

AGREEMENT OF PURCHASE AND SALE
19th and Q Streets

THIS AGREEMENT OF PURCHASE AND SALE together with all exhibits attached hereto (this "**Agreement**") is entered into as of the Effective Date (defined below) by and between Hard Times Realty, a general partnership ("**Seller**"), and **City of Sacramento**, a charter municipal corporation ("**Buyer**"), regarding the property described more particularly on **Exhibit A**. In consideration of the mutual promises contained in this Agreement, Buyer and Seller (individually, a "**Party**," and collectively, the "**Parties**") agree as follows:

1. **Definitions:** The following capitalized terms shall have the following meanings:

(a) INTENTIONALLY DELETED.

(b) **Assignment and Bill of Sale:** The assignment and bill of sale executed by Seller pursuant to **Section 9(c)(i)** in the form of the assignment and bill of sale set forth on **Exhibit B**.

(c) INTENTIONALLY DELETED.

(d) **Authority:** Buyer has the right, power and authority to enter into this Agreement and to perform its obligations hereunder, and the person(s) executing this Agreement on behalf of Buyer have the right, power and authority to do so. This Agreement constitutes the legal, valid and binding obligation of Buyer enforceable against Buyer in accordance with its terms, except to the extent that such enforcement may be limited by applicable bankruptcy, insolvency, moratorium and other principles relating to or limiting the rights of contracting Parties generally. This Agreement does not violate any provision of any other agreement or document to which Buyer is a party or to which Buyer is bound.

(e) **Buyer's Title Policy:** The title policy defined more particularly in **Section 6(b)**.

(f) **Broker:** Capital Commercial, Inc., 2411 15TH Street, Suite B, Sacramento, CA 95818, Tel.: 916.441.4999, attention: Susanne Westley ("**Capital Commercial**"). Broker represents the Seller ONLY.

(g) **City:** The City of Sacramento, California.

(h) **Claim(s):** All claims, actions, causes of action, suits, liens, demands, liabilities, damages, costs, penalties, losses or expenses including without limitation reasonable attorneys' fees and costs, other professional fees and costs, and the costs and expenses of enforcing any indemnification, defense or hold harmless obligation.

(i) **Closing, the Close of Escrow, and the Closing Date:** The date upon which the Escrow Agent records the grant deed conveying the Property to Buyer.

(j) **Closing Documents:** The closing documents defined more particularly in **Section 9(b)(ii)** and set forth on **Exhibit C**.

(k) **Contamination:** The contamination defined more particularly in **Section 7(b)(iii)**.

(l) **County:** The County of Sacramento, California.

(m) INTENTIONALLY DELETED.

(n) **Deposits:** The Earnest Money and the Additional Deposit, together with all accrued interest thereon.

(o) **Documents:** All engineering, environmental, economic, marketing and other studies, surveys, maps, drawings, plans, reports, tests, appraisals and agreements that relate to the Property as set forth on **Exhibit E**.

(p) **Earnest Money:** Ten Thousand and NO/100s Dollars (\$10,000.00), together with all accrued interest thereon.

(q) **Effective Date:** The date on which Escrow Agent receives fully executed originals of this Agreement from all Parties, which date is reflected on the Acceptance by Escrow Agent attached hereto.

(r) **Escrow:** The escrow opened with Escrow Agent pursuant to **Section 4(a)** and defined more particularly in **Section 5**.

(s) **Escrow Agent:** Chicago Title Company, 2901 K Street, Third Floor, Sacramento, CA 95816, Tel.: 916.444.6470, Fax: 916.448.7484, Attention: Lisa Arant, Escrow Officer.

(t) **Feasibility Period:** The period preceding the Effective Date and ending at 12:00 a.m. on the Effective Date.

(u) **Grant Deed:** The grant deed executed by Seller pursuant to **Section 9(c)(i)** in substantially the same form as the grant deed set forth on **Exhibit F**.

(v) INTENTIONALLY DELETED.

(w) INTENTIONALLY DELETED.

(x) **Permitted Exceptions:** Defined in **Section 6(a)**.

(y) INTENTIONALLY DELETED.

(z) **Property:** The real property identified by Assessor's Parcel Number 007-0312-029-0000 consisting of approximately 23,173 square feet of vacant land located on 19th Street between Q and R Streets, in the City of Sacramento, County of Sacramento, as is more particularly described on **Exhibit A** attached hereto, and all easements, rights of way, permits,

approvals, privileges and entitlements appurtenant thereto and all right, title and interest in and to all streets and water courses adjacent to, abutting or serving the real property.

(aa) **Purchase Price:** The Purchase Price is One Million Forty Nine Thousand Four Hundred Twelve and no/100s Dollars (\$1,049, 412.00).

(bb) **Purchase Price Balance:** The Purchase Price less: (I) the Deposits previously delivered to Escrow Agent and/or Seller, together with all accrued interest thereon, and (II) the principal amount of the Promissory Note.

(cc) INTENTIONALLY DELETED.

(dd) **Scheduled Closing Date:** The Closing shall occur on January 31, 2008.

(ee) **Title Company:** Chicago Title Company, 2901 K Street, Third Floor, Sacramento, CA 95816, Tel.: 916.853.4172, Fax: 916.448.7484, Attention: Lisa Newman Arant, Escrow Officer.

2. Purchase and Sale. Seller agrees to sell and convey the Property to Buyer, and Buyer agrees to purchase the Property from Seller in fee simple in exchange for the Purchase Price on the terms and conditions set forth in this Agreement.

3. Preliminary Matters.

(a) Feasibility Study. Buyer acknowledges that it has investigated all matters concerning the property included but not limited to its environmental condition, zoning, topography, parcel size, vegetation, presence of utility poles, proximity to rail lines and utility transformers, easements and street access and has concluded that the property is suitable for Buyer's use. Upon Acceptance of this contract, Buyer's Feasibility Period shall expire and there shall be no further contingencies to this transaction.

