

**Meeting Date:** 3/15/2016

**Report Type:** Consent

**Report ID:** 2016-00308

**Title: (Redevelopment Agency Successor Agency) Purchase and Sale Agreement for Redevelopment Agency Successor Agency Owned Property at 2300-2308 Del Paso Boulevard and 775 Darina Avenue**

**Location:** District 2

**Recommendation:** Pass a Redevelopment Agency Successor Agency (RASA) Motion: Approving a Purchase and Sale Agreement with Petrovich Development Company, Inc. for RASA owned property at 2300-2308 Del Paso Boulevard and 775 Darina Avenue.

**Contact:** Leslie Fritzsche, Senior Project Manager, (916) 808-5450, Economic Development Department

**Presenter:** None

**Department:** Economic Development Dept / Public Works

**Division:** Citywide Development

**Dept ID:** 18001031

**Attachments:**

- 1-Description/Analysis
- 2-Location Map
- 3-Aerial Map
- 4-Photographs of Site
- 5-Purchase and Sale Agreement

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**City Attorney Review**

Approved as to Form  
Sheryl Patterson  
3/8/2016 9:13:25 AM

**Approvals/Acknowledgements**

Department Director or Designee: Larry Burkhardt - 2/29/2016 4:59:30 PM

## **Description/Analysis**

**Issue:** The Redevelopment Agency Successor Agency (RASA) owns property in North Sacramento located at 2300-2308 Del Paso Boulevard and 775 Darina Avenue (collectively referred to as the "Site"). In accordance with the redevelopment dissolution law, RASA is to dispose of its real property holdings and distribute the sales proceeds to the taxing entities. Now that the Oversight Board for RASA and the State Department of Finance have approved the Long Range Property Management Plan and delegated authority to RASA to sell properties at fair market value based on an appraisal or highest bid, RASA can now proceed with disposition of its real property assets.

RASA received an offer from Petrovich Development Company to purchase the Site for \$150,000. This amount reflects the fair market value of the Site as supported by an independent appraisal obtained by RASA. The purchaser has expressed interest in building a Grocery Outlet store at the Site. The Purchase and Sale Agreement does not impose a development requirement, since the sale is at fair market value and RASA has no authority to undertake redevelopment activities.

**Policy Considerations:** The recommendations in this report are in accordance with the state laws dissolving redevelopment agencies (AB 1x 26, AB 1484 and SB 107). Staff recommends that the City Council acting as the governing board for RASA approve the sale of the Site at the price offered.

**Economic Impacts:** The actions recommended in this report will result in cost savings for RASA, since it will no longer have to maintain the existing building and land on the Site. In addition, the sale will return the Site to private ownership and the potential redevelopment will also increase the tax base.

### **Environmental Considerations:**

**California Environmental Quality Act (CEQA)/National Environmental Policy Act (NEPA):** Under Sections 15312 and 15378 (b)(4) of the California Environmental Quality Act (CEQA) Guidelines, the sale of surplus government property that has no value as wildlife habitat and is not conditioned on undertaking a development project is categorically exempt from environmental review.

**Sustainability:** This report does not address any sustainability issues.

**Commission/Committee Action:** None

**Rationale for Recommendation:** The 29,292 sq. ft. Site contains three parcels of vacant land and one parcel that has been improved with an 11,700 sq. ft. building (see location map included as Attachment 1 and aerial picture as Attachment 2). The Site is a triangular shaped parcel with the corner of Del Paso Boulevard and Darina Avenue forming the western tip of the triangle. It is located one block to the east of the intersection of El Camino Avenue and Del Paso Boulevard. The flat parcels have been improved with a patched surface lot, which formerly housed a small drive-in restaurant, and an existing 11,700 sq. ft. masonry building that is estimated to have been constructed in the 1940's. The building has a concrete foundation with a masonry structure and built-up composition roof. The building has been vacant for many years and is in extremely

poor condition. A section of the roof has given away leaving a large hole that has resulted in the building being exposed to the elements, resulting in water intrusion into the building. The unreinforced masonry walls are subject to collapse. The electrical and plumbing systems are not operational. RASA has incurred ongoing costs to clean out the building and provide limited stabilization.

In June 2015, based on private inquiries regarding the Site, RASA staff commissioned an appraisal of the property. That appraisal was completed in August 2015. In the appraiser's opinion, the building has no value so the appraisal was based on land value alone.

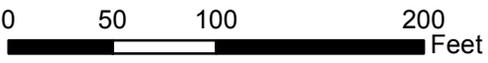
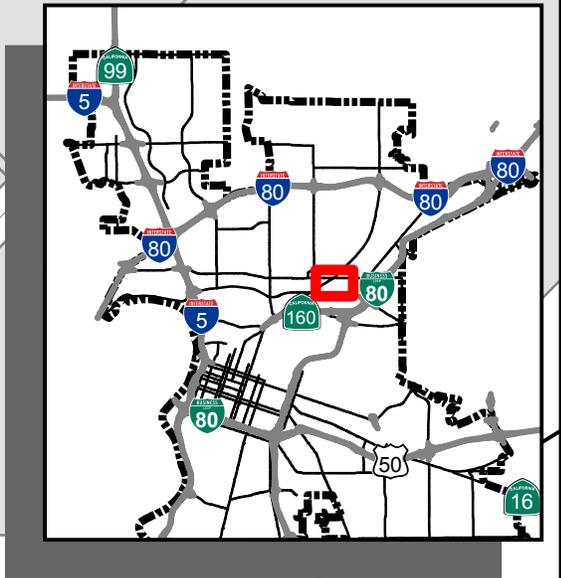
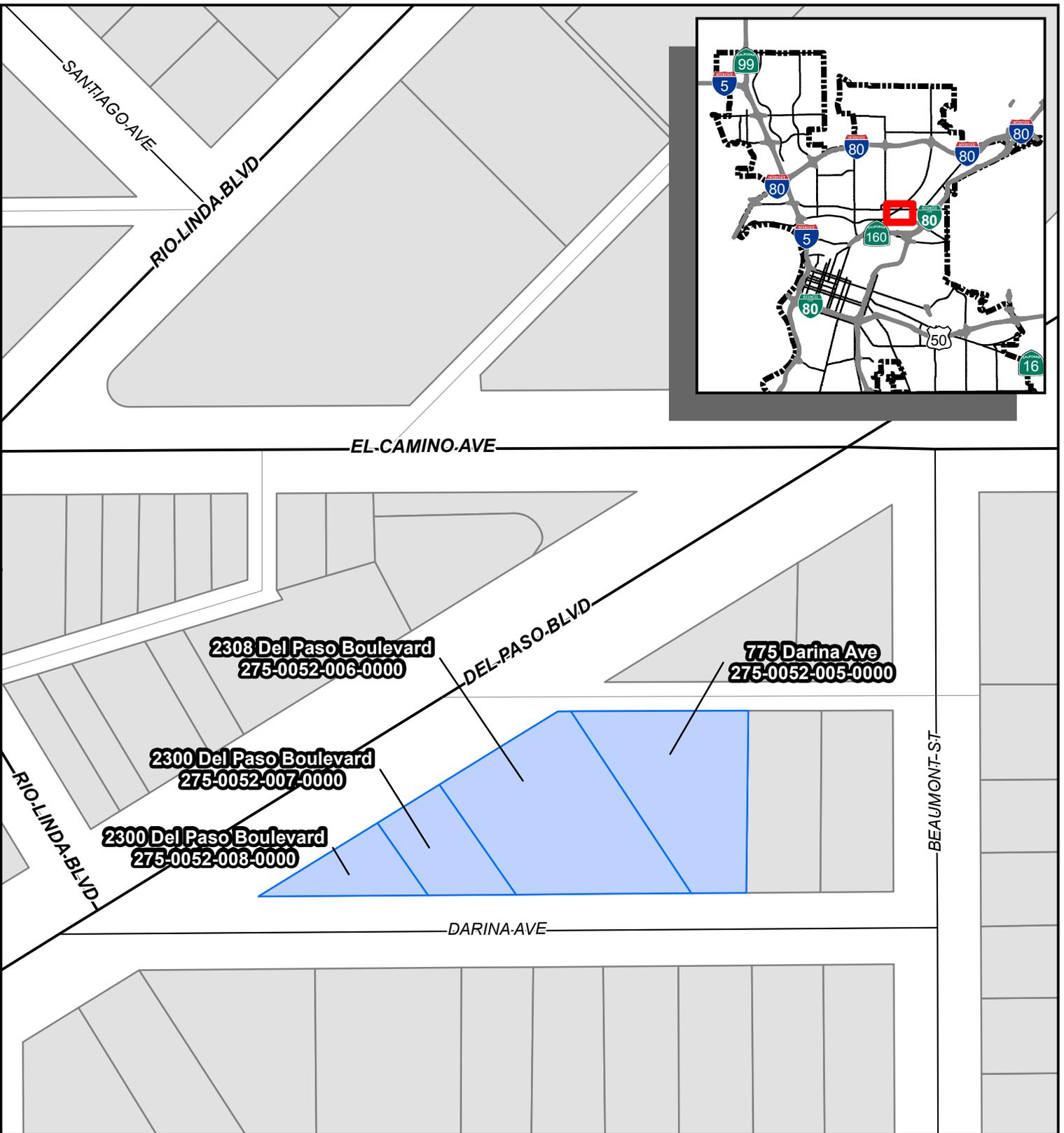
During the summer of 2015, one of the interested parties was Petrovich Development Company and they tendered a letter of interest to purchase the property at \$150,000. This value was not less than the appraised value. Staff proceeded with discussions with Petrovich to negotiate a Purchase and Sale Agreement.

The proposed Purchase and Sale Agreement (Attachment 5) would transfer the property for \$150,000 in its "as-is" condition and RASA would not be liable for any environmental conditions of the property that may be later discovered.

**Financial Considerations:** As part of the redevelopment dissolution process, RASA-owned properties are to be disposed of expeditiously and no reduction in the fair market value is permitted without Oversight Board approval. The price offered by Petrovich Development Company meets this limitation.

