” means all present and future applicable federal, state and local laws, ordinances, regulations, permits, decrees, orders and any other legal requirements, whether statutory, regulatory or contractual of governmental authorities relating to health, safety, the environment or the use, handling, disposal or transportation of any Hazardous Materials (including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, the Resource Conservation and Recovery Act, the Clean Water Act, and the applicable provisions of the California Health and Safety Code and the California Water Code, as each such statute may from time to time be amended, and the rules, regulations and guidance documents promulgated pursuant to any such statute).

1.1.16 “**Option**” is defined in Recital B.

1.1.17 “**Property**” is defined in Recital A.

1.1.18 “**Purchase Price**” is defined in Section 2.1.

1.1.19 “**Purchaser**” means the City of Los Angeles.

1.1.20 “**Released Parties**” is defined in Section 2.7.2.

- 1.1.21 “**Seller**” means CRA/LA.
- 1.1.22 “**Survey**” is defined in Section 2.5.1.
- 1.1.23 “**Title Company**” is defined in Section 2.5.3.
- 1.1.24 “**Title Policy**” is defined in Section 2.5.3.
- 1.1.25 “**Title Report**” is defined in Section 2.5.1.

1.1.26 “**Transaction Costs**” means all costs incurred by either Party in entering into this transaction and closing Escrow, including but not limited to escrow fees and costs, attorney’s fees, staff time, appraisal costs, and costs of financial advisors and other consultants.

ARTICLE 2 PURCHASE AND SALE OF THE PROPERTY

2.1 Purchase and Sale. Seller agrees to sell the Property to Purchaser, and Purchaser agrees to purchase the Property from Seller, for the sum of One Million Five Hundred Thirty Five Thousand Dollars (\$1,535,000.00) (the “**Purchase Price**”).

2.2 Payment of Purchase Price. The Purchase Price shall be payable by Purchaser as follows:

2.2.1 Deposit. Within ten (10) business days following the Effective Date, Purchaser shall deposit with Escrow Holder the sum of Seventy Six Thousand, Seven Hundred Fifty Dollars (\$76,750.00) (the “**Deposit**”). Except as otherwise provided herein, the Deposit shall be applicable in full towards the Purchase Price upon Closing.

2.2.2 Closing Funds. At least two (2) days prior to the Close of Escrow, Purchaser shall deposit or cause to be deposited with Escrow Holder the balance of the Purchase Price and an amount equal to all other costs, expense and prorations payable by Purchaser hereunder.

2.3 Escrow.

2.3.1 Opening of Escrow. Upon exercise of the Option, Purchaser and Seller opened an escrow (the “**Escrow**”) with the Escrow Agent for the transfer of the Property to Purchaser. The Parties shall deposit with the Escrow Agent a fully executed duplicate original of this Agreement, which shall serve as the escrow instructions (which may be supplemented in writing by mutual agreement of the Parties) for the Escrow. The Escrow Agent is authorized to act under this Agreement and to carry out its duties as the Escrow Agent hereunder.

2.3.2 Close of Escrow. “**Close of Escrow**” or “**Closing**” means the date Escrow Agent causes the Grant Deed to be recorded in the Official Records of the County of Los Angeles, delivers the Purchase Price (less any costs, expenses and prorations payable by Seller) to Seller and performs the other duties identified herein. The Close of Escrow shall occur within sixty (60) days from the Effective Date, provided that the Parties may extend the Close of Escrow for such

additional periods of time upon mutual written agreement. If the Close of Escrow does not occur due to a default by either Party, then the defaulting Party shall pay all Escrow cancellation fees (and if the defaulting Party is Purchaser, then Seller shall be entitled to the Deposit under Section 3.3.1). If the Closing does not occur for any reason other than a default by Purchaser or Seller, then this Agreement shall automatically terminate, the Deposit shall be promptly returned to the Purchaser, minus one-half of any amounts for Escrow cancellation charges.

2.3.3 Delivery of Closing Documents.

(a) Seller and Purchaser agree to deliver to Escrow Holder, at least two (2) days prior to the Close of Escrow, the following instruments and documents, the delivery of each of which shall be a condition precedent to the Close of Escrow:

(i) The Grant Deed, duly executed and acknowledged by the Seller, conveying a fee simple interest in the Property to Purchaser;

(ii) Seller's affidavit as contemplated by California Revenue and Taxation Code Section 18662;

(iii) A Certification of Non-Foreign Status signed by Seller in accordance with Internal Revenue Code Section 1445; and

(iv) Such proof of Seller's and Purchaser's authority and authorization to enter into this transaction as the Title Company may reasonably require in order to issue the Title Policy.