(b) Right of Entry. During the Feasibility Period and thereafter until this Agreement is terminated, Seller shall permit Buyer, its employees, agents, contractors and subcontractors to enter upon the Property and while thereon to make surveys, take measurements, perform test borings or other tests of surface and subsurface conditions, make engineering, environmental and other studies and inspect the Property. If Buyer exercises its rights under the provisions of this **Section 3(b)**, Buyer shall: (i) keep the Property free of any liens or third party Claims resulting therefrom; (ii) indemnify Seller against any liability or expense for injuries to or death of persons or damage to property to the extent arising from the exercise by the Buyer of the rights hereunder; provided however that Buyer shall have no responsibility or liability for (a) any act or omission of Seller and/or Seller's employees, agents, contractors or subcontractors (b) any adverse condition or defect on or affecting the Property not caused by Buyer or its employees, agents, contractors, or subcontractors but discovered or impacted during their inspections, (c) the pre-existing presence and/or discovery of Hazardous Substances and (d) the results or findings of any test; and (iii) if the Closing does not occur for any reason, restore as nearly as practicable the Property to substantially the same condition it was in immediately before such exercise. The indemnification provisions of this **Section 3(b)** shall survive the termination of this Agreement and the Closing.

(c) Waiver and Release of Claims. Buyer, and anyone claiming by, through, or under Buyer, hereby waives its right to recover from and fully and irrevocably releases Seller, its affiliates, and its and their partners, managers, officers, directors, shareholders, agents, representatives, employees and all of their respective successors and assigns (collectively, the "Released Parties," and each a "Released Party") from any and all claims that Buyer may now have or hereafter acquire against any of the Released Parties for any Claims arising from or related to entry onto the Property and activities on the Property by Buyer, its consultants, agents or employees prior to the Closing hereunder, whether caused by conditions on or affecting the Property, or otherwise (including, without limitation, environmental conditions). This release includes claims of which Buyer is presently unaware or which Buyer does not presently suspect to exist concerning the matters released in this **Section 3(c)** which, if known by Buyer, would materially affect Buyer's release to Seller. Buyer specifically waives the provision of California Civil Code section 1542, which provides as follows:

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

To the extent permitted by law, Buyer hereby agrees, represents, and warrants that Buyer realizes and acknowledges that factual matters now unknown to it may have given or may hereafter give rise to any Claims that are presently unknown, unanticipated and unsuspected, and Buyer further agrees, represents and warrants that the waivers and releases herein have been negotiated and agreed upon in light of that realization and that Buyer nevertheless hereby intends to release, discharge, and acquit the Released Parties from any such unknown Claims relating to the matters released in this **Section 3**, which might in any way be included as a material portion of the consideration given to Seller by Buyer in exchange for Seller's performance hereunder.

Seller has given Buyer material concessions regarding this transaction in exchange for Buyer agreeing to the provisions of this paragraph. Seller and Buyer have each initialed this paragraph to further indicate their awareness and acceptance of each and every provision hereof.

Buyer's Initials _____

Seller's Initials *N*



(d) Promise Not to Sue. Buyer agrees that it will never individually, or in conjunction with any other person or entity, prosecute or allow to be prosecuted on its behalf, or in any way commence, assist or aid, except as required by due legal process, any lawsuit, charge or proceeding, in any administrative agency, arbitration or court, whether state or federal, or any claim or demand of any type related to any matter which has been released by it as provided in **Section 3(c)**, it being the intention of the Parties that with the execution of this Agreement, the Released Parties will be absolutely, unconditionally and forever discharged of and from all obligations discharged and released in **Section 3(c)**. In the event of any breach of this Section, the aggrieved Released Party shall be entitled to recover from Buyer not only the amount of any judgment that may be awarded against Buyer, but also such other damages, costs, and expenses as may be incurred by the aggrieved Released Party, including actual attorneys' fees and costs, and experts' fees and costs, in defending against or seeking to stop any lawsuit or proceeding brought in violation of this promise not to sue.

(e) Documents. Buyer acknowledges receipt of the Documents listed on **Exhibit E** which have been provided by Seller. Seller makes no representation or warranty of any kind or nature whatsoever regarding the completeness or accuracy of the Documents.

4. Payment of Purchase Price. Buyer shall pay the Purchase Price as follows:

(a) Deposits. Escrow Agent shall hold any cash deposited therewith in a separate federally insured interest bearing account identified as established by this Agreement. The Deposits shall be applicable to the Purchase Price. Subject to the terms and conditions of this Agreement, Buyer shall deliver the following funds to Escrow Agent in the following time periods:

(i) Earnest Money. Within ten (10) business days after the Effective Date, Buyer shall deliver to Escrow Agent the Earnest Money in cash or other readily available funds.

(b) Purchase Price Balance. Prior to or on the Closing Date, Buyer shall deposit into Escrow the Purchase Price Balance in cash or other immediately available funds as required by Escrow Agent's normal and customary practices.

5. Escrow. The Parties shall consummate the purchase and sale of the Property through an escrow ("**Escrow**") opened with Escrow Agent when Buyer deposits the Earnest Money pursuant to **Section 4(a)**.

(a) Instructions. This Agreement constitutes escrow instructions to Escrow Agent. The Escrow Agent's actions and the Parties' obligations in regard to any Escrow shall be governed by Escrow Agent's standard escrow provisions attached hereto as **Exhibit K** to the extent they are consistent with this Agreement. Any supplemental escrow instructions given to Escrow Agent shall be consistent with the terms of this Agreement and shall provide that, as between the Parties and Escrow Agent, the terms of this Agreement shall prevail if there is any inconsistency between this Agreement and the Escrow Agent's additional escrow instructions. This subsection shall survive Closing and any earlier termination of this Agreement.

(b) Escrow Cancellation. If, for any reason, the Escrow is cancelled pursuant to any provision hereof, the Escrow Agent shall return to the Parties delivering same all instruments that are then held by the Escrow Agent in connection with the Escrow. The Deposit shall be delivered to the Parties as set forth in **Section 12**.

(c) INTENTIONALLY DELETED.