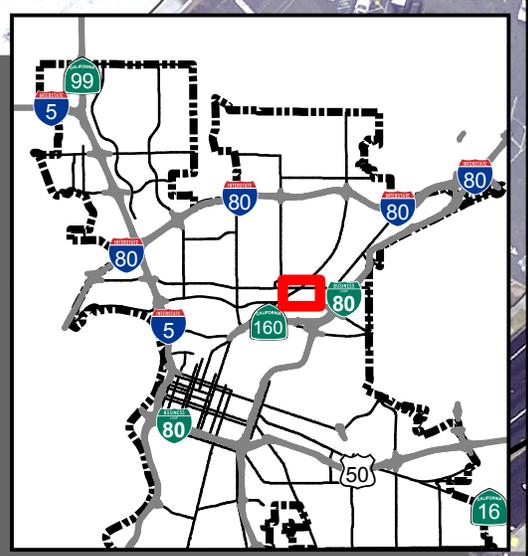
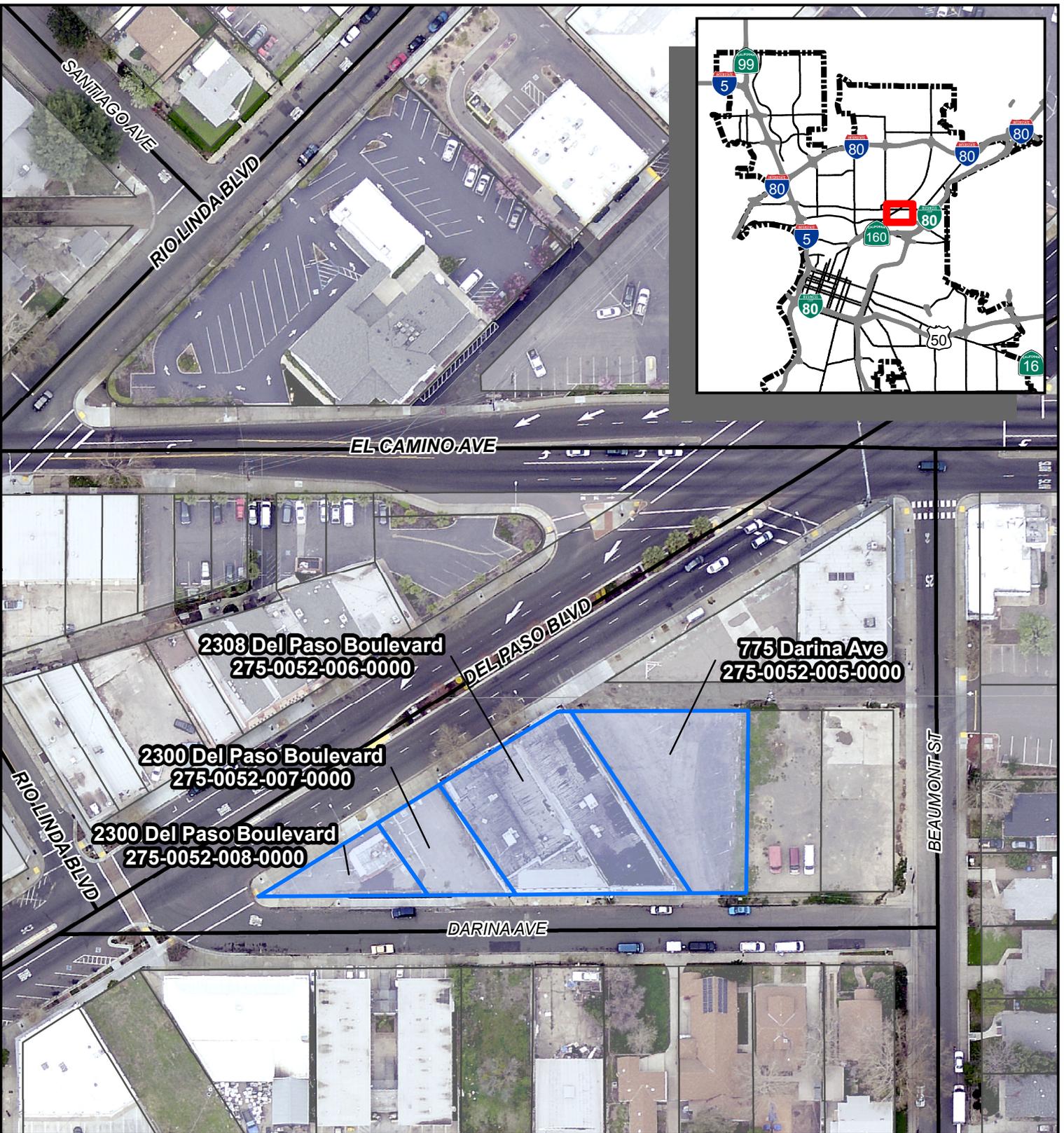
If approved and the transaction closes, the net sales proceeds (net of the appraisal costs and any closing costs) will be sent to the County Auditor-Controller for distribution to the taxing entities. The City's portion will be deposited into the Innovation and Growth Fund (Fund 2031).

**Local Business Enterprise (LBE):** Not applicable.



# Attachment 1 Location Map





# Attachment 2 Aerial Map



Photographs of 2300 – 2308 Del Paso Boulevard and 775 Darina



View Facing Southeast of Vacant Land and Building



View of Vacant Land and Building from Apex of Del Paso Boulevard and Darina

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

**SELLER:** REDEVELOPMENT AGENCY SUCCESSOR  
AGENCY

**BUYER:** OAKSHADE COMMONS APARTMENTS, LLC

**PROPERTY:** 2300-2308 Del Paso Blvd and 775 Darina Ave

**DATED:** March 15, 2016

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

This Purchase and Sale Agreement and Joint Escrow Instructions (this "Agreement") is made and entered into as of the Effective Date by and between Buyer and Seller, which are also referred to individually as "Party" and collectively as "Parties."

**Background**

A. Seller is the successor to the dissolved Redevelopment Agency of the City of Sacramento ("Agency") pursuant to the provisions of AB X1 26 and AB 1484. The City of Sacramento elected to serve as the successor agency, known as the Redevelopment Agency Successor Agency ("RASA"), which is a separate public agency per Health and Safety Code Section 34173(g). RASA's action to wind down the affairs of the former Agency is subject to approval by its Oversight Board, and the State Department of Finance ("DOF") has the authority to review all Oversight Board actions.

B. RASA has become the owner of four parcels of land located at 2300 -2308 Del Paso Boulevard and 775 Darina Ave in North Sacramento (the "Property" as further defined below). Under Health and Safety Code Section 34177, one of the duties of a successor agency is to expeditiously dispose of the former Agency's assets in a manner aimed at maximizing value to benefit the taxing entities that will receive the sales proceeds.

C. Before prior Agency properties can be sold, Health and Safety Code Section 34191.5 requires the preparation of a Long Range Property Management Plan ("Plan"). This Plan was approved by DOF on December 31, 2015. On January 25, 2016, the Oversight Board delegated authority to RASA to sell Agency properties at fair market value based on an appraisal or a bidding process. DOF did not request review of that action, so it is final.

D. Buyer is interested in acquiring the Property and has made an offer in the amount listed below as the Purchase Price. RASA has confirmed that the price represents the fair market value of the Property.

**Agreement**

In consideration of the information contained in the Background and the mutual covenants, commitments, and promises contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which has been acknowledged and verified, Buyer and Seller agree as follows:

1. **Defined Terms.** The terms listed below shall have the following meanings throughout this Agreement:

<b>Effective Date:</b>	The date this Agreement is approved by the RASA Board.
<b>Seller:</b>	The Redevelopment Agency Successor Agency, a municipal corporation ("RASA").

<b>Seller's Address:</b>	Redevelopment Agency Successor Agency Office of the City Manager Attention: John F. Shirey New City Hall 915 I Street, 5 <sup>th</sup> Floor Sacramento CA 95814 Phone No.: (916) 808-7495 Fax No.: (916) 808-7618 E-Mail: <a href="mailto:jfshirey@cityofsacramento.org">jfshirey@cityofsacramento.org</a>
<b>Seller's Counsel:</b>	Office of the City Attorney 915 I Street, Fourth Floor Sacramento, CA 95814 Attention: Sheryl Patterson Phone No.: (916) 808-5346 Fax No.: (916) 808-7455 E-Mail: <a href="mailto:spatterson@cityofsacramento.org">spatterson@cityofsacramento.org</a>
<b>Buyer:</b>	Oakshade Commons Apartments, LLC c/o Petrovich Development Company, Inc.
<b>Buyer's Address:</b>	825 K Street, Third Floor Sacramento, CA 95814 Attn: Paul Petrovich 916-442-4600 <a href="mailto:paul@petrovichdevelopment.com">paul@petrovichdevelopment.com</a>
<b>Buyer's Counsel:</b>	Kenneth King, Senior Counsel 825 K Street, Third Floor Sacramento, CA 95814 916-442-4600 <a href="mailto:ken@petrovichdevelopment.com">ken@petrovichdevelopment.com</a>

<b>Property:</b>	Those certain parcels of land located in the City of Sacramento, County of Sacramento, State of California, generally described as APN 275-0052-008-0000, 275-0052-007-0000, 275-0052-006-0000, and 275-0052-005-0000, consisting of approximately 29,481 square feet of land area and including a vacant and unoccupied building containing approximately 11,700 gross square feet, all of which is legally described in <u>Exhibit 1</u> (the "Legal Description"). The Property includes, without limitation, all mineral and water rights and all of the existing easements, rights-of-way and other appurtenances used or connected with the use or enjoyment of the Property, together with the personal property located on the Property as described in the General Assignment and Bill of Sale in <u>Exhibit 2</u> (the "General Assignment").
<b>Lease:</b>	None. The Property is not subject to any lease or other occupancy agreement.
<b>Purchase Price:</b>	The total Purchase Price for the Property is \$ 150,000.00
<b>Escrow Holder:</b>	First American Title Company 1610 Arden Way, Suite 101 Sacramento CA 95815 Attn: Arah Tresler (916) 576-3130 atresler@firstam.com
<b>Escrow Instructions:</b>	The instructions issued by Seller and Buyer to Escrow Holder are in <u>Exhibit 3</u> , in addition to the terms and conditions set forth in this Agreement for Escrow No. 131664958394 (AT).
<b>Closing Date:</b>	Thirty (30) days after the later of (i) the expiration of "Buyer's Due Diligence Period" (as that term is defined in <u>Section 11(b)</u> below), (ii) the date Buyer receives the "Discretionary Approvals" (as that term is defined in <u>Section 11(f)</u> below), or such later date in accordance with <u>Section 9</u> of this Agreement.

<b>Title Company:</b>	First American Title Company 1610 Arden Way, Suite 101 Sacramento CA 95815 Attn: Arah Tresler (916) 576-3130 atresler@firstam.com
<b>Preliminary Title Report:</b>	The report dated January 8, 2016 issued by the Title Company describing the title to the Property and any encumbrances.

2. **Exhibits.** The following Exhibits are defined in this Agreement and are attached and incorporated into this Agreement by this reference:

- Exhibit 1**      Legal Description
- Exhibit 2**      General Assignment and Bill of Sale
- Exhibit 3**      Escrow Instructions
- Exhibit 4**      Grant Deed

3. **Purchase and Sale.** Subject to the terms, covenants, and conditions in this Agreement, Buyer agrees to purchase the Property from Seller, and Seller agrees to sell the Property to Buyer at the Purchase Price. The Property shall be conveyed to Buyer from Seller by means of a Grant Deed in the form attached as Exhibit 4. All other interests of Seller in the Property (including any personal property) shall be transferred and assigned by Seller to Buyer pursuant to the General Assignment in the form attached as Exhibit 2.

4. **Purchase Price.** The Purchase Price shall be ONE HUNDRED AND FIFTY THOUSAND DOLLARS (\$150,000.00), which Buyer shall pay to Escrow Holder prior to the Closing Date in accordance with provisions in Section 13. Within ten (10) days of the Effective Date of this Agreement, Buyer shall deposit the sum of FIVE THOUSAND DOLLARS (\$5,000.00) (the "Deposit"), in the form of a certified or cashier's check or wired funds paid to Escrow Holder to be deposited into the Escrow account established pursuant to this Agreement as an advance against payment of the Purchase Price for Property.