Seller and Purchaser further agree to execute such reasonable and customary additional documents, and such additional escrow instructions, as may be reasonably required to close the transaction pursuant to the terms hereof.

2.4 Conditions to Close of Escrow. The obligations of Seller and Purchaser to close the transaction shall be subject to the satisfaction, or waiver in writing by the Party benefited thereby, of each of the following conditions:

2.4.1 For the benefit of Seller, Purchaser shall have deposited the balance of the Purchase Price, together with such funds as are necessary to pay for costs, including any outstanding costs owed to Seller for appraisals, expenses and prorations payable by Purchaser hereunder.

2.4.2 For the benefit of Seller, all actions and deliveries to be undertaken or made by Purchaser on or prior to the Close of Escrow as set forth herein shall have occurred, as reasonably determined by Seller.

2.4.3 For the benefit of Purchaser, all actions and deliveries to be undertaken or made by Seller on or prior to the Close of Escrow shall have occurred, as reasonably determined by Purchaser.

2.4.4 For the benefit of Seller and Purchaser, all approvals as required herein to be obtained prior to the Close of Escrow shall have been so obtained.

2.4.5 For the benefit of Seller, Purchaser shall have executed and delivered to Escrow Holder all documents and funds required to be delivered to Escrow Holder and Purchaser shall otherwise have satisfactorily complied with its obligations hereunder.

2.4.6 For the benefit of Purchaser, Seller shall have executed and delivered to Escrow Holder all documents and funds required to be delivered to Escrow Holder under the terms of this Agreement and Seller shall otherwise have satisfactorily complied with its obligations hereunder.

2.4.7 For the benefit of Seller, the representations and warranties of Purchaser contained in this Agreement shall be true and correct in all material respects as of the Close of Escrow.

2.4.8 For the benefit of Purchaser, the representations and warranties of Seller contained in this Agreement shall be true and correct in all material respects as of the Close of Escrow.

2.4.9 For the benefit of Purchaser, Title Company shall be irrevocably committed to issuing in favor of Purchaser the Title Policy, in form and substance, and with endorsements reasonably acceptable to Purchaser.

Notwithstanding anything to the contrary contained herein, the effectiveness and enforceability of this Agreement is subject to the approval of Seller's Governing Board, Oversight Board, and, if required, the California Department of Finance, all as provided in Section 13 of the Option.

If all the foregoing conditions have not been met to the benefitted Party's sole satisfaction or expressly waived in writing by the benefitted Party on or before the respective dates set forth herein, or if no date is set forth herein by the Close of Escrow, then this Agreement shall become null and void, in which event, except as expressly set forth in this Agreement, neither Party shall have any further rights, duties or obligations hereunder, and Purchaser shall be entitled to the immediate refund of the Deposit, subject to any deductions for the payment of escrow cancellation fees.

2.5 Condition of Title; Survey; Title Insurance.

2.5.1 Within ten (10) days after the Effective Date, Seller shall deliver to Purchaser for Purchaser's review and approval, (i) a current preliminary title report covering the Property (the "**Title Report**") and legible copies of any instruments noted as exceptions thereon, and (ii) any survey of the Property in Seller's possession. Purchaser at its sole expense may obtain a current or updated ALTA survey of the Property in connection with the issuance of the Title Policy and Seller shall cooperate with the same. Any survey obtained by Purchaser are each a "**Survey**" hereunder.

2.5.2 At the Close of Escrow, Purchaser shall receive title to the Property by grant deed substantially in the form attached hereto as Exhibit "B" and incorporated herein by this reference (the "**Grant Deed**").

2.5.3 At Closing, Purchaser shall receive a CLTA Owner's Coverage Policy of Title Insurance or a binder therefor acceptable in form and substance to Purchaser (the "**Title Policy**"), together with all endorsements requested by Purchaser, issued by Chicago Title Insurance Company ("**Title Company**") in the amount of the Purchase Price, except (a) current taxes and assessments of record, but not any overdue or delinquent taxes or assessments, (b) the matters set forth or referenced in the Grant Deed, and (c) such other encumbrances as Purchaser approves in writing including those reflected in the Title Report for the Property approved by Purchaser. The Purchaser may obtain an extended coverage policy of title insurance at its own cost.