6. Title and Survey.

(a) Title. During the Feasibility Period Buyer shall be provided a current preliminary (title) report, which is only an offer by the title insurer to issue a policy of title insurance and may not contain every item affecting title. Buyer shall take title in its present condition subject to all encumbrances, easements, covenants, conditions, restrictions, rights and other matters, whether of record or not, as of the date of Acceptance except (a) monetary liens of record; and (b) those permitted exceptions that Buyer shall determine and identify to Seller in writing during the Feasibility Period (the "**Permitted Exceptions**"). The Purchase Price may be used at Closing to pay off any existing liens, real property taxes, encumbrances or violation penalties, together with all accrued interest thereon.

(b) Title Policy. Escrow Agent shall issue at the Close of Escrow a CLTA Standard Coverage 1990 policy of title insurance with liability in the amount of the Purchase Price insuring fee simple title in Buyer to the Property, subject only to: (a) the Permitted Exceptions; (b) the printed exceptions and exclusions common to CLTA Standard Coverage policies; and (c) the other matters affecting title provided for elsewhere in this Agreement ("**Buyer's Title Policy**"). At Buyer's election and at Buyer's sole cost and expense, Buyer may obtain an ALTA form of policy insurance so long as it does not delay Closing.

(c) INTENTIONALLY DELETED.

7. Representations and Warranties/Disclaimers.

(a) Mutual Representations. To induce each other to enter into this Agreement, each Party hereby represents and warrants to the other that: (i) it has been duly authorized and empowered to enter into this Agreement and to perform fully its obligations hereunder; (ii) such obligations constitute the valid and binding obligations of such Party, enforceable in accordance with their terms; (iii) that no further consents of any other person, entity, public body or court are required in connection with this Agreement and the performance of all obligations hereunder; and (iv) it has not used the services of any real estate agent, broker or finder with respect to the transactions contemplated hereby except for the Broker identified in **Section 1**. Upon close of escrow, Seller agrees to pay Broker the commission specified in a separate written agreement. Each Party agrees to indemnify and hold harmless the other against and from any inaccuracy in such Party's representation under this Section. This indemnification shall survive the Closing, or any earlier termination of this Agreement, and shall not merge therein.

(b) Seller's Representations and Warranties. Seller represents and warrants to Buyer:

(i) Condemnation. To the best of Seller's knowledge, there is not pending, or threatened, any condemnation proceeding relating to or otherwise affecting the Property.

(ii) Violations. To the best of Seller's knowledge, (A) there is not pending, or to threatened, from any federal, state, city or local authority any notice, suit or

judgment relating to any violation at the Property; and (B) there is no condition existing with respect to the Property that violates any statute, ordinance, law or code regarding zoning, building, fire, air pollution, or health law, or requiring any improvement, alteration, addition, correction or other work on or about the Property, whether related to the Property or to the activities of any owner or occupant thereof.

(iii) Environmental Conditions. The copies of any environmental report that may have been delivered by Seller to Buyer, are complete and accurate copies of the same.

(iv) Litigation. To the best of Seller's knowledge, there is no litigation, arbitration or proceeding pending, or threatened, before any court or administrative agency or any other condition that relates to or affects the Property or Seller's interest therein.

(v) Organization. Seller is a general partnership, duly organized, validly existing and in good standing under the laws of the state of California and has full power and authority to sell the Property.

(vi) Title. Seller is the fee simple owner of and is lawfully seized and possessed of the Property. The title to the Property is subject to no tenancy or other right of use or occupancy that will remain in effect at or after Closing.

(vii) No Contracts. Seller has not entered into any other contracts, agreements or understandings, verbal or written, for the sale or transfer of any portion of the Property. Between the date of this Agreement and Closing, no part of the Property will be alienated, encumbered or transferred except as contemplated by this Agreement.

(viii) Change of Physical Condition. From and after the Effective Date, until the Close of Escrow, Seller shall not cause any material change to the physical condition of the Property, without prior written notice to Buyer.

(ix) Knowledge. Representations or warranties of Seller modified by a phrase such as "to the best knowledge" shall mean that the representation or warranty is given to the extent the subject matter is within the actual present knowledge of Thomas Naygrow without any duty of Mr. Naygrow to investigate beyond his present actual knowledge, the further accuracy and validity of any of the warranties or representations made herein and no knowledge of other persons shall be imputed.

(c) Buyer's Representations and Warranties.

(i) Experienced Developer; Feasibility Period. Buyer is an experienced purchaser and developer of land intended for use as a public park and is familiar with the kinds of land use and development issues that typically impact the developability of property to park uses in the area where the Property is located. By the end of the Feasibility Period, Buyer will also have been afforded a reasonable period of time to perform such due diligence as Buyer believes is reasonably necessary to make the decision to consummate the transactions described in this Agreement.

(ii) Reliance on Own Investigation. Except for express representations and warranties made by Seller in this Agreement, Buyer is relying exclusively and shall rely solely upon its own investigation and inspection of the Property and the improvements thereon and upon the aid and advice of Buyer's independent expert(s) in purchasing the Property, and shall take title to the Property without any warranty, express or implied, by Seller or any employee or agent of Seller, except as provided in this **Section 7**. In addition, Buyer acknowledges and agrees herein that notwithstanding anything to the contrary contained in this Agreement, Seller makes no representations or warranties, either express or implied as to the accuracy or completeness of any of the due diligence materials provided by Seller to Buyer.

(iii) No Attachments. There are no attachments, executions or assignments for the benefit of creditors, or voluntary or involuntary proceedings in bankruptcy or under any other debtor-relief laws pending or, to the best of Buyer's knowledge, threatened against Buyer.

(d) Survival. The representations and warranties of the Parties set forth herein shall be true as of the Effective Date and the Closing Date. Seller shall notify Buyer in writing if any representation becomes untrue or misleading in light of information obtained by Seller after the Effective Date. Buyer shall notify Seller in writing if any representation becomes untrue or misleading in light of information obtained by Buyer after the Effective Date.

(e) Effect of Documents and Materials. Those items which are expressly disclosed by the Documents are exceptions to the representations, warranties and covenants of Seller contained in this Agreement.