5. **As-Is Purchase.** As a material inducement to Seller to execute this Agreement, Buyer acknowledges, represents and warrants as follows:

(a) As of the Closing, Buyer will have fully examined and inspected the Property, together with such other documents and materials with respect to the Property which Buyer deemed necessary or appropriate in connection with its investigation and examination of the Property. As of the Closing, Buyer has accepted the physical condition, value, presence or absence of Hazardous Substances, use, leasing, operation, tax status, income and expenses of the Property, with the exception of Buyer's Contingencies per Section 11. The Property will be purchased by Buyer "AS IS" and "WHERE IS" and with all faults. Buyer has decided to purchase the Property solely on the basis of its own independent investigation and not in reliance on any reports, documents or other information Seller may have disclosed or provided to Buyer.

(b) Other than as expressly set forth in this Agreement, Seller has not made, does not make, and has not authorized anyone else to make any representation as to the present or future physical condition, value, presence or absence of Hazardous Substances, violation of any Environmental Laws, leasing, operation, use, tax status, income and expenses, or any other matter or thing pertaining to the Property. Buyer acknowledges that other than the representations and warranties of Seller set forth in this Agreement, no other representation or warranty has been made by Seller and that in entering into this Agreement Buyer does not rely on any other representation or warranty.

(c) EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT, SELLER MAKES NO WARRANTY OR REPRESENTATION, EXPRESS OR IMPLIED, OR ARISING BY OPERATION OF LAW, INCLUDING, WITHOUT LIMITATION, ANY WARRANTY OF THE CONDITION, HABITABILITY, MERCHANTABILITY, OR FITNESS OF THE PROPERTY FOR A PARTICULAR PURPOSE.

**6. Development of Property.** Buyer acknowledges and accepts that Seller will not be liable to Buyer regarding any inability of Buyer to use and develop the Property for Buyer's intended use, even if such planned use or development project is referenced in this Agreement, and that the City of Sacramento (City) is not a party to this Agreement or bound by any representation of Seller with regard to the Buyer's planned use and development of the Property. Buyer agrees with the following provisions:

(a) Seller shall not be bound by any verbal or written statements, representations, real estate broker's "setups," or other information pertaining to the Property that may have been furnished by any real estate broker or agent. Even though Seller is affiliated with a government agency with regulatory authority over development of property within the jurisdictional boundaries of the City of Sacramento, Seller shall not be liable to Buyer for any verbal or written statements, representations, or other information that any of Seller's or City's officers, employees, agents, or contractors may have disclosed to Buyer regarding the ability to develop the Property for Buyer's intended use.

(b) This Agreement shall not be construed as a "development agreement" within the meaning of Government Code Section 65864 *et seq.*

**7. Seller's Disclosure and Buyer's Release and Indemnity.** Seller and Buyer agree to the following provisions with regard to the physical condition of the Property, the financial condition of the Property, the value of the Property, the suitability of the Property for Buyer's intended use, and the accuracy or completeness of any information from Seller reviewed by Buyer in connection with its investigations of the Property and which may have been relied upon by Buyer in deciding to purchase the Property.

(a) In accordance with California Health and Safety Code Section 25359.7, California Government Code Sections 8589.3, 8589.4 and 51183.5, California Public Resources Code Sections 2621.9, 2694 and 4136, collectively the "Disclosure Statutes," Seller discloses that it has no knowledge of any release of Hazardous Substances, as defined below, on or beneath the Property. Seller does not warrant that the prior owner of the Property, the Redevelopment Agency of the City of Sacramento, may have had knowledge of Hazardous Substances on or beneath the Property, but that information contained in any report(s) has not been provided to Seller. Seller does not warrant that the building does not contain Hazardous Substances because given the age of the building it may contain lead paint and asbestos, and other unsuitable materials.

(b) Seller warrants and represents it has identified and provided to Buyer any and all reports in its possession regarding the condition of the Property relating to any release of any Hazardous Substances and the presence of any underground storage tanks in, on or about the Property, and discloses to Buyer that to the best of its knowledge no such information exists. With respect to Seller's obligation under the Disclosure Statutes, Buyer agrees that Seller has satisfied the statutory requirements and that Seller shall not be held liable for any errors or inaccuracies in the reports Seller provided to Buyer, if any. Seller has or will provide Buyer with the opportunity to inspect the Property and conduct tests of the soil, groundwater, and any buildings and materials on the Property. Buyer acknowledges that any condition of the Property which Buyer discovers or desires to correct or improve prior to or after Closing shall be at Buyer's sole expense.

(c) The Natural Hazards Disclosures, as defined in Section 19, shall not be deemed to constitute a representation or warranty by Seller as to the presence or absence in or around the Property of any conditions that are the subject of the Disclosure Statutes.

(d) For the purposes of this Agreement, the term "Hazardous Substances" means any chemical substance, material, controlled substance, object, condition, waste, living organism, or combination thereof which is or may be hazardous to human health or safety or to the environment due to its ignitability, corrosivity, reactivity, explosivity, toxicity, carcinogenicity, mutagenicity, phytotoxicity, reproductive toxicity, infectiousness, radioactivity, or other harmful or potentially harmful properties or effects, including, without limitation, petroleum and petroleum products, asbestos, radon, and polychlorinated biphenyls (PCBs), which are now or may become in the future listed, defined or regulated in any manner by any Environmental Law or regulation.

(e) For the purposes of this Agreement, the term "Environmental Law(s)" means any and all federal, state and local environmental, health, or safety related laws, regulations, ordinances, codes, decrees, directives, standards, rules, guidelines, permits, and decision of federal and state courts as currently existing and as may be amended, enacted, issued or adopted in the future, which due to the presence or potential presence of Hazardous Substances are or become applicable to the Property or persons or entities who own, occupy, use, visit, or work on or in the Property. Environmental Laws include, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA") as set forth in 42 USCA 9601 *et seq.*, the California Hazardous Waste Control Laws as set forth in California Health and Safety Code Sections 21500 *et seq.*, and the California Porter Cologne Act as set forth in California Water Code Section 13000 *et seq.*

(f) If Buyer proceeds to Closing with actual knowledge of any matter discovered during Escrow with respect to the Property which is in conflict with any of Seller's representations and warranties in this Agreement, Buyer shall be deemed to have waived such Seller's representations and warranties to the extent inconsistent with Buyer's actual knowledge.

(g) Upon Closing, excluding Claims from third parties that accrued prior to Closing, Buyer shall assume the risk of the any condition of the Property, and shall defend, indemnify and hold Seller harmless as follows:

- 1) The following release and waiver of Claims shall be referred to as the "Release." Upon the Closing, Buyer, on its own behalf and on behalf of each of its successors and assigns and each and all of its and their respective members, partners, officers, directors, employees, parents, affiliates and subsidiaries, and each of

their respective successors and assigns (collectively, "Waiver Parties") hereby fully, forever, irrevocably and unconditionally waives and releases Seller and its respective officers, employees, agents, and representatives and their respective successors and assigns (collectively, "Released Parties") from: (i) any and all claims, liabilities, losses, obligations, orders, requirements, restrictions, liens, penalties, fines, charges, debts, demands, damages, costs, expenses, counterclaims, suits, proceedings, actions, causes of action, costs and expenses (including, but not limited to, reasonable attorneys' fees and costs) of any kind and nature whatsoever, whether known or unknown, anticipated or unanticipated, whether foreseeable or unforeseeable, and howsoever arising or accruing (collectively, the "Claims"), that the Waiver Parties, or any of them, ever had, now have, or may have against the Property or the Released Parties pertaining to the Property, arising or accrued prior to the Closing; and (ii) any and all conditions of the Property, including, without limitation, any and all actual, threatened or potential Claims, and Claims for contribution under any law relating to Hazardous Substances, whether under any foreign, federal, state or local law (both statutory and non-statutory) or Environmental Laws, and, whether asserted or demanded by a third party against any of the Waiver Parties or incurred directly or indirectly by any of the Waiver Parties themselves, that any of the Waiver Parties may now or hereafter have against any of the Released Parties and that arise in connection with or in any way are related to: (a) the physical condition of the Property, the financial condition of the Property, the value of the Property, the suitability of the Property for Buyer's intended use, management or operation of the Property, or the accuracy or completeness of any information reviewed by Buyer in connection with its investigations of the Property and which may have been relied upon by Buyer in deciding to purchase the Property; (b) any handling of any Hazardous Substances at, beneath, to, from, or about the Property; (c) any compliance or non-compliance with Environmental Laws regarding any Hazardous Substances or any handling related thereto at, beneath, to, from, or about the Property; (d) any acts, omissions, services or other conduct related to any of the foregoing items "(a)" through "(c)," inclusive; and/or (e) any condition, activity, or other matter respecting the Property that is not addressed by any of the foregoing items "(a)" through "(d)," inclusive; Provided, however, that Waiver Parties do not release Released Parties from any third party Claims that are incurred, related to, arising from, or accruing prior to the Closing.

- 2) The following indemnification of Claims shall be referred to as the "Indemnity." Buyer shall defend, hold harmless and indemnify the Released Parties and each of them from and against all third party Claims that are incurred, related to, arising from, or accruing after the Closing for the matters that are covered under the provisions of the foregoing subsection. Released Parties shall defend, hold harmless and indemnify the Waiver Parties and each of them from and against all third party Claims that are incurred, related to, arising from, or accruing prior to the Closing.

(h) For the foregoing Release of Claims, to the fullest extent not prohibited by law, Buyer expressly and specifically waives the benefits of Section 1542 of the California Civil Code ("Section 1542"), which is excerpted below and any successor laws:

"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."

Buyer has been advised by its legal counsel and understands the significance of this waiver of Section 1542 relating to unknown, unsuspected, and concealed Claims, and Buyer specifically represents that Buyer has carefully reviewed the Release provisions with its legal counsel and the Parties agree that the Release provisions are a material part of this Agreement. Buyer acknowledges that it fully understands, appreciates and accepts all of the terms and provisions in this Section 7.

(i) Buyer acknowledges that the foregoing Release of Claims is voluntary and without any duress or undue influence, and is given in consideration for Seller's consent to sell the Property to Buyer under the terms of this Agreement. Buyer expressly acknowledges that it may discover facts different from or in addition to those which it believes to be true as the Effective Date with respect to the Release of Claims. Buyer agrees that the foregoing Release and Indemnity shall be and remain effective in all respects notwithstanding such different or additional facts, except in instances of fraud or willful and wrongful acts or omission of the Released Parties.

(j) Buyer represents and warrants to Seller that it has not and will not assign or transfer to any person or entity any matter under the foregoing Release and Indemnity and hold Seller harmless from and against any and all Claims based on or arising out of any such assignment or transfer, or purported assignment or transfer.

(k) The provisions of this Section 7 shall survive the Closing and the recording of the Grant Deed conveying the Property from Seller to Buyer.