2.6 Escrow and Title Charges; Prorations.

2.6.1 Purchaser shall pay: (i) the coverage premiums on the Title Policy, and (ii) the costs of a Survey obtained by Purchaser and any endorsements to the Title Policy. Purchaser and Seller shall each pay one-half of any and all other usual and customary costs, expense and charges relating to the escrow and conveyance of title to the Property. Each Party shall be responsible for its own Transaction Costs.

2.6.2 All non-delinquent and current installments of real estate and personal property taxes and any other governmental charges, regular assessments, or impositions against the Property on the basis of the current fiscal year or calendar year shall be pro-rated as of the Close of Escrow based on the actual current tax bill. If the Close of Escrow shall occur before the tax rate is fixed, the apportionment of taxes on the Close of Escrow shall be based on the tax rate for the next preceding year applied to the latest assessed valuation after the tax rate is fixed, which assessed valuation shall be based on the Property's assessed value prior to the Close of Escrow and Seller and Purchaser shall, when the tax rate is fixed, make any necessary adjustment. All prorations shall be determined on the basis of a 365 day year. The provisions of this Section 2.6.2 shall survive the Close of Escrow and the recordation of the Grant Deed and shall not be deemed merged into the Grant Deed upon its recordation.

2.6.3 Any Escrow cancellation charges shall be allocated and paid as described in Section 2.3.2 above.

2.7 Condition of the Property.

2.7.1 “As Is” Purchase. PURCHASER SPECIFICALLY ACKNOWLEDGES AND AGREES THAT SELLER IS SELLING AND PURCHASER IS BUYING THE PROPERTY ON AN “AS IS WITH ALL FAULTS” BASIS AND THAT PURCHASER IS NOT RELYING ON ANY REPRESENTATIONS OR WARRANTIES OF ANY KIND WHATSOEVER, EXPRESS (EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT) OR IMPLIED, FROM SELLER, ITS AGENTS, OR BROKERS AS TO ANY MATTERS CONCERNING THE PROPERTY, INCLUDING WITHOUT LIMITATION: (A) THE QUALITY, NATURE, ADEQUACY AND PHYSICAL CONDITION OF THE PROPERTY (INCLUDING, WITHOUT LIMITATION, TOPOGRAPHY, CLIMATE, AIR, WATER RIGHTS, WATER, GAS, ELECTRICITY, UTILITY SERVICES, GRADING, DRAINAGE, SEWERS, ACCESS TO PUBLIC ROADS AND RELATED CONDITIONS), (B) THE QUALITY, NATURE, ADEQUACY, AND PHYSICAL CONDITION OF SOILS, GEOLOGY AND GROUNDWATER, (C) THE EXISTENCE, QUALITY, NATURE, ADEQUACY AND PHYSICAL CONDITION OF UTILITIES SERVING THE PROPERTY, (D) THE DEVELOPMENT POTENTIAL OF THE PROPERTY, AND THE PROPERTY’S USE, HABITABILITY, MERCHANTABILITY, OR FITNESS, SUITABILITY, VALUE OR ADEQUACY OF THE PROPERTY FOR ANY PARTICULAR PURPOSE, (E) THE ZONING OR OTHER LEGAL STATUS OF THE PROPERTY OR ANY OTHER PUBLIC OR PRIVATE RESTRICTIONS ON THE USE OF THE PROPERTY, (F) THE COMPLIANCE OF THE PROPERTY OR ITS OPERATION WITH ANY APPLICABLE CODES, LAWS, REGULATIONS, STATUTES, ORDINANCES, COVENANTS, CONDITIONS AND RESTRICTIONS OF ANY GOVERNMENTAL OR QUASI-GOVERNMENTAL ENTITY OR OF ANY OTHER PERSON OR ENTITY, (G) THE PRESENCE OR ABSENCE OF HAZARDOUS MATERIALS ON, UNDER OR ABOUT THE PROPERTY OR THE ADJOINING OR NEIGHBORING PROPERTY, AND (H) THE CONDITION OF TITLE TO THE PROPERTY. PURCHASER AFFIRMS THAT PURCHASER HAS NOT RELIED ON THE SKILL OR JUDGMENT OF SELLER OR ANY OF ITS RESPECTIVE AGENTS, EMPLOYEES OR CONTRACTORS TO SELECT OR FURNISH THE PROPERTY FOR ANY PARTICULAR PURPOSE, AND THAT SELLER MAKES NO WARRANTY THAT THE PROPERTY IS FIT FOR ANY PARTICULAR PURPOSE. PURCHASER ACKNOWLEDGES THAT IT SHALL USE ITS INDEPENDENT JUDGMENT AND MAKE ITS OWN DETERMINATION AS TO THE SCOPE AND BREADTH OF ITS DUE DILIGENCE INVESTIGATION WHICH IT SHALL MAKE RELATIVE TO THE PROPERTY AND SHALL RELY UPON ITS OWN INVESTIGATION OF THE PHYSICAL, ENVIRONMENTAL, ECONOMIC AND LEGAL CONDITION OF THE PROPERTY (INCLUDING, WITHOUT LIMITATION, WHETHER THE PROPERTY IS LOCATED IN ANY AREA WHICH IS DESIGNATED AS A SPECIAL FLOOD HAZARD AREA, DAM FAILURE INUNDATION AREA, EARTHQUAKE FAULT ZONE, SEISMIC HAZARD ZONE, HIGH FIRE SEVERITY AREA OR WILDLAND FIRE AREA, BY ANY FEDERAL, STATE OR LOCAL AGENCY). PURCHASER UNDERTAKES AND ASSUMES ALL RISKS ASSOCIATED WITH ALL MATTERS PERTAINING TO THE PROPERTY’S LOCATION IN ANY AREA DESIGNATED AS A SPECIAL FLOOD HAZARD AREA, DAM FAILURE INUNDATION AREA, EARTHQUAKE FAULT ZONE, SEISMIC HAZARD ZONE, HIGH FIRE SEVERITY AREA OR WILDLAND FIRE AREA, BY ANY FEDERAL, STATE OR LOCAL AGENCY.