(f) DISCLAIMER. BUYER ACKNOWLEDGES AND AGREES THAT, EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT, SELLER HAS NOT MADE ANY REPRESENTATIONS, WARRANTIES, GUARANTIES, PROMISES, STATEMENTS OR ASSURANCES WHATSOEVER, EXPRESS OR IMPLIED, DIRECTLY OR THROUGH ANY EMPLOYEE OR AGENT, AS TO THE CONDITION OF THE PROPERTY, OR ANY OTHER MATTER, INCLUDING, BUT NOT LIMITED TO, HAZARDOUS MATERIALS.

WITHOUT LIMITING THE GENERALITY OF THE FOREGOING IN ANY WAY, SELLER EXPRESSLY DISCLAIMS MAKING OR HAVING MADE ANY REPRESENTATIONS OR WARRANTY WITH RESPECT TO THE DOCUMENTS AND MATERIALS FURNISHED BY SELLER.

BUYER ACKNOWLEDGES AND AGREES THAT EXCEPT FOR SELLER'S EXPRESS COVENANTS, REPRESENTATIONS AND WARRANTIES CONTAINED IN THIS AGREEMENT, SELLER SPECIFICALLY DISCLAIMS:

(A) ALL MATTERS RELATING TO TITLE TOGETHER WITH ALL GOVERNMENTAL AND OTHER LEGAL REQUIREMENTS SUCH AS TAXES, ASSESSMENTS, ZONING, USE PERMIT REQUIREMENTS, BUILDING PERMIT REQUIREMENTS, BUILDING CODES AND OTHER DEVELOPMENT REQUIREMENTS;

(B) THE PHYSICAL CONDITION OF THE PROPERTY;

(C) ISSUES INHERENT IN OR RELATED TO THE PROXIMITY OF THE PROPERTY TO THE RAILROAD TRACKS;

(D) ALL OTHER MATTERS OF ANY SIGNIFICANCE AFFECTING THE PROPERTY, WHETHER PHYSICAL IN NATURE OR INTANGIBLE IN NATURE, SUCH AS THE POLITICAL CLIMATE WITH RESPECT TO THE GOVERNMENTAL AGENCIES THAT HAVE JURISDICTION OVER THE PURCHASE PROPERTY, DEVELOPMENT OF THE PURCHASE PROPERTY OR THE OPERATION OF THE PURCHASE PROPERTY;

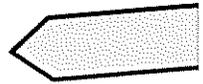
(E) THE EXISTENCE, QUALITY, NATURE, ADEQUACY AND PHYSICAL CONDITION OF UTILITIES SERVING THE PROPERTY;

(F) THE ECONOMICS OF THE PRESENT OR FUTURE OWNERSHIP AND/OR OPERATION OF THE PURCHASE PROPERTY; AND

(G) THE EXISTENCE OF HAZARDOUS MATERIALS IN, UNDER OR AFFECTING THE PROPERTY.

BUYER IS PURCHASING THE PROPERTY "AS IS-WITH ALL DEFECTS" BASED UPON BUYER'S OWN INSPECTION OF THE PROPERTY.

Buyer's Initials _____ Seller's Initials N



(g) Buyer's Indemnity. Except as otherwise provided herein, Buyer hereby agrees to indemnify, defend and hold Seller, and its successors and assigns, partners, shareholders, officers, directors and/or employees (collectively, "**Seller Indemnified Parties**"), harmless from and against any and all Claims incurred or suffered by, or asserted or awarded against any one or more of the Seller Indemnified Parties relating to or arising from any one or more of the following: (i) Buyer's ownership, activities and operations on the Property, and those of its agents, employees or contractors on the Property, or (ii) any breach of any covenant, representation or warranty of Buyer contained in this Agreement.

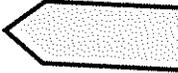
(h) Seller's Indemnity. Except as otherwise provided in this Agreement, Seller hereby agrees to indemnify, defend and hold Buyer and its successors and assigns, partners, shareholders, officers, directors and/or employees (collectively, "**Buyer Indemnified Parties**") harmless from and against any and all Claims incurred or suffered by, or asserted or awarded against any one or more of the Buyer Indemnified Parties relating to or arising from any one or more of the following: (i) Seller's ownership, activities and operations on the Property, or (ii) any breach of any covenant, representation or warranty of Seller contained in this Agreement.

(i) Limitation of Liability. Notwithstanding any other rights of Buyer or provision of this Agreement, Seller's liability under this Agreement or in connection with the transaction contemplated by this Agreement shall for all purposes be limited to the maximum aggregate amount of Twenty Five Thousand and no/100 Dollars (\$25,000.00); provided further, that Buyer shall have no claim under this Agreement, including without limitation the provisions of **Section 7(h)**, unless and until Buyer has aggregate damages of not less than Twenty Five Thousand and no/100 Dollars (\$25,000.00).

Buyer's Initials ()
Seller's Initials (N)

Buyer's Initials _____

Seller's Initials N



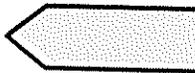
(j) Exculpation of Seller. Notwithstanding anything to the contrary contained herein, no member of Seller, nor any direct or indirect partner, shareholder, manager officer, director, trustee or employee in or of any of them (each, a "Seller Nonrecourse Party," collectively, the "Seller Nonrecourse Parties") shall be personally liable in any manner or to any extent under or in connection with this Agreement, and neither Buyer nor any successor, assignee, partner, officer, director or employee of Buyer shall have any recourse to any assets of a Seller Nonrecourse Party other than such party's interest in Seller to satisfy any liability, judgment or claim that may be obtained or made against any such Seller Nonrecourse Party under this Agreement or in conjunction with the Property. The limitation of liability provided in this **Section 7(j)** is in addition to, and not in limitation of, any limitation on liability applicable to a Seller Nonrecourse Party provided by law or by this Agreement or any other contract, agreement or instrument. Buyer agrees that it shall look solely to the assets of Seller for the enforcement of any Claims arising hereunder or related hereto. The terms of this **Section 7(j)** are a material consideration and inducement to Seller to enter into this Agreement, and but for the inclusion of such provision in this Agreement, Seller would not enter into this Agreement.