**8. Maintenance of Property and Commitments After Effective Date.** From the Effective Date until the Closing, Seller shall not: (a) be obligated to undertake any maintenance or repairs of the Property; or (b) take or authorize any action with regard to the Property, including making any commitments or representations to any third party, including governmental authorities and lenders, or adjoining or surrounding property owners; but excluding actions necessary to protect the public health, safety or welfare.

**9. Escrow and Closing.** The Escrow process for the purchase and sale of the Property between Buyer and Seller shall be as follows:

(a) **Opening of Escrow.** The escrow ("Escrow") shall be deemed opened ("Opening of Escrow") on the date that Escrow Holder receives a copy of this Agreement fully executed by Buyer and Seller. Escrow Holder shall promptly notify Buyer and Seller in writing of the date of the Opening of Escrow. Provided as Exhibit 3 are the "Escrow Instructions" which Buyer and Seller shall execute and deliver to Escrow Holder. Buyer and Seller agree to execute, deliver and abide by any reasonable or customary supplemental escrow instructions or other instruments reasonably required by Escrow Holder to consummate the transaction; provided, however, no such instructions or instruments shall

conflict with, amend or supersede any portion of this Agreement. If there is any conflict or inconsistency between the terms of Escrow Holder's instructions or instruments and the terms of this Agreement and the Escrow Instructions, then the terms of this Agreement and the Escrow Instructions shall control.

(b) **The Closing.** On the Closing Date, all matters to be performed under this Agreement incident to the sale of the Property and the payment of the Purchase Price (collectively, "Closing") shall be performed at the offices of Escrow Holder, or other mutually acceptable location agreed to in writing by Buyer and Seller. Notwithstanding anything in this Section 9 to the contrary, the Parties agree to use commercially reasonable efforts to pre-close the transaction (i.e., deliver sign documents into Escrow) on the business day immediately preceding the then-scheduled date of Closing. For purposes of this Agreement, the actual Closing Date shall be the date that the RASA Grant Deed in the form attached as Exhibit 4 is recorded pursuant to applicable law in Sacramento County, California. Unless changed in writing by the Parties, the Closing shall occur on the Closing Date, subject to Buyer's and Seller's respective rights to extend the Closing Date and to terminate this Agreement, that are expressly set forth this Agreement and/or the Escrow Instructions.

(c) **Possession of the Property.** As of the Closing Date, Buyer shall obtain rights to the full possession of the Property and any keys, the personal property located on the Property as described in the General Assignment, and any other items as described in this Agreement are to be delivered by Seller to Buyer. Seller's delivery of possession of the Property to Buyer shall be free and clear of all prior uses and/or occupancies unless Buyer has approved the continued use and occupancy of the Property pursuant to the provisions set forth in this Agreement. Buyer will assume responsibility for the physical condition of the Property from the date of Closing and thereafter.

(d) **Extension.** The Escrow Instructions set forth the expected Closing Date. The Closing may be extended by one (1) period of thirty (30) days ("Extension Option"), which may be exercised by Buyer or Seller by delivering written notice to Escrow Holder and the non-exercising party five (5) days prior to the then-scheduled Closing Date.

**10. Independent Consideration.** Contemporaneously with the execution and delivery of this Agreement, Buyer has delivered to Seller and Seller hereby acknowledges the receipt of funds in the amount of One Hundred Dollars (\$100.00) (the "Independent Contract Consideration"), which amount the Parties bargained for and agreed to as consideration for Buyer's right to purchase the Property pursuant to this Agreement and for Seller's execution, delivery and performance of this Agreement. The Independent Contract Consideration is in addition to and independent of any other consideration or payment provided in this Agreement, is nonrefundable, and is fully earned and shall be retained by Seller notwithstanding any other provision of this Agreement.

**11. Buyer's Contingencies.** Buyer's obligation to consummate the purchase of the Property is subject to the satisfaction or waiver, on or before the Closing Date, of the following conditions precedent (collectively, "Buyer's Contingencies"), which are for Buyer's benefit only. If this Agreement is not terminated before the Closing Date, then Buyer shall be deemed to have waived all of Buyer's Contingencies, this Agreement shall remain in full force and effect, and the Closing shall occur subject to the terms and conditions of this Agreement and the Escrow Instructions.

(a) **Title Review.** Buyer has caused the Title Company to deliver to Seller the Preliminary Title Report prior to execution of this Agreement. As part of the Escrow Instruction, the exceptions which Buyer will permit to remain on title (the "Permitted Exceptions") shall be identified by Buyer prior to the expiration of Buyer's Due Diligence Period described in Section 11(b) below. The Permitted Exceptions shall include lien (or liens) to secure payment of real estate taxes or assessments and all other state, county and local taxes, charges, and bonds (general, special or otherwise), imposed or assessed, which are not yet due or payable. Buyer shall be satisfied with title to the Property, subject only to the Permitted Exceptions, as reflected in the Preliminary Title Report, by the Closing Date.

(b) **Inspections and Studies.** Buyer shall approve or disapprove of the suitability of the Property on or before thirty (30) days from the Effective Date ("Buyer's Due Diligence Period"). Buyer's investigations may include without limitation, Subdivision Map Act requirements, zoning, availability and cost of providing utilities, sewers and storm drains, topographic studies, and environmental site assessments.

(c) **Representations and Warranties.** All representations and warranties of Seller contained in this Agreement shall be materially true and correct as of the Effective Date and as of the Closing Date.

(d) **No Default.** Seller is not in default in the performance of any material covenant or agreement to be performed by Seller under this Agreement.

(e) **Title Insurance.** The conveyance by the Seller of good and marketable fee title to the Property, as evidenced by a standard form California Land Title Association ("CLTA") title insurance policy to be issued by the Title Company in the amount of the Purchase Price and containing endorsements reasonably required by Buyer ("Buyer's Title Policy"), insuring fee simple title, which is free and clear of all liens and encumbrances subject only to the Permitted Exceptions set forth in the Escrow Instructions.

(f) **Site Plan and Design Review.** Buyer shall have procured all discretionary land use approvals required by the City of Sacramento for Buyer's intended use of the Property ("Discretionary Approvals"), provided that Buyer shall diligently and in good faith apply for and pursue same.

**12. Seller's Contingencies.** Seller's obligation to sell the Property to Buyer is subject to the satisfaction or waiver, on or before the Closing Date, of the following conditions precedent ("Seller's Contingencies"), which are for Seller's benefit only. If this Agreement is not terminated before the Closing Date, then Seller shall be deemed to have waived all of Seller's Contingencies, this Agreement shall remain in full force and effect, and the Closing shall occur subject to the terms and conditions of this Agreement and the Escrow Instructions.

(a) **Representations and Warranties.** All representations and warranties of Buyer contained in this Agreement shall be materially true and correct as of the Effective Date and as of the Closing Date.

(b) **No Default.** Buyer is not in default in the performance of any material covenant or agreement to be performed by Buyer under this Agreement.

**13. Buyer's Deliveries to Escrow.** At least one (1) business day before the Closing Date, Buyer shall deposit or cause to be deposited with Escrow Holder the following items, duly executed and, where appropriate, acknowledged ("Buyer's Delivered Items"):

(a) **Funds.** The Purchase Price as defined in Section 4 of this Agreement, minus the Deposit, if any, in the form of a certified or cashier's check or wired funds, plus Buyer's Costs, Buyer's share of prorations set forth on the Proration and Expense Schedule, all as defined in Section 16.

(b) **Preliminary Change of Ownership Report.** A Preliminary Change of Ownership Report fully completed by Buyer (the "Preliminary Change of Ownership Report").

(c) **Authority.** Such proof of Buyer's authority and authorization to enter into this Agreement, on the part of each individual or entity comprising Buyer, and to consummate the transaction contemplated in this Agreement as may be reasonably requested by Seller or Title Company.

(d) **Further Documents or Items.** Any other documents or items reasonably required to close the transaction contemplated by this Agreement.

(e) **Failure to Deliver.** If Buyer is in default of its obligation to deliver any of the Buyer's Delivered Items and Buyer's counterparts to the jointly delivered items into Escrow timely in accordance with the terms of this Agreement, then Seller shall be entitled to pursue any and all rights available to Seller under this Agreement, at law or in equity.

**14. Seller's Deliveries to Escrow.** At least one (1) business day before the Closing Date, Seller shall deposit or cause to be deposited with Escrow Holder the following items, duly executed and, where appropriate, acknowledged ("Seller's Delivered Items"):

(a) **Grant Deed.** The RASA to Buyer Grant Deed in the form attached as Exhibit 4. The title transferred thereunder shall be subject to all real property taxes and assessments and all other state, county and local taxes, charges, and bonds (general, special or otherwise), imposed or assessed, which are not yet due and payable as of the Closing Date, matters ascertainable by a reasonable inspection and survey of the Property, and the Permitted Exceptions as described in the Escrow Instructions.

(b) **Title Affidavit.** A customary "seller's affidavit" as may reasonably be required by Title Company in connection with issuance of Buyer's Title Policy with elimination of certain pre-printed exceptions.

(c) **Further Documents or Items.** Any other documents or items as may be reasonably requested by Buyer or Title Company to close the transactions contemplated by this Agreement.

(d) **Failure to Deliver.** If Seller is in default of its obligation to deliver any of the Seller's Delivered Items and Seller's counterparts to the jointly delivered items into Escrow timely in accordance with the terms of this Agreement, then Buyer shall be entitled to pursue any and all rights available to Buyer under this Agreement, at law or in equity.

**15. Joint Deposits Into Escrow.** On or before one (1) business day before the Closing Date, Seller and Buyer shall execute, acknowledge where required, complete required insertions, and jointly deposit into Escrow two (2) original counterparts of the following documents:

(a) **General Assignment and Bill of Sale.** General Assignment and Bill of Sale in the form attached as Exhibit 2.

(b) **Closing Statement.** "Closing Statement" in a form reasonably acceptable to Buyer and Seller showing the allocation of Buyer's Costs, Seller's Costs, Escrow Expenses, and Prorations, all as defined in Section 16, and disbursements to be made by Escrow Holder.

**16. Costs and Expenses.** Should the Closing fail to occur exclusively because of a Buyer Default, then Buyer will be responsible for any and all Escrow Expenses incurred by Escrow Holder. If Seller is unable to perform because of a Seller Default, then Seller shall be responsible for any and all Escrow Expenses incurred by Escrow Holder. If there is a Closing and the Property is transferred from Seller to Buyer, then the costs and expenses of this transaction shall be allocated between Seller and Buyer as follows:

(a) **Seller's Costs.** Seller shall bear the following costs and expenses at Closing: (i) one-half (½) of the Escrow Expenses; (ii) Seller's share of Prorations; (iii) the cost of recording all releases and other documents to remove all monetary liens, if any, that are recorded against the Property and the cost of recording all other documents that Seller desires to record; (iv) all of the document recording fees for the RASA to Buyer Grant Deed; (v) all County and City transfer taxes, if required, (vi) a CLTA standard coverage owner's title policy with insurance equal to the Purchase Price (collectively, "Seller's Costs").