2.7.2 Release. If Purchaser completes the purchase of the Property, Purchaser, on behalf of itself and anyone claiming by, through or under the Purchaser hereby waives its right to recover from and fully and irrevocably releases Seller, its board members, employees, officers, directors, representatives, and agents (the "Released Parties") from any and all claims, responsibility and/or liability that the Purchaser may have or hereafter acquire against any of the Released Parties for any costs, loss, liability, damage, expenses, demand, action or cause of action arising from or related to (i) the condition (including any construction defects, errors, omissions or other conditions, latent or otherwise), valuation, salability or utility of the Property, or its suitability for any purpose whatsoever, (ii) any presence of Hazardous Materials, and (iii) any information furnished by the Released Parties under or in connection with this Agreement.

Purchaser hereby acknowledges that it has read and is familiar with the provisions of California Civil Code Section 1542, which is set forth below:

“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 THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.”

By initialing below, Purchaser hereby waives the provisions of Section 1542 solely in connection with the matters which are the subject of the foregoing waivers and releases.

Purchaser's Initials

The waivers and releases by Purchaser herein contained shall survive the Close of Escrow and the recordation of the Grant Deed and shall not be deemed merged into the Grant Deed upon its recordation.

Notwithstanding the foregoing, the waivers and releases contained in this Section 2.7 shall not apply to, nor shall the Released Parties be released from, any actual misrepresentation or act of fraud on their part.

2.8 Damage or Destruction. If, prior to the Close of Escrow, any part of the Property is damaged or destroyed by earthquake, flood, landslide, fire or other casualty not caused by Purchaser, then Purchaser will promptly inform Seller in writing and specify the extent of damage. If the damage to the Property may significantly affect the appraised value ("FMV") of the Property or may significantly impair the Developer's intended use or development of the Property, then the Close of Escrow shall be extended for thirty (30) days or such longer time as agreed to by the Parties. If the damage may significantly affect the FMV of the Property, and such casualty is not fully covered by insurance or the proceeds of any such insurance cannot be transferred to Purchaser, then the process set forth in Section 12(a) of the Option shall be used to determine the current Purchase Price of the Property (minus any insurance proceeds obtained by Purchaser). If the damage may significantly impair the Developer's intended use or development of the Property, then Purchaser may terminate this Agreement and receive a refund of the Deposit (minus the costs of the Escrow).

2.9 Escrow Agent.

2.9.1 Escrow Agent is authorized and instructed to:

(a) Pay and charge Purchaser for any fees, charges and costs payable by Purchaser under this Article. Before such payments are made, the Escrow Agent shall notify Seller and Purchaser of the fees, charges, and costs necessary to close the Escrow;

(b) Pay and charge Seller for any fees, charges and costs payable by Seller under this Article. Before such payments are made, the Escrow Agent shall notify Seller and Purchaser of the fees, charges, and costs necessary to close the Escrow;

(c) Disburse funds and deliver the Grant Deed and other documents to the Parties entitled thereto when the conditions of the Escrow and this Agreement have been fulfilled by Seller and Purchaser; and

(d) Record the Grant Deed and any other instruments delivered through the Escrow, if necessary or proper, to vest title in Purchaser in accordance with the terms and provisions of this Agreement.