(k) Release. Except as otherwise provided in this **Section 7(k)**, Buyer and its officers, officials, managers, representatives, agents, employees, affiliates, partners, successors and assigns do hereby fully and forever waive, release and discharge Seller and the Seller Indemnified Parties from any and all Claims of any nature or sort, known or unknown, past, present and future, which Buyer may have which arise out of or relate in any way to any liability or responsibility for the Property, including, without limitation, any investigation, clean up or remediation of any toxic or hazardous substances, on, in, under or about the Property. This release shall not apply to any Claims to the extent: (i) the same was caused by Seller, or its employees, agents or contractors; or (ii) Seller has otherwise agreed in this Agreement, and the exhibits attached to any or all of such agreements. Buyer agrees that this release is fully effective regardless of any present lack of knowledge on the part of any party as to any possible claim or any facts or circumstances pertaining to this matter. Buyer expressly waives the benefits and provisions of Section 1542 of the Civil Code of the State of California, and any similar law of any state or territory of the United States or other jurisdiction. Civil Code Section 1542 provides as follows:

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

Buyer's Initials _____

Seller's Initials N



8. Conditions Precedent to Closing.

(a) Buyer's Conditions. Buyer's obligation to complete Closing shall be conditioned upon the satisfaction of or Buyer's written waiver of each of the following conditions precedent:

Buyer's Initials ()
Seller's Initials (N)

(i) Title. Buyer shall be satisfied with the Title and Survey pursuant to **Section 6** and Escrow Agent is irrevocably committed to issue the Buyer's Title Policy pursuant to **Section 6(b)**. Seller shall convey the Property subject only to the Permitted Exceptions.

(ii) Representations and Warranties. Each of Seller's representations and warranties as set forth in **Section 7** shall be true as of the Closing Date and Seller shall so certify in writing at Closing.

(iii) Environmental Conditions. Buyer shall, in Buyer's good faith determination, be satisfied that since the end of the Feasibility Period, the environmental conditions relating to the Property are such that Buyer is not subject or otherwise potentially exposed to any substantial fee, expense, cost, obligation or liability in regard to the Property.

(iv) Closing Documents. All of Seller's Closing Documents have been delivered to Escrow Agent.

(v) Performance of Covenants. Seller performing and complying in all material respects with all of the terms of this Agreement to be performed and complied with by Seller prior to or at the Closing.

(vi) INTENTIONALLY DELETED.

(b) Seller's Conditions.

(i) Representations and Warranties. Each of Buyer's representations and warranties as set forth in Section 7 shall be true as of the Closing Date and Buyer shall so certify in writing at Closing.

(ii) Funds. Buyer shall have deposited with Escrow in cash or immediately available funds all amounts necessary to consummate the purchase and sale of the Property.

(iii) Closing Documents. All of Buyer's Closing Documents have been delivered to Escrow Agent.

(iv) Performance of Covenants. Buyer performing and complying in all material respects with all of the terms of this Agreement to be performed and complied with by Buyer prior to or at the Closing.

(v) INTENTIONALLY DELETED.

9. Closing.

(a) Scheduled Closing Date. On or before January 31, 2008 (the "**Scheduled Closing Date**"). The Closing shall take place on the Scheduled Closing Date or as the Parties mutually agree. The Closing shall occur at the offices of Escrow Agent during normal business hours or at such other location as the Parties may mutually agree.

(b) Buyers' Deliveries at Closing. On or before the Closing Date, the Buyer shall make the deliveries set forth below:

(i) Payment of Purchase Price Balance. Subject to the adjustments provided for herein, Buyer shall pay the Purchase Price Balance by cash or other immediately available funds as required by Escrow Agent's normal and customary practices;

(ii) Closing Documents. Buyer shall execute, acknowledge, and deliver to Escrow Agent, the closing documents set forth on **Exhibit C** (the "**Closing Documents**"); and

(iii) Further Assurances. Buyer shall execute, acknowledge, seal and deliver, after the date hereof, including at or after Closing, such further assurances, instruments and documents as the other may reasonably request in order to fulfill the intent of this Agreement and the transactions contemplated hereby.

(c) Seller's Deliveries at Closing. On or before the Closing Date, the Seller shall make the deliveries set forth below:

(i) Closing Documents. Seller shall execute, acknowledge, and deliver the Closing Documents to Escrow Agent, including the Grant Deed, and the Assignment and Bill of Sale;

(ii) Possession. At Closing, Seller shall deliver exclusive possession and occupancy of the Property to Buyer free and clear of any Claims of any third parties to possession thereof, subject to the Permitted Exceptions; and

(iii) Further Assurances. Seller shall execute, acknowledge, seal and deliver, after the date hereof, including at or after Closing, such further assurances, instruments and documents as Buyer may reasonably request in order to fulfill the intent of this Agreement and the transactions contemplated hereby.

(d) Taxes and Costs. The Parties shall bear charges and expenses incurred in the Escrow as follows:

(i) Proration of Taxes. All real estate taxes, and all other public or governmental charges and public or private assessments against the Property that are or may be payable on an annual basis (including metropolitan district, sanitary commission, benefit charges, liens or encumbrances for sewer, water, drainage or other public improvements whether completed or commenced on or prior to the date hereof or subsequent thereto), shall be adjusted and prorated between the Parties as of the day prior to Closing and shall thereafter be assumed and paid by Buyer, whether or not assessments have been levied as of the date of Closing. Notwithstanding the foregoing, Seller shall be responsible for the payment of any and all escape or supplemental property tax assessments on the Property that arise from Seller's ownership of the Property. Any tax proration based on an estimate shall be subsequently readjusted upon receipt of a tax bill. The obligation to adjust shall survive Closing.

(ii) Seller's Costs. Seller shall bear the following costs:

(A) pre-payment penalties associated with any loans secured by the Property existing prior to the Closing;

(B) one-half of the CLTA portion of the title insurance premium for standard coverage, and the cost of all title policy endorsements attributable to the title policy issued at the Close of Escrow;

(C) one-half of the documentary transfer taxes and recording fees payable upon recordation of the Grant Deed;

(D) Seller's attorneys' fees;

(E) one-half of any Escrow fees;

(F) the real estate commissions described in **Section 7(a)**.