(b) **Buyer's Costs.** Buyer shall bear the following costs and expenses at Closing: (i) if Buyer elects an ALTA extended owner's policy, Buyer shall bear the incremental cost thereof in excess of the CLTA policy; (ii) one-half (½) of Escrow Expenses; (iii) Buyer's share of Prorations; and (iv) all endorsements (if any) to Buyer's owner's policy (collectively, "Buyer's Costs").

(c) **Escrow and Expenses.** Buyer and Seller shall each pay fifty percent (50%) of the cost of Escrow Holder's customary and reasonable charges to buyers and sellers for the preliminary title report, document drafting, recording and miscellaneous charges (the "Escrow Expenses"). All other usual and customary costs and expenses for the Closing which are not listed in this Agreement shall be allocated between Buyer and Seller in accordance with the customary practice in Sacramento County, California. Each Party shall bear the costs of its own attorneys and consultants in connection with the negotiation and preparation of this Agreement and the consummation of the transactions contemplated in this Agreement.

(d) **Proration of Income and Expenses.** Income (if any) and any expenses associated with maintenance and operation of the Property (the "Prorations") will be allocated between Seller and Buyer as of 11:59 p.m. on the day immediately preceding the Closing Date. Not less than three (3) business days before the Closing Date, Escrow Holder shall deliver to Buyer and Seller a tentative schedule of the Prorations (the "Proration and Expense Schedule") for Buyer's and Seller's respective approval. If any Prorations require final adjustment after Closing, then the Parties shall make the appropriate adjustments promptly when accurate information becomes available and either Party shall be entitled to an adjustment to correct the same. To the extent the amount exceeds \$250.00, any corrected or adjustment Proration shall be paid promptly in cash to the Party entitled to such payment.

(e) **Property Taxes.** All general and special real and personal property and ad valorem taxes, assessments and all other state, county and local taxes, charges, and bonds (general, special or

otherwise), imposed or assessed, if any, whether payable in installments or not, including, without limitation, all supplemental taxes attributable to the period prior to the Closing for the calendar year in which the Closing occurs, shall be prorated to the Closing Date, based on the latest available tax rate and assessed valuation.

(f) **Utility Charges and Service Contracts.** Seller shall make arrangements with the utility companies to terminate utility services and with any other company providing services to the Property as of the date of the Closing Date. Seller shall be responsible for the payment of all utility and service final bills (relating to the period up to the Closing) after the Closing upon receipt of the final bills. All utility charges and payments required under service contracts which are not terminated prior to the Closing Date shall be prorated as of the Closing Date and Buyer shall obtain a final billing thereafter. All utility security deposits, if any, shall be retained by Seller. After Closing, all costs associated with any changes to any utility systems and services for the Property and the costs of resuming utility and other services for the Property for the period after Closing shall be the sole responsibility of Buyer. The preceding provisions shall survive Closing.

**17. Closing Procedure.** When the Title Company is ready to issue the Buyer's Title Policy and all required documents and funds have been deposited with Escrow Holder, Escrow Holder shall close Escrow as of the specified Closing Date, or at a sooner date with approval of both Parties, in the manner and order provided below:

(a) **Date; Counterparts.** Escrow Holder shall date all instruments as of the date of the Closing (if not dated), and combine all counterparts of instruments delivered to Escrow Holder in counterparts.

(b) **Document Recordation.** Escrow Holder shall record the Grant Deed in the Official Records of the Recorder's Office (the "Official Records").

(c) **Preliminary Change of Ownership Report.** Escrow Holder shall submit the Preliminary Change of Ownership Report to the Recorder's Office concurrently with the submission of the Grant Deed for recordation.

(d) **Notification; Disburse Funds.** Escrow Holder shall provide telephonic or e-mail notice to Buyer and Seller (and their respective counsel) that the Closing has occurred, deliver the final Closing Statement in accordance with Section 18 to each Party by facsimile or e-mail, and disburse funds. In disbursing funds, Escrow Holder shall debit or credit (as provided herein) all Buyer's Costs, Seller's Costs, prorate all matters based on the approved Proration and Expense Schedule, the Deposit and the balance of the Purchase Price for the Property to Seller; and disburse the remaining funds, if any, to Buyer.

(e) **Title Policy.** Escrow Holder shall cause its Title Company to issue the Buyer's Title Policy to Buyer in accordance with the Escrow Instructions.

(f) **Informational Reports.** Escrow Holder shall file any information reports required by Internal Revenue Code Section 6045(e), as amended.

**18. Post-Closing Instructions.** Promptly after the Closing, Escrow Holder shall deliver the following instruments:

(a) **To Seller.**

- i. One (1) copy of the RASA to Buyer Grant Deed;
- ii. One (1) fully-executed original of the General Assignment; and
- iii. One (1) copy each of the Preliminary Change of Ownership Report, the Documentary Transfer Tax Statement, and the final Closing Statement.

(b) **To Buyer.**

- i. The recorded original of the RASA to Buyer Grant Deed;
- ii. One (1) fully-executed original of the General Assignment;
- iii. One (1) copy each of the Preliminary Change of Ownership, the Report Documentary Transfer Tax Statement, and the final Closing Statement.

(c) **To Counsel.** Copies of all documents delivered to Buyer and Seller following the Closing.

**19. Exclusion of Seller's Representations and Warranties.** In consideration of Seller entering into this Agreement and as an inducement to Seller to allow Buyer to purchase the Property, Buyer agrees with the following statements:

(a) By execution of this Agreement, Buyer acknowledges and agrees that, with the exception of those representations and warranties specifically set forth in this Agreement, Seller has not made, does not make, and specifically negates and disclaims any representations or warranties of any kind or character whatsoever, whether express or implied, oral or written, past or present, with regard in any way to the transactions described in this Agreement.

(b) No person acting on behalf of Seller is authorized to make any representations or warranties of any kind or character whatsoever, whether express or implied, oral or written, past, present or future, with regard to the Property, including without limitation: (i) its value; (ii) its nature, condition or quality (including, without limitation, its water, soil and geology); (iii) its compliance with any laws, rules, ordinances or regulations of any applicable governmental authority or body; (iv) its suitability for activities which Buyer may desire to conduct thereon; (v) its suitability for the development, remodeling or improvements desired by Buyer, or the ability of Buyer to develop, remodel or improve the Property for its planned project; (vi) the income to be derived from the Property; (vii) the habitability, merchantability, profitability, or fitness for a particular purpose of the Property; (viii) the environmental condition of the Property; and (ix) the manor, quality, state of repair or lack of repair of any improvements on the Property.

(c) Buyer shall assume responsibility for obtaining the information required to be disclosed by a seller (the "Natural Hazards Disclosures") as set forth in: (i) California Government Code Section 8589.3 (a special flood area); (ii) California Government Code Section 8589.4 (dam failure

inundation area); (iii) California Government Code Section 51183.5 (earthquake fault zone); (iv) California Public Resources Code Section 2621.9 (seismic hazard zone); (v) California Public Resources Code Section 4136 (wildland fire area); and (vi) California Public Resources Code Section 2694 (high fire severity area). The cost to obtain the Natural Hazards Disclosures report shall be borne by Seller and paid to Buyer or the consulting company, as applicable, thru Escrow.

**20. Seller's Representations and Warranties.** In consideration of Buyer entering into this Agreement and as an inducement to Buyer to purchase the Property, Seller makes the following representations and warranties as of the Effective Date and as of the Closing, each of which is material and is being relied upon by Buyer, and the truth and accuracy of which shall constitute a condition precedent to Buyer's obligations under this Agreement:

(a) **Power.** Seller has the legal power, right and authority to enter into this Agreement and the instruments referenced in this Agreement, and to consummate the transactions contemplated in this Agreement.

(b) **Requisite Action.** All requisite action, including, without limitation, approval by the Sacramento City Council as the board for RASA and all other pertinent review and approval by any other person or entity affiliated with Seller, has been taken by Seller in connection with entering into this Agreement as of the Effective Date and the instruments referenced in this Agreement, and to consummate the transactions contemplated in this Agreement. No additional consent of any individual, officer, director, shareholder, partner, member, manager, trustee, trustor, beneficiary, creditor, investor, judicial or administrative body, governmental authority or other party is required for Seller to execute this Agreement and the instruments referenced in this Agreement, and to consummate the transactions contemplated in this Agreement.

(c) **Individual Authority.** The individual(s) executing this Agreement and the instruments referenced in this Agreement on behalf of Seller have the legal power, right and actual authority to bind Seller to the terms and conditions of this Agreement and the instruments referenced in this Agreement.

(d) **No Conflict.** Neither the execution and delivery of this Agreement, the documents or instruments referenced in this Agreement, nor incurring the obligations, consummation of the transactions, and compliance with the terms of this Agreement conflict with or will result in the material breach of any terms, conditions or provisions of, or constitute a default under, any bond, note or other evidence of indebtedness or any contract, indenture, mortgage, deed of trust, loan, lease or other agreement or instrument to which Seller is a party or that affects the Property.

(e) **Third Party Notices and Consents.** The assignment of the Personal Property as set forth in the General Assignment does not require notice to or the consent of any governmental entity or private party.

(f) **Specifically Designated National and Blocked Persons.** Seller (i) is not listed in the Annex to, or otherwise subject to the provisions of United States Presidential Executive Order 13224 issued on September 24, 2001 ("Executive Order"); (ii) does not have its name on the U.S. Department of the Treasury, Office of Foreign Assets Control's ("OFAC") most current list of "Specifically Designated National and Blocked Persons"; and (iii) is not otherwise affiliated with an entity or person listed above. This provision shall survive Closing.

(g) **Hazardous Substances.** Seller has not received any notice from the United States Environmental Protection Agency, the State of California Department of Toxic Substances Control, or the Sacramento County Environmental Management Agency, or any other federal, state, county or municipal entity or agency that regulates Hazardous Substances or public health risks or other environmental matters, or any private party or person claiming any violation of, or requiring compliance with, any Environmental Laws or demanding payment or contribution for any Hazardous Substances in, on, under, upon or affecting the Property. Seller has identified and provided to Buyer all reports in its possession regarding the condition of the Property relating to any release of any Hazardous Substances and the presence of any underground storage tanks in, on or about the Property.

(h) **Third Party Payments.** To Seller's actual knowledge, all bills and claims for labor performed or materials furnished to or for the benefit of the Property for all periods of time prior to the Closing have been paid in full and there are no mechanics' or materialmen's liens (whether or not perfected) on or affecting the Property.

(i) **Liens.** There is no lien or debt of any kind encumbering the Property that would need to be assumed by Buyer.

(j) **Defaults.** Seller is not in default under any contracts, leases, agreements, easements or any other documents or instruments relating to or affecting this Agreement or the Property.

(k) **Lawsuits.** To the best of Seller's knowledge, as of the Effective Date, there is no pending or threatened suit, claim, action or arbitration, or legal, administrative, or other proceeding or governmental investigation, formal or informal, including but not limited to personal injury, eminent domain, condemnation, or any judgment, or moratorium which affects the Property or Buyer's anticipated development of the Property.