2.9.2 Any amendment of these escrow instructions shall be in writing and signed by both Seller and Purchaser.

2.9.3 All communications from the Escrow Holder to Seller or Purchaser shall be directed to the addresses and in the manner established in Section 4.1 of this Agreement for notices, demands and communications between Seller and Purchaser.

2.9.4 The responsibility of the Escrow Agent under this Agreement is limited to performance of the obligations imposed upon it under this Article, any amendments hereto, and any supplemental escrow instructions delivered to the Escrow Agent that do not materially amend or modify the express provisions of these escrow instructions.

**ARTICLE 3
EVENTS OF DEFAULT, REMEDIES AND TERMINATION**

3.1 Purchaser Events of Defaults. Occurrence of any or all of the following, prior to the Close of Escrow, if uncured after the expiration of any applicable cure period, shall constitute a default (“**Purchaser Event of Default**”) under this Agreement:

3.1.1 Filing of a petition in bankruptcy by or against Purchaser or appointment of a receiver or trustee of any property of Purchaser, or an assignment by Purchaser for the benefit of creditors, or adjudication that Purchaser is insolvent by a court, and the failure of Purchaser to cause such petition, appointment, or assignment to be removed or discharged within ninety (90) days; or

3.1.2 Purchaser’s failure to perform any requirement or obligation of Purchaser set forth herein, on or prior to the date for such performance set forth herein, and, so long as such failure is not caused by any wrongful act of Seller or Purchaser; or

3.1.3 Purchaser's failure to deposit with Escrow Holder the Deposit or the balance of the Purchase Price as required by Section 2.2.

3.2 Seller Events of Default. Occurrence of any or all of the following, prior to the Close of Escrow, if uncured after the expiration of the applicable cure period, shall constitute a default ("**Seller Event of Default**", and together with a Purchaser Event of Default, a "**Default**") under this Agreement:

3.2.1 Seller, in violation of the applicable provision of this Agreement, fails to convey the Property to Purchaser at the Close of Escrow; or

3.2.2 Seller breaches any other material provision of this Agreement.

3.3 Remedies in the Event of Default.

3.3.1 Remedies General. In the event of a breach or a default under this Agreement by either Purchaser or Seller, the non-defaulting Party shall first notify the defaulting Party in writing of its purported breach or failure, giving the defaulting Party ten (10) days from receipt of such notice to cure such breach or failure. If such breach or default is not cured within such ten (10) day period (other than a failure by Seller to convey the Property at the Close of Escrow, for which there shall be no cure period), this Agreement and the Escrow for the purchase and sale of the Property may, at the non-defaulting Party's sole discretion, terminate, and if Purchaser is the non-defaulting Party, Purchaser shall thereupon promptly receive a refund of the Deposit and all interest accrued thereon. Except as herein otherwise expressly provided, such termination of the Escrow shall be without prejudice to the non-defaulting Party's rights and remedies against the defaulting Party at law or equity.

3.3.2 Purchaser's Default. If the transaction contemplated hereby shall fail to close as and when required as a result of Purchaser's default hereunder, then, as Seller's sole and exclusive remedy for such default, the Deposit shall be paid over to Seller as agreed and liquidated damages and not as a penalty, it being acknowledged by Buyer and Seller that in such event Seller will suffer substantial damages but such damages are incapable of exact ascertainment. After payment to Seller of the Deposit, neither Seller nor Purchaser shall have any further rights or obligations hereunder except for those obligations designated to survive under this Agreement. If subsequent to Closing Purchaser shall fail to comply with its obligation contained herein which survive Closing, Seller, in addition to any rights and remedies provided herein, shall be entitled to any and all remedies available at law or in equity.

IF PURCHASER FAILS TO COMPLETE THE ACQUISITION OF THE PROPERTY AS HEREIN PROVIDED BY REASON OF ANY DEFAULT OF PURCHASER, IT IS AGREED THAT THE DEPOSIT SHALL BE NON-REFUNDABLE AND SELLER SHALL BE ENTITLED TO SUCH DEPOSIT, WHICH AMOUNT SHALL BE ACCEPTED BY SELLER AS LIQUIDATED DAMAGES AND NOT AS A PENALTY AND AS SELLER'S SOLE AND EXCLUSIVE REMEDY. IT IS AGREED THAT SAID AMOUNT CONSTITUTES A REASONABLE ESTIMATE OF THE DAMAGES TO SELLER PURSUANT TO CALIFORNIA CIVIL CODE SECTION 1671 ET SEQ. SELLER AND PURCHASER AGREE THAT IT WOULD BE IMPRACTICAL OR IMPOSSIBLE TO PRESENTLY PREDICT WHAT