(iii) Buyer's Costs. Buyer shall bear the following costs:

(A) the cost of any surveys, updated environmental reports, engineering reports, or other reports Buyer requests during its investigation of the Property;

(B) the remaining one-half of the documentary transfer taxes and recording fees payable upon recordation of the Deed of Trust;

(C) the remaining one-half of the CLTA portion of the title insurance premium for standard coverage, and the cost of all title policy endorsements attributable to the title policy issued at the Close of Escrow;

(D) Buyer's attorneys' fees; and

(E) the remaining one-half of the Escrow fees.

(iv) Miscellaneous Costs. All other fees and miscellaneous costs not specifically allocated above shall be paid in accordance with custom in the County.

(v) Notwithstanding the foregoing, Seller shall pay at Closing, without any contribution from Buyer, (i) any agricultural land, rezoning, recapture, grantor's or roll-back tax due in connection with the conveyance or deed under any county, state, municipal or local law, regulation or ordinance (or any similar tax or assessment), and (ii) the cost of preparing release documents, if any, and the recording thereof for any lien releases required to be obtained by Seller in order to convey title to the Property in accordance with this **Section 9**.

10. Risk of Loss. The Property shall be held at the risk of Seller until the Closing.

11. Condemnation. If after the Effective Date and prior to Closing, all or a substantial part of the Property is taken or threatened to be taken by eminent domain or condemnation, Buyer may elect either (a) to terminate this Agreement, or (b) to consummate Closing as herein provided, in which event Seller shall pay or assign all condemnation awards or payments in

Telephone: 916.208.6046
Fax: 916.456.1534

To Escrow Agent: Chicago Title Company
2901 K Street, Third Floor
Sacramento, CA 95816
Tel. 916.444.6470
Fax 916.448.7484
Attn: Lisa Newman Arant

To Buyer: Supervising Real Property Agent
City of Sacramento
5730 24th Street, Bldg 4
Sacramento CA 95822

with a copy to: City Attorney, City of Sacramento
915 I Street, 4th Floor
Sacramento CA 95814

15. General.

(a) Entire Agreement. This Agreement constitutes the final and entire Agreement between the Parties and they shall not be bound by any terms, covenants, conditions, representations or warranties not expressly contained herein. This Agreement may not be amended except by written instrument executed by both Parties.

(b) Partial Invalidity. If any one or more of the provisions contained in this Agreement shall for any reason be held invalid, illegal or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision hereof, and this Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

(c) Time of the Essence. Time is of the essence of this Agreement and the performance of the terms and conditions hereof.

(d) Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of the Parties and their respective legal representatives, successors and assigns.

(e) Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument. Except for instruments which are to be recorded, facsimile signatures shall be valid as originals.

(f) Headings. The headings of the Sections, subsections, paragraphs and subparagraphs hereof are provided for convenience of reference only, and shall not be considered in construing their contents.

(E) Any party desiring a stenographic record may secure a court reporter to attend the proceedings. The requesting party must notify the other Parties of the arrangements in advance of the hearing and must pay for the cost incurred.

(F) Any party may request oral evidence to be given under oath.

(iv) The Decision.

(A) The referee shall issue a written statement of decision that shall be reported to the court in accordance with CCP Section 643 and mailed promptly to the Parties.

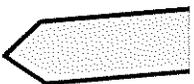
(B) Judgment shall be entered on the referee's decision in accordance with CCP Section 644(a), and the decision may be excepted to, challenged and appealed according to law.

(g) Fees and Expenses. In advance of the reference, the Parties shall each pay half of the estimated reasonable fees and costs of the reference, as may be specified by the referee. The referee must award costs, including reasonable attorneys' fees, to the prevailing party, if any, and may order the referee's fees to be paid or shared by the Parties in such manner as the referee deems just. In the event it becomes necessary to file a legal action or proceeding to enforce this Agreement, the prevailing party in such action or proceeding shall be entitled to recover all costs and expenses, including attorneys' fees and court costs, in connection with such action or proceeding.

13. The Parties have made material concessions regarding this transaction in exchange for the provisions of this Section. Seller and Buyer have each initialed this paragraph to further indicate their awareness and acceptance of each and every provision hereof.

Buyer's Initials _____

Seller's Initials N



14. Notices. Any notice to be given to any Party hereto in connection with this Agreement shall be in writing and shall be deemed received (a) on the date delivered if hand delivered by receipted hand delivery, (b) on the date delivered if by facsimile or e-mail, so long as a hard copy is simultaneously sent postage prepaid by certified or registered mail, return receipt requested, or (c) two (2) days after postmark if sent postage prepaid by certified or registered mail, return receipt requested. The Parties shall copy Escrow Agent on all notices sent hereunder, but failure to notify Escrow Agent shall not be deemed a failure of notice to a Party to whom notice has been given. Notices to the Parties shall be sent to their addresses set forth below. Any person below, by written notice to the Parties, may change its address to which notices are to be sent.

Seller:

Hard Times Realty
C/O Thomas Naygrow
1416 45th Street
SACRAMENTO, CA 95819
Attn: Thomas Naygrow

property shall be heard by general reference pursuant to the provisions of the California Code of Civil Procedure (“CCP”) Section 638 et seq. The Parties intend this general reference to be specifically enforceable in accordance with such section. The referee is authorized to try all of the issues in the proceeding, whether of fact or law, and to report a statement of his or her decision to the judicial or quasi-judicial body with jurisdiction over the controversy, claim or dispute. The Parties shall select one referee, and if the Parties fail to agree as to who shall serve as referee, the judicial or quasi-judicial body with jurisdiction over the controversy, claim or dispute shall select the referee. The Parties agree to waive the right to a jury trial and submit all disputes of fact or law arising out of, based upon, or relating to this Agreement or the underlying property to a referee.

(ii) Any controversy, claim or dispute submitted to reference under this **Section 13(f)**, shall be resolved by the following procedures unless the Parties otherwise agree:

(A) Motion for Reference. If an action has already been commenced respecting any controversy, claim or dispute covered by this reference provision, any party seeking to enforce the provision for reference contained in this Agreement shall file a motion for reference pursuant to the provisions of CCP Section 638.