**21. Exclusion of Buyer's Representations and Warranties.** In consideration of Buyer entering into this Agreement and as an inducement to Buyer to purchase the Property, Seller agrees that by execution of this Agreement, Seller acknowledges and agrees that, with the exception of those representations and warranties specifically set forth in this Agreement, Buyer has not made, does not make, and specifically negates and disclaims any representations or warranties of any kind or character whatsoever, whether express or implied, oral or written, past or present, with regard in any way to the transactions described in this Agreement.

**22. Buyer's Representations and Warranties.** In consideration of Seller entering into this Agreement and as an inducement to Seller to sell the Property, Buyer makes the following representations and warranties as of the Effective Date and at and as of the Closing. Each of the following Buyer representations and warranties each of which is material and is being relied upon by Seller, and the truth and accuracy of which shall constitute a condition precedent to Seller's obligations hereunder.

(a) **Power.** Buyer's legal entity is in good standing with the Secretary of the State of California and the State Franchise Tax Board and Buyer has the legal power, right and authority to enter into this Agreement and the instruments referenced in this Agreement, and to consummate the transactions contemplated in this Agreement.

(b) **Requisite Action.** All requisite action (corporate, partnership, trust or otherwise) has been taken by Buyer in connection with entering into this Agreement and the instruments referenced in this Agreement, and to consummate the transactions contemplated in this Agreement. No additional consent of any individual, officer, director, shareholder, partner, member, manager, trustee, trustor, beneficiary, creditor, investor, judicial or administrative body, governmental authority or other party is required for Buyer to execute this Agreement and the instruments referenced in this Agreement, and to consummate the transactions contemplated in this Agreement.

(c) **Individual Authority.** The individuals executing this Agreement and the instruments referenced in this Agreement on behalf of Buyer have the legal power, right and actual authority to bind Buyer to the terms and conditions set forth in this Agreement.

(d) **No Conflict.** Neither the execution and delivery of this Agreement, the documents or instruments referenced in this Agreement, nor incurring the obligations, consummation of the transactions, and compliance with the terms of this Agreement conflict with or will result in the material breach of any terms, conditions or provisions of, or constitute a default under, any bond, note or other evidence of indebtedness or any contract, indenture, mortgage, deed of trust, loan, partnership agreement, lease or other agreement or instrument to which Buyer is a party.

**23. Remedies.** If the sale of the Property is not consummated in accordance with the terms of this Agreement due to the default of either Party, the remedies available are as follows:

(a) **Remedies Upon Seller's Default.** If Seller fails to allow for the Closing as contemplated in this Agreement in a timely manner because of a default by Seller (and Buyer is not also in default), then Buyer may (i) terminate this Agreement by delivery of written notice to Seller and Escrow Holder, or (ii) purchase the Property (or if necessary, seek specific performance of this Agreement) provided that Seller shall be provided at least ten (10) business days to cure such default.

(b) **Remedies Upon Buyer's Default.** If Buyer fails to allow for the Closing as contemplated in this Agreement in a timely manner because of a default by Buyer, then the Seller may terminate this Agreement by delivery of written notice to Buyer and Escrow Holder, provided that Buyer shall be provided at least ten (10) business days to cure such default.

(c) **Monetary Damages.** In no event will either Party be liable to the other Party for the costs of enforcement of this Agreement, including, without limitation, attorneys' fees and legal costs.

(d) **Deposit.** Notwithstanding any other term, provision or condition in this Agreement, if Buyer fails or refuses to complete the transaction contemplated in this Agreement for any reason or cause other than (i) the default of Seller, (ii) the failure of Seller to Close by the Closing Date, or (iii) Buyer's contingencies as provided in Section 11; then this Agreement shall be deemed an option agreement and the amount of the Deposit shall be deemed an option fee and to be paid by Escrow Holder to Seller.

(e) **Escrow Expenses.** If Buyer fails to allow for the Closing as contemplated in this Agreement for any reason (other than a default by Seller), including, without limitation, termination as permitted under Buyer's Contingencies (Section 11), Buyer shall be liable for all of the Escrow Expenses.

(f) **Buyer's Liability.** Other than loss of the Deposit and payment of the Escrow Expenses, Buyer shall have no further liability to Seller of any kind whatsoever by reason of the termination and/or non-performance of this Agreement by Buyer.

**24. Intentionally Omitted**

**25. Right of Entry.** By its execution of this Agreement, Seller grants a license to Buyer to enter the Property (which shall be irrevocable until the Closing or earlier termination of this Agreement) to conduct visual inspections of the Property. Any other due diligence inspections and testing, including, without limitation, soil testing, asbestos and lead paint testing of any buildings on the Property, and surveying, staking, and potholing, and to allow Buyer to address Buyer's Contingencies as set forth in Section 11 shall require Buyer or its contractors to enter into a Right of Entry agreement and provide insurance and indemnity protections to Seller for third party tort claims.

**26. Challenge to Agreement.** In the event of any action instituted by a third party challenging the validity of any portion of this Agreement, including, without limitation, the proceedings taken for its approval (including the CEQA requirements), or any other act undertaken by the Parties in furtherance of this Agreement, the Parties agree to cooperate in the defense of the action. In all such litigation, the following shall apply:

(a) Seller may, in its sole discretion, either terminate this Agreement without any liability to Buyer, defend such litigation, or tender its defense to Buyer. If Seller decides to defend the action, Buyer shall be entitled, subject to court approval, to join in or intervene in the action on its own behalf, or to advocate in favor of validity of this Agreement or any challenged entitlement. In such a case, each Party shall bear its own attorney fees and costs.

(b) In the event that Seller determines to tender the defense of the action to Buyer, Seller shall promptly notify Buyer of its determination. Buyer shall, upon such notice from Seller, either (i) terminate this Agreement for Buyer's convenience, or (ii) at Buyer's sole expense, defend the action on its behalf and on behalf of Seller through counsel reasonably acceptable to Seller. In the event Buyer elects to defend the action, Buyer shall have the right to settle such action, provided Buyer accepts defense and obligation without reservation, and that such settlement does not obligate Seller to make any payment or perform any obligation, or otherwise prejudice Seller, without Seller's consent thereto. Buyer shall bear all attorney fees and costs associated with such defense from and after the date of the tender. However, Seller may at any time after the tender elect to assume representation of itself; in that event, from and after the date Seller gives notice of its election to do so, Seller shall be responsible for its own attorney fees and costs incurred thereafter.

(c) If, in such litigation, a final judgment or other final order is issued by the court which has the effect of invalidating or rendering ineffective, in whole or in part, any provision of this Agreement or the Agreement itself, the following shall apply:

(i) If Buyer elected to accept the defense of the action and if the judgment or order includes a provision for attorney fees and/or costs of the successful party or parties, Buyer shall pay the entire cost thereof, without right of offset, contribution or indemnity from Seller, irrespective of anything to the contrary in the judgment or order.

- (ii) Seller and Buyer shall meet and endeavor, in good faith, to attempt to reach agreement on any amendments needed to allow for the contemplated sale of the Property to proceed in a reasonable manner, taking into account the terms and conditions of the court's judgment or order. If agreement is reached, the procedures for amending this Agreement as specified in Section 28(m) shall apply. If agreement is not reached, either Party shall have the right to terminate this Agreement for its convenience without liability to the other Party by giving written notice to the other Party; however, each party shall be liable for half of the costs of the Escrow Expenses.
- (iii) In the event that amendment is not required, and the court's judgment or order requires Seller to engage in other or further proceedings, Seller agrees to comply with the terms of the judgment or order expeditiously as long as Seller is not required to incur additional costs.

**27. Tax Deferred Exchange.** Upon the request of Buyer (the "Requesting Party") to this Agreement, the Seller (the "Non-Requesting Party") agrees to reasonably cooperate with the Requesting Party in consummating the sale of the Property as part of a simultaneous or non-simultaneous tax-deferred exchange (the "Exchange") pursuant to Section 1031 of the Internal Revenue Code of 1986, as amended, provided that: (i) the Non-Requesting Party shall not be required to take title to any property other than the Property or incur any additional liabilities or financial obligations as a consequence of such cooperation, and (ii) the respective Closing Date shall not be delayed or extended thereby.

(a) The Requesting Party shall have the right to assign its rights and obligations hereunder to a qualified intermediary (the "Intermediary"), who will cause the respective Closing to occur on the Requesting Party's behalf. All of the Requesting Party's liabilities, representations and warranties under this Agreement shall remain those of the Requesting Party and the Non-Requesting Party shall not seek recourse against the Intermediary with respect to such liabilities or for the breach of any such representations or warranties. Performance by an Intermediary in effectuating an Exchange shall be treated as if such performance were made by the Requesting Party, and the Requesting Party shall remain the primary obligor for the full and timely performance of all obligations of the Requesting Party under this Agreement. In the event of any breach of such representations, warranties, covenants or other obligations, the Non-Requesting Party may proceed directly against the Requesting Party.

(b) The Non-Requesting Party shall not be required to assume any liabilities as a result of the Exchange transaction that are in addition to those which would exist if the transaction were effectuated as a sale by the Requesting Party and not effectuated as an Exchange.

(c) The Requesting Party hereby agrees to indemnify, defend (with counsel reasonably satisfactory to the Non-Requesting Party) and hold harmless the Non-Requesting Party from and against any and all claims, loss, cost, damage, or expense (including, without limitation, reasonable attorneys' fees) incurred by the Non-Requesting Party and arising out of or relating to the Non-Requesting Party's participation in the Exchange.

**28. General Provisions.**

(a) **Damage to Property.** If, prior to Closing, all or any portion of the Property to be conveyed is damaged by earthquake, flood, or other natural casualty (collectively "Damage"), Seller shall

immediately notify Buyer of such Damage. Buyer shall elect within ten (10) days from such notice to either proceed with the Closing and take the Property with such Damage or terminate this Agreement in which event this Agreement shall terminate, the Deposit shall be immediately returned to Buyer, each party shall be liable for half of the costs of the Escrow Expenses, and Buyer shall have no further liability or obligations arising herefrom. The risk of loss of the Property from any cause shall be transferred to Buyer upon Closing.

(b) **Condemnation.** If any portion of the Property or any portion of the adjacent land abutting the Property lying in the bed of any open street, road, highway or avenue or any change of grade of such abutting street, road, highway or avenue is taken or appropriated (or such taking or appropriation is threatened or undertaken) by a public or quasi-public authority exercising the power of eminent domain, then Buyer shall elect within ten (10) days from the date Buyer has actual notice thereof to either proceed with the purchase of the Property and receive all of the award or payment made in connection with such taking or terminate this Agreement in which event this Agreement shall terminate, the Deposit shall be immediately returned to Buyer, each party shall bear one half of the Escrow Expenses, and Buyer shall have no further liability or obligations arising therefrom.