MONETARY DAMAGES SELLER WOULD SUFFER UPON PURCHASER'S FAILURE TO COMPLETE ITS ACQUISITION OF THE PROPERTY. PURCHASER DESIRES TO LIMIT THE MONETARY DAMAGES FOR WHICH IT MIGHT BE LIABLE HEREUNDER AND PURCHASER AND SELLER DESIRE TO AVOID THE COSTS AND DELAYS THEY WOULD INCUR IF A LAWSUIT WERE COMMENCED TO RECOVER DAMAGES OR OTHERWISE ENFORCE THE SELLER'S RIGHTS. IF FURTHER INSTRUCTIONS ARE REQUIRED BY ESCROW HOLDER TO EFFECTUATE THE TERMS OF THIS PARAGRAPH, PURCHASER AND SELLER AGREE TO EXECUTE THE SAME. THE PARTIES ACKNOWLEDGE THIS PROVISION BY PLACING THEIR INITIALS BELOW:

Seller

Purchaser

3.3.3 Seller's Default. If this transaction shall not be closed because of default of Seller, then, as Purchaser's sole and exclusive remedy for such default or failure of condition precedent, as applicable, either (i) the Deposit shall be returned to Purchaser on demand and Seller shall reimburse Purchaser for Purchaser's reasonable and documented out of pocket expenses incurred by Purchaser solely in connection with Agreement (not including any fees, charges, or expenses of any kind for any financing being procured by Purchaser), not to exceed Ten Thousand Dollars (\$10,000.00) (the "Expenses"), or (ii) Purchaser may pursue specific performance of Seller's obligations under this Agreement. Upon return of the Deposit and the Expenses, this Agreement shall be terminated, and neither Party shall have any further rights or obligations hereunder except for the obligations designated to survive under this Agreement.

3.4 No Personal Liability. Except as specifically provided herein to the contrary, no representative, employee, attorney, agent or consultant of Seller, its Governing Board or Oversight Board shall personally be liable to Purchaser, or any successor in interest of the Purchaser, in the event of any Default or breach by Seller, or for any amount which may become due to Purchaser, or any successor in interest, on any obligation under the terms of this Agreement. No representative, employee, attorney, agent or consultant of Purchaser shall personally be liable to Seller or Oversight Board, or any successor in interest of Seller or Oversight Board, in the event of any Default or breach by Purchaser, or for any amount which may become due to Seller or Oversight Board, or any successor in interest, on any obligation under the terms of this Agreement.

3.5 Legal Actions.

3.5.1 Institution of Legal Actions. Any legal actions brought pursuant to this Agreement must be instituted in the Superior Court of the County of Los Angeles, State of California.

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

3.5.3 Acceptance of Service of Process. If any legal action is commenced by Purchaser against Seller, service of process on Seller shall be made by personal service upon the Custodian of Records of Seller, or in such other manner as may be provided by law. If any legal

action is commenced by Seller against Purchaser, service of process on Purchaser shall be made by personal service upon the City Clerk, or in such other manner as may be provided by law, whether made within or without the State of California.

3.6 Rights and Remedies are Cumulative. Except as otherwise expressly stated in this Agreement, the rights and remedies of the Parties are cumulative, and the exercise by either Party of one or more of such rights or remedies shall not preclude the exercise by it, at the same time or different times, of any other rights or remedies for the same Default or any other Default by the other Party.

3.7 Inaction Not a Waiver of Default. Except as expressly provided in this Agreement to the contrary, any failure or delay by either Party in asserting any of its rights and remedies as to any default shall not operate as a waiver of any default or of any such rights or remedies, or deprive either such Party of its rights to institute and maintain any actions or proceedings which it may deem necessary to protect, assert or enforce any such rights or remedies.

ARTICLE 4 GENERAL PROVISIONS

4.1 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, or by facsimile or email sent between 8:00 a.m. (Pacific time) and 5:00 p.m. (Pacific time) on a business day accompanied or preceded by a telephone call with the recipient alerting the recipient of the facsimile or email. Notices shall be considered given upon the earlier of (a) personal delivery, (b) three (3) business days following deposit in the United States mail, postage prepaid, certified or registered, return receipt requested, (c) the next business day after deposit with a nationally reorganized overnight courier, or (d) on the day of facsimile or email transmission, 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: CRA/LA, A Designated Local Authority
448 South Hill Street, Suite 1200
Los Angeles, California 90013
Attention: Chief Executive Officer

with a copy to: Goldfarb & Lipman LLP
550 S. Hope Street, Suite 2685
Los Angeles, California 90071
Attention: Thomas Webber, Esq.