(B) Prehearing Conference. The referee shall schedule a prehearing conference to reach agreement on procedural matters, arrange for the exchange of information, obtain stipulations, and attempt to narrow the issues.

(C) Discovery. The Parties will submit a proposed discovery schedule to the referee at the prehearing conference. All discovery methods (and sanctions and other remedies for noncompliance with same) available to litigants under the Civil Discovery Act (CCP Section 2016 et seq.) and means of production permitted under CCP Section 1985 et seq. shall be available to the Parties in such reference. Such discovery may include exchanges of expert trial witness information pursuant to CCP Section 2034. Absent other agreement by the Parties, the Parties shall be afforded not less than two (2) months and not more than four (4) months to complete discovery.

(iii) The Hearing.

(A) Unless otherwise agreed by the Parties, the hearing shall commence within six (6) months of the court’s order for reference.

(B) The Parties shall file briefs with the referee at least three (3) days before the hearing, specifying the facts each intends to prove and analyzing the applicable law.

(C) The Parties shall have the right to representation by legal counsel throughout the reference proceedings.

(D) California Evidence Code shall apply.

respect of the Property to Buyer at Closing. If this Agreement is terminated in full pursuant to this Section, the Deposits shall be delivered to Seller and neither Party shall have any further rights, duties, obligations or liabilities, at law or in equity, arising out of or relating to this Agreement except for those set forth in **Sections 3(b), 7(a), and 14.**

12. Default, Termination, and Remedies.

(a) Buyer Default/Liquidated Damages. BUYER AND SELLER AGREE THAT IN THE EVENT OF A DEFAULT OR BREACH BY BUYER TO PERFORM HEREUNDER, THE DAMAGES TO SELLER WOULD BE EXTREMELY DIFFICULT AND IMPRACTICABLE TO ASCERTAIN, AND THAT THEREFORE, THE PORTION OF THE DEPOSITS PREVIOUSLY DELIVERED TO ESCROW AGENT, SHALL BE A REASONABLE ESTIMATE OF THE DAMAGES TO SELLER, SUCH DAMAGES INCLUDING COSTS OF NEGOTIATING AND DRAFTING OF THIS AGREEMENT, COSTS OF COOPERATING IN SATISFYING CONDITIONS TO CLOSING, COSTS OF SEEKING ANOTHER BUYER UPON BUYER'S DEFAULT, OPPORTUNITY COSTS IN KEEPING THE PROPERTY OUT OF THE MARKETPLACE, AND OTHER COSTS INCURRED IN CONNECTION WITH THIS AGREEMENT. ACCORDINGLY, BUYER AGREES THAT UPON BUYER'S BREACH, OR DEFAULT SELLER SHALL RETAIN THE DEPOSITS AS LIQUIDATED DAMAGES AND PAY THE COSTS AS SET FORTH IN THIS SECTION AS SELLER'S SOLE REMEDY IN THE EVENT OF ANY SUCH BREACH OR DEFAULT BY BUYER.

Buyer's Initials _____

Seller's Initials _____

N

(b) INTENTIONALLY DELETED.

(c) Termination/No Default. If this Agreement is terminated for some reason not set forth in **Section 12(a)**, then Seller and Buyer shall each bear one-half (1/2) of the Escrow fee and cancellation charges. Thereafter, no Party shall have any further obligation or liability to the other Party with respect to the transactions contemplated by this Agreement except for Buyer's indemnification of Seller pursuant to **Section 3(b)**, each Party's indemnity of the other Party pursuant to **Section 7(a)**, and the survival of arbitration pursuant to **Section 14.**

(d) Cure Period. No default by either Party hereto shall result in a termination or limitation of any rights of such Party hereunder unless and until the other Party shall have notified the defaulting Party in writing of said default, and the defaulting Party shall have failed to cure said default within thirty (30) calendar days after the receipt of said written notice.

(e) Escrow Cancellation. If, for any reason, the Escrow is cancelled pursuant to any provision hereof, the Escrow Agent shall return to the Parties delivering same all instruments that are then held by the Escrow Agent in connection with the Escrow.

(f) Judicial Reference.

(i) Any controversy, claim or dispute between the Parties, their successors or assigns arising out of, based upon, or relating to this Agreement or the underlying

(g) Exhibits. Each writing or plat or plan referred to herein as being attached hereto as an exhibit or otherwise designated herein as an exhibit is incorporated herein by reference and made a part hereof. The following exhibits are attached hereto:

Exhibit A	The Property
Exhibit B	Assignment and Bill of Sale
Exhibit C	Closing Documents
Exhibit D	INTENTIONALLY DELETED
Exhibit E	Documents
Exhibit F	Grant Deed
Exhibit G	INTENTIONALLY DELETED
Exhibit H	INTENTIONALLY DELETED
Exhibit I	INTENTIONALLY DELETED
Exhibit J	INTENTIONALLY DELETED
Exhibit K	Escrow Provisions

(h) Time Periods. Any and all references in this Agreement to time periods that are specified by reference to a certain number of days refer to calendar days, unless "business days" is otherwise expressly provided. Therefore, if (a) the last date by which a Closing is permitted to occur hereunder, or (b) any date by which a Party is required to provide the other Party with notice hereunder, occurs on a Saturday or a Sunday or a banking holiday in the jurisdiction where the Property is located, then and in any of such events, such applicable dates shall be deemed to occur, for all purposes of this Agreement, on that calendar day that is the next, succeeding day, which is not a Saturday, Sunday or banking holiday.

(i) No Partnerships. Nothing in this Agreement shall be deemed in any way to create between the Parties any relationship of partnership, joint venture or association, and the Parties disclaim the existence thereof.

(j) Waivers. No Party shall be deemed to have waived the exercise of any right that it holds hereunder unless such waiver is made expressly and in writing (and no delay or omission by any Party hereto in exercising any such right shall be deemed a waiver of its future exercise). No such waiver made as to any instance involving the exercise of any such right shall be deemed a waiver as to any other such instance, or any other such right.

(k) Choice of Law. This Agreement shall be given effect and construed by application of the law of the jurisdiction in which the Property is located.