(c) **Notices.** All notices, demands, requests or other communications required or permitted hereunder (collectively, "Notices") shall be in writing, shall be addressed to the receiving party, with a copy to such Party's counsel, if any, as provided in the Section 1, the "Defined Terms," and shall be personally delivered, sent by overnight mail (FedEx® or another carrier that provides receipts for all deliveries), or sent by certified mail, postage prepaid, return receipt requested. All Notices shall be effective upon receipt at the appropriate address. Notice of change of address shall be given by written notice in the manner detailed in this Section. Rejection or other refusal to accept or the inability to deliver due to changed address of which no Notice in accordance with this Section was given shall be deemed to constitute receipt of such Notice. The providing of copies of Notices to the Parties' respective counsels is for information only, is not required for valid Notice, and does not alone constitute Notice under this Agreement. Buyer and Seller agree that Notices may be given hereunder by the Parties' respective counsel, and that, if any communication is to be given hereunder by Buyer's or Seller's counsel, such counsel may communicate directly with all principals as required to comply with the provisions of this Section.

(d) **Brokers.** Each Party represents and warrants to the other Party that it has not dealt with any broker or finder in connection with this transaction. Each Party agrees to indemnify, defend and hold harmless the other Party from and against any and all losses, liens, claims, judgments, liabilities, costs, expenses or damages (including, without limitation, reasonable attorneys' fees and court costs) of any kind or character arising out of or resulting from any agreement, arrangement or understanding alleged to have been made by such Party or on its behalf with any broker or finder in connection with the transaction contemplated in this Agreement. The foregoing indemnity shall survive both the Closing or the termination of this Agreement.

(e) **Assignment.** This Agreement may not be assigned without the other Party's express written consent. Notwithstanding the forgoing sentence, Buyer may, without Seller's consent, assign this Agreement to (i) Buyer's qualified intermediary or other entity in order to consummate or facilitate a like-kind tax-deferred exchanges pursuant to Section 1031 of the Internal Revenue Code, or (ii) to any entity that is wholly owned and controlled by Paul S. Petrovich and/or Cheryl K. Petrovich.

(f) **No Joint Venture.** Nothing in this Agreement shall be construed to create a principal and agent, a partnership, joint venture, or any other association or other relationship between the Parties.

(g) **Survival.** Notwithstanding any provision of this Agreement to the contrary, the provisions of this Agreement shall survive Closing and shall not merge into the Grant Deed. The covenants, representations, limitations, hold harmless, indemnification and release obligations made by each Party shall survive the Closing.

(h) **Cooperation.** Buyer and Seller agree to execute such instruments and documents and to diligently undertake such actions as may be reasonably required in order to consummate the purchase and sale contemplated in this Agreement and shall use all commercially reasonable efforts to accomplish the Closing in accordance with the provisions of this Agreement.

(i) **Computation of Time Periods.** Time is of the essence of every provision in this Agreement. All references herein to a particular time of day shall be deemed to refer to Sacramento, California time. In the computation of any period of time provided for in this Agreement or by law, the day of the act or event from which said period of time runs shall be excluded, and the last day of such period shall be included, unless it is a Saturday, Sunday, or legal holiday, in which case the period shall be deemed to run until 5:00 p.m. of the next day that is not a Saturday, Sunday, or legal holiday. The term "business day" as used in this Agreement shall mean each day other than a Saturday, Sunday, or legal holiday. Except as otherwise expressly provided in this Agreement, all time periods expiring on a specified date or period herein shall be deemed to expire at 5:00 p.m. on such specified date or period.

(j) **Counterparts; Facsimile Signatures.** This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, but all of which, together, shall constitute but one and the same instrument. A facsimile or pdf signature shall be deemed an original signature.

(k) **Captions.** Any captions to, or headings of, the sections or subsections of this Agreement are solely for the convenience of the Parties, are not a part of this Agreement, and shall not be used for the interpretation or determination of the validity of this Agreement or any provision of this Agreement.

(l) **No Obligations to Third Parties.** Except as otherwise expressly provided in this Agreement, the execution and delivery of this Agreement shall not be deemed to confer any rights upon, nor obligate any of the Parties to this Agreement to, any other person or entity.

(m) **Amendment to this Agreement.** The terms of this Agreement may not be modified or amended except by an instrument in writing executed by each of the Parties.

(n) **Waiver.** The waiver or failure to enforce any provision of this Agreement shall not operate as a waiver of any future breach of any such provision or any other provision of this Agreement.

(o) **Time Extension.** No extension of time for performance of any obligation or act shall be deemed an extension of the time for performance of any other obligation or act.

(p) **Partial Invalidity.** If any term or provision of this Agreement, or the application of any term or provision to any person or circumstance, is held to be invalid or unenforceable, or is found to be prohibited by law; the remainder of this Agreement and the application of any term or provision to any person or circumstance (other than those provisions or applications which were held invalid, unenforceable,

or prohibited) shall not be affected and each such term and provision of this Agreement shall be valid and be enforced to the fullest extent permitted by law.

(q) **Applicable Law.** The Agreement was made in and is to be performed entirely within the State of California, and its interpretation, its construction and the remedies for its enforcement or breach are to be applied pursuant to, and in accordance with, the laws of the State of California for contracts made and to be performed therein.

(r) **Venue and Alternative Dispute Resolution.** The Parties agree to submit any disputes arising under the Agreement to a court of competent jurisdiction located in Sacramento, California. Nothing in this Agreement shall be construed to prohibit the Parties from engaging in alternative dispute resolution processes prior to initiating legal proceedings, including, without limitation, mediation and arbitration, upon the discretion and mutual consent of the Parties.

(s) **Limitation of Legal Action.** No initiation of legal proceedings shall be filed by a Party unless such action is filed within one hundred and eighty (180) days from the date of discovery by the aggrieved Party of the facts underlying the claim of default, and the date of discovery being that the date that the facts became known or should have become known to the aggrieved Party based on the circumstances of the default.

(t) **Entire Agreement.** This Agreement supersedes any prior agreements, negotiations and communications, oral or written, and contains the entire agreement between, and the final expression of, Buyer and Seller with respect to the subject matter in this Agreement. No subsequent agreement, representation or promise made by either Party, or by or to an 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 by such agreement, representation or promise.

(u) **Construction.** The Parties hereby acknowledge and agree that: (i) each Party is of equal bargaining strength; (ii) each Party has actively participated in the drafting, preparation and negotiation of this Agreement; (iii) each Party has consulted with such Party's own independent counsel and such other professional advisors as such Party has deemed appropriate, relating to any and all matters contemplated under this Agreement; (iv) each Party and such Party's counsel and advisors have reviewed this Agreement; (v) each Party has agreed to enter into this Agreement following such review and the rendering of such advice; and (vi) any rule of construction to the effect that ambiguities are to be resolved against the drafting parties shall not apply in the interpretation of this Agreement, or any portions of this Agreement, or any amendments to this Agreement.

[Signature Page Follows]

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the Effective Date.

**SELLER:**

REDEVELOPMENT AGENCY SUCCESSOR AGENCY,  
a municipal corporation

By: \_\_\_\_\_  
John F. Shirey, City Manager

Approved as to Form:

By: \_\_\_\_\_  
Senior Deputy City Attorney

Attest:

By: \_\_\_\_\_  
Assistant City Clerk

**BUYER:**

OAKSHADE COMMONS APARTMENTS, LLC,  
a California Limited Liability Company

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


Name: Paul S. Petrovich

Title: Manager

Buyer's Counsel:

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


Name: John M. Cox

Title: General Counsel

**EXHIBIT 1**

**Legal Description**

The land situated in the County of Sacramento, City of Sacramento, State of California, described as follows:

Lots 4, 5, 6, 7 and 8, in Block 31, of the North Sacramento Subdivision No. 1, according to the Official Plat thereof, filed in the Office of the Recorder of Sacramento County, California, on December 15, 1910, in Book 11 of Maps, Map No, 26.

APN: 275-0052-007, 275-0052-005, 275-0052-006 and 275-0052-008

## EXHIBIT 2

### GENERAL ASSIGNMENT AND BILL OF SALE

THIS GENERAL ASSIGNMENT AND BILL OF SALE (this "Assignment") is made and dated as of \_\_\_\_\_, 2016 (the "Effective Date"), by the Redevelopment Agency Successor Agency, a municipal corporation, ("Assignor"), in favor of Oakshade Commons Apartments, LLC, a California Limited Liability Company ("Assignee").

#### Recitals

Assignor is the owner of that certain real property located in the County of Sacramento, State of California, more particularly described in Exhibit A, which is attached and incorporated in this Assignment by this reference (together with all improvements thereon, the "Property"). Assignor and Assignee are parties to that certain Purchase and Sale Agreement and Joint Escrow Instructions dated March 15, 2016 (the "Purchase Agreement"). Concurrently herewith, Assignor is conveying to Assignee Assignor's interest in the Property pursuant to a grant deed.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. **Assignment.** Assignor hereby grants, assigns, transfers, conveys, and delivers to Assignee and Assignee hereby assumes all of Assignor's right, title, and interest in and to the following described property to the extent it relates solely to the Property (collectively, the "Personal Property"):

(a) **Tangible Personal Property.** The "Tangible Personal Property" means all of the following items which may remain on the Property as of the Closing Date: (i) furnishings, furniture, and equipment, (ii) art work and other decorative items, (iii) built-in appliances, (iv) office furniture and equipment; and all plans, specifications, drawings prepared for the construction of improvements on the Property. The Tangible Personal Property is in a used condition and Assignor makes no representations or warranties, express, implied, or statutory, as to the condition or state of repair of the Tangible Personal Property, including warranties of fitness or merchantability, it being expressly understood that the Tangible Personal Property is being sold to Assignee in its present "as is, where is" condition and with all faults. All such Tangible Personal Property is being transferred with the Property, and Assignor has no obligation to remove such Tangible Personal Property prior to Closing.

(b) **Contracts.** All contracts listed below and attached hereto and incorporated herein (collectively, the "Contracts"):

None

(c) **Entitlements.** All rights, entitlements and/or approvals to develop the Property which have been granted by governmental entities having jurisdiction or authority over the Property, and any certificates evidencing compliance therewith, including, without limitation, all variances, conditional use permits, special permits, exceptions, rezonings, general plan amendments, parcel maps, tentative maps, development agreements, permits, licenses, applications, any other governmental approvals and consents (if any) relating to the Property.

2. **General.**

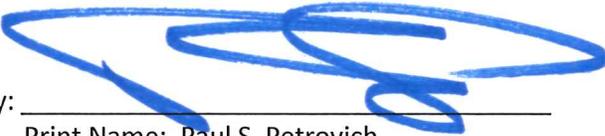
(a) **Successors and Assigns.** This Assignment shall be binding on the parties hereto and shall inure to the benefit of their respective heirs, successors, and assigns.

(b) **Governing Law.** The Assignment was made in and is to be performed entirely within the State of California, and its interpretation, its construction and the remedies for its enforcement or breach are to be applied pursuant to, and in accordance with, the laws of the State of California for contracts made and to be performed therein.

IN WITNESS WHEREOF, the parties hereto have executed this Assignment as of the date first written above.