Purchaser: Housing & Community Investment Department
1200 W. 7th Street, 9th Floor
Los Angeles, California 90017
Attention: General Manager

with a copy to: Mayor's Office of Economic Development
200 North Main Street, Room 1300
Los Angeles, California 90012
Attention: Deputy Mayor for Economic Development

with a copy to: Office of the City Attorney
200 North Spring Street, 21st Floor
Los Angeles, California 90012
Attention: Housing Division

4.2 Construction. The Parties agree that each Party and its counsel have reviewed and revised this Agreement and that any rule of construction to the effect that ambiguities are to be resolved against the drafting Party shall not apply in the interpretation of this Agreement or any amendments or exhibits thereto.

4.3 Interpretation. In this Agreement the neuter gender includes the feminine and masculine, and singular number includes the plural, and the words "person" and "party" include corporation, partnership, firm, trust, or association where ever the context so requires.

4.4 Time of the Essence. Time is of the essence of this Agreement.

4.5 Indemnity. Government Code Section 895.2 imposes joint civil liability upon public entities solely by reason of such entities being parties to an agreement.

4.5.1 Pursuant to Government Code Section 895.4 and 895.6, Seller and Purchaser shall each assume the full liability imposed upon it, or any of its officers, agents or employees, by law for injury caused by any negligent or wrongful act or omission occurring in the performance of this Agreement.

4.5.2 Seller and Purchaser indemnify and hold harmless the other Party for any loss, costs, or expenses that may be imposed upon such other Party by virtue of Government Code Section 895.2.

4.5.3 In the event of a third-party loss caused by negligence, wrongful act or omission of both Parties, each Party shall bear financial responsibility in proportion to its percentage of fault as may be mutually agreed or judicially determined. The provisions of Civil Code Section 2778 regarding interpretation of indemnity agreements are hereby incorporated.

4.6 Release. Without limiting Section 2.7, Purchaser acknowledges that Seller is not in any manner responsible to Purchaser for the presence of any Hazardous Materials at, on, in, under or relating to the Property, if any. Purchaser and its successor and assigns hereby specifically and irrevocably releases the Seller, its board members, its officers, its employees and its Oversight Board members from any and all Claims relating to the presence on or under, or the escape, seepage, leakage, spillage, discharge, emission or release of any Hazardous Materials on the Property, if any, including without limitation, any residual contamination, in, on, under or about the Property or affecting natural resources, whether prior to or following Closing, and also including, without limitation, any liability due to asbestos-containing materials at the Property. PURCHASER'S CLOSING HEREUNDER SHALL BE DEEMED TO CONSTITUTE AN

EXPRESS WAIVER OF PURCHASER'S AND ITS SUCCESSORS' AND ASSIGNS' RIGHTS TO SUE SELLER AND OF PURCHASER'S RIGHT TO CAUSE ANY OF SELLER'S BOARD MEMBERS, OFFICERS, EMPLOYEES OR OVERSIGHT BOARD MEMBERS TO BE JOINED IN AN ACTION BROUGHT UNDER ANY OF THE HAZARDOUS MATERIALS LAW NOW EXISTING OR HEREAFTER ENACTED. The acknowledgments of Purchaser and the release contained in this Section of this Agreement shall survive Closing or termination of this Agreement.

4.7 Approvals by Seller and Purchaser. Unless otherwise specifically provided herein, wherever this Agreement requires Seller or Purchaser to approve any contract, document, plan, proposal, specification, drawing or other matter, such approval shall not unreasonably be withheld, conditioned or delayed.

4.8 Entire Agreement, Waivers and Amendments. This Agreement is executed in duplicate originals, each of which is deemed to be an original. This Agreement, together with all attachments and exhibits hereto, constitutes the entire understanding and agreement of the Parties. This Agreement integrates all of the terms and conditions mentioned herein or incidental hereto, and supersedes all negotiations or previous agreements between the Parties with respect to the subject matter hereof. No subsequent agreement, representation or promise made by either Party hereto, or by or to any employee, officer, agent or representative of either Party, shall be of any effect unless it is in writing and executed by the Party to be bound thereby. No person is authorized to make, and by execution hereof Purchaser and Seller acknowledge that no person has made, any representation, warranty, guaranty or promise except as set forth herein; and no agreement, statement, representation or promise made by any such person which is not contained herein shall be valid or binding on Purchaser or Seller.

4.9 Counterparts. This Agreement may be executed simultaneously in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

4.10 Severability. Each and every provision of this Agreement is, and shall be construed to be, a separate and independent covenant and agreement. If any term or provision of this Agreement or the application thereof shall to any extent be held to be invalid or unenforceable, the remainder of this Agreement, or the application of such term or provision to circumstances other than those to which it is invalid or unenforceable, shall not be affected hereby, and each term and provision of this Agreement shall be valid and shall be enforced to the extent permitted by law.

4.11 Representations of Seller. Seller warrants and represents to Purchaser as follows:

(a) As of the Close of Escrow, Seller has full power and authority, including, but not limited to, the approval of its Governing Board and Oversight Board, to execute and enter into this Agreement and to consummate the transactions contemplated hereunder. This Agreement constitutes the valid and binding agreement of Seller, enforceable in accordance with its terms subject to bankruptcy, insolvency and other creditors' rights laws of general application. Neither the execution nor delivery of this Agreement, nor the consummation of the transactions covered hereby, nor compliance with the terms and provisions hereof, shall conflict with, or result in a

breach of, the terms, conditions or provisions of, or constitute a default under, any agreement or instrument to which the Seller is a party.

(b) As of the Effective Date and the Close of Escrow, there is no existing or, to Seller's actual knowledge, pending litigation, suit, action or proceeding before any court or administrative agency regarding the Property that would, if adversely determined, materially and adversely affect the Property or Seller's ability to perform its obligations under this Agreement or Developer's ability to use or develop the Property.

(c) Seller has not authorized any broker or finder to act on its behalf in connection with the sale and purchase hereunder and Seller has not dealt with any broker or finder purporting to act on behalf of Seller or otherwise.

(d) During the Term hereof, Seller has not encumbered or permitted the encumbrance of the Property without providing written notice thereof to Purchaser.

(e) As of the Close of Escrow, Seller has not entered into, amended or modified any agreement pertaining to the Property which will survive the Close of Escrow and thereafter become an obligation of Purchaser, except any such agreement for which Purchaser has provided prior written consent.

4.12 Representations of Purchaser. Purchaser warrants and represents to Seller as follows:

(a) As of the Close of Escrow, Purchaser has full power and authority, including, but not limited to, the approval of its City Council, to execute and enter into this Agreement and to consummate the transactions contemplated hereunder. This Agreement constitutes the valid and binding agreement of Seller, enforceable in accordance with its terms subject to bankruptcy, insolvency and other creditors' rights laws of general application. Neither the execution nor delivery of this Agreement, nor the consummation of the transactions covered hereby, nor compliance with the terms and provisions hereof, shall conflict with, or result in a breach of, the terms, conditions or provisions of, or constitute a default under, any agreement or instrument to which the Purchaser is a party.

(b) As of the Effective Date and the Close of Escrow, there is no existing or, to Purchaser actual knowledge, pending litigation, suit, action or proceeding before any court or administrative agency regarding the Property that would, if adversely determined, materially and adversely affect the Property or Purchaser's ability to perform its obligations under this Agreement or Developer's ability to use or develop the Property.

(c) Purchaser has not authorized any broker or finder to act on its behalf in connection with the sale and purchase hereunder and Purchaser has not dealt with any broker or finder purporting to act on behalf of Purchaser or otherwise.

[SIGNATURES ON THE FOLLOWING PAGE]

IN WITNESS WHEREOF, the Parties hereto have entered into this agreement as of the day and year first above written.

SELLER:

CRA/LA, A DESIGNATED LOCAL AUTHORITY

By: _____
Name: Steve Valenzuela
Title: Chief Executive Officer

Date: _____

APPROVED AS TO FORM:

GOLDFARB & LIPMAN LLP

By: _____
Thomas H. Webber
CRA/LA Counsel

Date: _____

PURCHASER:

THE CITY OF LOS ANGELES,
a municipal corporation

By: _____
Name: Rushmore D. Cervantes
Title: General Manager, Housing & Community Investment
Department

APPROVED AS TO FORM:

Attest: Holly Wolcott, City Clerk

MICHAEL N. FEUER, CITY ATTORNEY

By _____
Deputy

By: _____
Curtis S. Kidder, Assistant City
Attorney