**ASSIGNEE:**  
**OAKSHADE COMMONS APARTMENTS, LLC,**  
a California Limited Liability Company

**ASSIGNOR:**  
**REDEVELOPMENT AGENCY SUCCESSOR AGENCY,**  
a California municipal corporation

By:   
Print Name: Paul S. Petrovich  
Title: Manager

By: \_\_\_\_\_  
John F. Shirey, City Manager

Dated: \_\_\_\_\_

Dated: \_\_\_\_\_

APPROVED AS TO FORM:

BY: \_\_\_\_\_  
Senior Deputy City Attorney

ATTEST:

By: \_\_\_\_\_  
Assistant City Clerk

**EXHIBIT 3**

**ESCROW INSTRUCTIONS**

DATE:

First American Title Company  
Attn: Arah Tresler  
1610 Arden Way, Suite 101  
Sacramento CA 95815

**Re: Conveyance of that certain real property located at 2300-2308 Del Paso Blvd and 775 Darina Ave in the City and County of Sacramento, State of California (the "Property").**  
**Your Escrow No. 131664958394 (AT) (the "Escrow").**

Dear Mr. Tresler:

This letter constitutes the joint escrow instructions of the Redevelopment Agency Successor Agency, a municipal corporation ("Seller") and Oakshade Commons Apartments, LLC, a California Limited Liability Company ("Buyer") to First American Title Company (alternatively referred to herein as "Escrow Holder" or "Title Company"), with respect to the transfer of that certain real property located in the City and County of Sacramento, State of California, as described in Exhibit A (the "Property") of the Purchase Agreement (as hereinafter defined), a copy of which is attached.

The Purchase Agreement.

These Escrow Instructions relate to that certain Purchase and Sale Agreement, dated as of March 15, 2016 (the "Purchase Agreement"), by and between the Seller and Buyer. Capitalized terms not defined herein shall have the meaning ascribed to them in the Purchase Agreement. The transfer of the Property is to be consummated through the Escrow.

I. The Transaction.

Fee simple, free and clear title to the Property shall be conveyed directly to Buyer from Seller by Grant Deed (the "Grant Deed").

In consideration of the obligations and covenants of Buyer set forth in the Purchase Agreement, Buyer shall pay to Seller at Closing the amount of ONE HUNDRED AND FIFTY THOUSAND DOLLARS (\$150,000.00) (the "Purchase Price"). The Buyer is to deposit \$5,000 towards the Purchase Price within 10 days from the date of the Purchase Agreement.

II. Instructions.

A. Documents to Be Received in Escrow: Prior to and as a condition of Closing, you shall confirm receipt of the following documents, which may be executed in counterparts:

1. One (1) original Grant Deed in favor of Buyer (executed and acknowledged by Seller);
2. One (1) original General Assignment and Bill of Sale (executed by Buyer and Seller) (the "General Assignment");
3. One (1) Form 1099-S, executed by Buyer (the "1099");
4. Such additional documents as may be required by you to establish to your satisfaction the authority of Buyer, Seller, and any persons signing documents on their behalf to complete this transaction.

B. Funds to Be Received in Escrow: Prior to and as a condition of Closing, you shall confirm receipt from Buyer of the Deposit and the total remaining amount of the Purchase Price (the "Funds").

III. Conditions to Closing.

Escrow Holder is authorized and instructed to close the Escrow (the "Closing") and complete the transactions described herein when and only when all of the following conditions have been satisfied:

A. You have received written confirmation from Seller and Buyer that they have reviewed and approved a final Closing Statement prepared by you and approved by Seller and Buyer (the "Final Statement");

B. Escrow Holder has returned to Ken King, on behalf of Buyer and Richard Sanders, on behalf of Seller, a facsimile copy of this letter duly executed on behalf of Escrow Holder in the space provided below, with an original to follow by mail at the address listed above;

C. Escrow Holder has received all of the above described documents, instruments and Funds, and shall have confirmed that all such documents are fully executed, in recordable form (if such documents are to be recorded) and that all exhibits have been attached thereto, including, without limitation, the legal descriptions;

D. The Title Company is irrevocably committed and prepared to issue, and immediately upon Closing does issue, to Buyer as the insured, a CLTA Owner's Policy (or in Buyer's discretion an ALTA Owner's Policy), with coverage in the amount of ONE HUNDRED AND FIFTY THOUSAND DOLLARS (\$150,000.00), insuring free and clear fee simple title to the Property is vested in Buyer (the "Owner's Policy"); and

E. Escrow Holder is in a position to comply with all instructions provided in connection with this Escrow and you are ready, willing and able to close the Escrow in accordance with such instructions and you receive oral or written confirmation from Richard Sanders, on behalf of Seller and Ken King, on behalf of Buyer, authorizing you to close this transaction.

IV. Close of Escrow.

Escrow Holder is authorized to close the Escrow on the Closing Date (as defined in Section V below). On the Closing Date, Escrow Holder is to accomplish the following tasks, in the following order:

- A. Verify that all documents are in recordable form and have all exhibits attached;
- B. Attach the legal description to the documents as applicable;
- C. Compile originals of any document delivered to you in counterparts, and verify that such documents are all fully executed and acknowledged where necessary for recording;
- D. Insert the Closing Date into the various documents that have a blank space for the date;
- E. Record the documents referenced below in the Official Records of Sacramento County in the following order:

- 1. Grant Deed from Seller to Buyer.

- F. Wire to the account of Seller pursuant to separate wiring instructions the Purchase Price less recording charges and costs, title exam fees, if any, escrow and other closing charges, costs and prorations, in such amount as provided in the Purchase Agreement and set forth on the Final Statement;

- G. Issue the CTLA Owner’s Policy;

- H. Issue the Final Statement, certified by Escrow Holder; and

- I. Within three (3) days of the Closing Date, Escrow Holder is to:

- 1. Deliver a copy of the Grant Deed, General Assignment, and any other documents where originals are not available to: The Redevelopment Agency Successor Agency, Real Estate Services, 915 I Street, 2<sup>nd</sup> Floor, Sacramento CA 95814, on behalf of Seller; and

- 2. Deliver the original of the Grant Deed and Owner’s Policy and any other documents where originals are not available to: Ken King, Senior Counsel, c/o Petrovich Development Company, Inc., 825 K Street, Third Floor, Sacramento, CA 95814 on behalf of Buyer.

V. Closing Costs.

The Purchase Price, escrow fees, title insurance premiums and other closing costs and charges shall be allocated in accordance with the Purchase Agreement and set forth on the Final Statement.

VI. Time for Close of Escrow.

Escrow Holder is to close the Escrow on the “Closing Date” which shall be the earliest date on which Escrow Holder is able to comply with all of the conditions and requirements of the escrow instructions for the parties, but in any event on or before 5:00 p.m. Pacific Time on June 15, 2016. In the event that the Escrow is not consummated on or before June 15, 2016, you are directed to request further instructions from Richard Sanders, on behalf of Seller, and Ken King, on behalf of Buyer, prior to closing the Escrow or terminating the Escrow.

VII. Permitted Title Insurance Exceptions.

Buyer hereby agrees to permit the following exceptions to the owner's title insurance as listed in the Preliminary Title Report dated January 8, 2016:

Items 1 through 9

Please sign and return to the undersigned a copy of this letter of instructions, which signature shall serve to acknowledge your receipt and acceptance of these instructions. These instructions must be fully executed without deviation except to the extent that the instructions are amended by the undersigned. Thank you for your assistance with this matter.

Very truly yours,

Oakshade Commons Apartments, LLC,  
a California Limited Liability Company

On behalf of Seller, the undersigned hereby joins in the foregoing escrow instructions.

Redevelopment Agency Successor Agency,  
a municipal corporation

Very truly yours,

John F. Shirey  
City Manager

Attachment: Purchase and Sale Agreement and Joint Escrow Instructions

**ACCEPTANCE BY ESCROW HOLDER**

On behalf of First American Title Company, a California corporation, hereby acknowledges that it has received a fully executed copy of the foregoing Escrow Instructions and the Purchase and Sale Agreement and Joint Escrow Instructions by and between the Redevelopment Agency Successor Agency, as Seller, and Oakshade Commons Apartments, LLC, as Buyer, and agrees to act as Escrow Holder thereunder and to be bound by and strictly perform the terms thereof as such terms apply to Escrow Holder. Escrow Holder shall execute two (2) originals of this Acceptance by Escrow Holder and deliver one (1) original to Seller and Buyer promptly following the opening of Escrow.

Dated: \_\_\_\_\_, 2016

First American Title Company,  
a California corporation

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

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

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

EXHIBIT 4

RASA TO BUYER GRANT DEED FORM

RECORDING REQUESTED BY  
AND FOR THE BENEFIT OF THE  
REDEVELOPMENT AGENCY SUCCESSOR AGENCY

NO FEE DOCUMENT  
Government Code Section 6103

WHEN RECORDED MAIL TO:  
Oakshade Commons Apartments, LLC  
c/o Petrovich Development Company, Inc.  
825 K Street, Third Floor  
Sacramento, CA 95814

The Undersigned Grantor Declares:

DOCUMENTARY TRANSFER TAX \$\_\_\_\_\_;

CITY TRANSFER TAX \$\_\_\_\_\_;

computed on the consideration or full value of property conveyed

computed on the consideration or full value less value of liens and/or  
encumbrances remaining at time of sale

unincorporated area;  City of Sacramento

*(Space Above for Recorder's Use)*

MAIL TAX STATEMENTS TO:  
Oakshade Commons Apartments, LLC  
c/o Petrovich Development Company, Inc.  
825 K Street, Third Floor  
Sacramento, CA 95814

GRANT DEED

FOR VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, the REDEVELOPMENT AGENCY SUCCESSOR AGENCY, a municipal corporation, ("**Grantor**"), the successor to the dissolved Redevelopment Agency of the City of Sacramento, hereby grants to OAKSHADE COMMONS APARTMENTS, LLC, a California Limited Liability Company, ("**Grantee**"), all right, title, and interest in and to that certain real property situated in the City of Sacramento, County Sacramento, State of California, as described in Exhibit A, (the "Property") which is attached and incorporated in this Grant Deed by this reference.

The Property is conveyed to Grantee subject to the following covenant, which shall: (i) run with the land and be an equitable servitude thereon, (ii) inure to the benefit of, and bind, each and every successor in interest in ownership of the Property, and (iii) be binding for the benefit of the Grantor, the State of California, and the United States of America:

The Grantee covenants and agrees that there shall be no discrimination against or segregation of any person on any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code in the sale, lease, or rental or in the use or occupancy of the Property hereby conveyed or any part thereof. Grantee covenants by and for itself, its heirs, executors, administrators, and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the Property.

Grantor has caused this Grant Deed to be duly executed on \_\_\_\_\_, 2016.

**GRANTOR:**

REDEVELOPMENT AGENCY SUCCESSOR AGENCY,  
a municipal corporation

By: \_\_\_\_\_  
John F. Shirey, City Manager

***[Notary Acknowledgment Required]***

**Exhibit A**  
**Legal Description**

The land situated in the County of Sacramento, City of Sacramento, State of California, described as follows:

Lots 4, 5, 6, 7 and 8, in Block 31, of the North Sacramento Subdivision No. 1, according to the Official Plat thereof, filed in the Office of the Recorder of Sacramento County, California, on December 15, 1910, in Book 11 of Maps, Map No, 26.

APN: 275-0052-007, 275-0052-005, 275-0052-006 and 275-0052-008