16. Expiration: Unless this Agreement is Accepted by all parties with a signed copy delivered to Broker on or before **December 31, 2007**, this Agreement shall become null and void.

The signatures appear on the next page.

The Parties hereto have executed under this Agreement as of the Effective Date.

SELLER:

HARD TIMES REALTY, a general partnership

By: Thomas Naygrow
Name: Thomas Naygrow
Title: General Partner

BUYER:

CITY OF SACRAMENTO, a charter municipal corporation

By: _____
Name:
Title:

Approved as to form:

[Signature]
City Attorney

Attest:

City Clerk

ACCEPTANCE BY ESCROW AGENT

The undersigned joins in the execution of the foregoing Agreement for the sole purpose of agreeing to hold and apply the Deposits subject to and in accordance with the terms of the foregoing Agreement.

CHICAGO TITLE COMPANY

By: _____

Name: Lisa Newman Arant

Title: Escrow Officer

“Effective Date:” _____

Buyer's Initials ()
Seller's Initials ()

AGREEMENT OF PURCHASE AND SALE

**BY AND BETWEEN
HARD TIMES REALTY, AS SELLER
AND
CITY OF SACRAMENTO, AS BUYER**

EXHIBIT A

**THE PROPERTY
LEGAL DESCRIPTIONS**

7

EXHIBIT "A"

BOOK

PAGE

1114 0909

The land herein referred to is described as follows:

All that certain real property situate, lying and being in the City of Sacramento, County of Sacramento, State of California, described as follows:

PARCEL NO. 1:

All that portion of the block bounded by 18th, 19th, Q and R Streets, as shown on the official Map of said City described as follows:

BEGINNING at a point on the Westerly line of 19th Street, said point bearing South 18° 26' 48" West a distance of 13.00 feet from the intersection of said Westerly line of 19th Street and the Southerly line of Q Street; thence from said point of beginning and along the Westerly line of 19th Street, South 18° 26' 48" West 256.11 feet to a point on the Northerly right-of-way line of the Sacramento Transit Development Agency; thence, along said right-of-way line, the following three (3) courses: (1) North 37° 41' 42" West 73.18 feet; (2) along the arc of a curve to the left, concave Southwesterly, having a radius of 340.00 feet and being subtended by a chord bearing North 54° 37' 10" West 197.98 feet; and (3) North 71° 32' 38" West 72.03 feet to a point on the Easterly line of 18th Street; thence, along said Easterly line, North 18° 27' 35" East 9.59 feet to the Southwest corner of Lot One of said block; thence, along the South line of said Lot One, South 71° 29' 40" East 40.27 feet to the Southwest corner of the East one-half of Lot One; thence, along the West line of said East one-half of Lot One, North 10° 27' 29" East 3.00 feet to a point on the Northerly right-of-way line of the Western Pacific Railroad Company; thence, Northeastarly along said right-of-way line, further described as a non-tangent curve, concave Northerly having a radius of 705.00 feet and being subtended by a chord bearing North 81° 10' 51" East 317.00 feet to the point of beginning.

EXCEPTING THEREFROM, all minerals and all mineral rights of every kind and character now known to exist or hereafter discovered, including, without limiting the generality of the foregoing, oil and gas and rights thereto, together with the sole, exclusive and perpetual right to explore for, remove and dispose of, said minerals by any means or methods suitable to Grantor, its successors and assigns but without entering upon or using the surface of the lands hereby granted, and in such manner as not to damage the surface of said lands or to interfere with the use thereof by Grantee, its successors or assigns, as reserved by Western Pacific Railroad Company in deed recorded February 27, 1907, in book 8702-27, Official Records, page 1553.

PARCEL 2:

The South one-quarter of the East 50 feet of Lot 4, in the Block bounded by "Q" and "R", 17th and 18th Streets of the City of Sacramento according to the map or plan thereof.

ck

L

AGREEMENT OF PURCHASE AND SALE

**BY AND BETWEEN
HARD TIMES REALTY, AS SELLER
AND
CITY OF SACRAMENTO, AS BUYER**

EXHIBIT B

ASSIGNMENT AND BILL OF SALE

ASSIGNMENT AND BILL OF SALE

Reference is hereby made to (a) that certain property located in they County of Sacramento, State of California and described in more detail as the "**Property**" in that certain Agreement of Purchase and Sale between Seller and Buyer (as such Parties are defined below) dated as of _____, 2008 (the "**Agreement**"), (b) to the improvements located thereon and (c) to the rights, privileges and entitlements incident thereto.

For good and valuable consideration, receipt of which is hereby acknowledged, Hard Times Realty ("**Seller**"), does hereby, give, grant, bargain, sell, transfer, assign, convey and deliver to City of Sacramento ("**Buyer**"), all of Seller's right, title and interest in all assets, rights, materials and/or Claims used, owned or held in connection with the use, management, development or enjoyment of the Property, including, without limitation: (i) all entitlements and other agreements relating to the development of the Property; (ii) all rights, warranties, Claims, awards, and any similar rights relating to and benefiting the Property or the assets transferred hereby; (iii) all intangible rights, goodwill and rights benefiting the Property; (iv) all development rights benefiting the Property; (v) all personal property located on or about the Property; and (vi) all rights to receive a reimbursement, credit or refund from the applicable agency or entity of any deposits or fees paid in connection with the development of the Property.

Seller hereby covenants that it will, at any time and from time to time upon written request therefore, execute and deliver to Buyer, its nominees, successor and /or assigns, any new or confirmatory instruments and do and perform any other acts that Buyer, its nominees, successors and/or assigns, may request in order to fully transfer possession and control of, and protect the rights of Buyer, its nominees, successors and/or assigns in, all the assets of Seller intended to be transferred and assigned hereby.

SELLER:

HARD TIMES REALTY, a general partnership

By: _____

Name: Thomas Naygrow

Title: General Partner

2

AGREEMENT OF PURCHASE AND SALE

**BY AND BETWEEN
HARD TIMES REALTY, AS SELLER
AND
CITY OF SACRAMENTO, AS BUYER**

**EXHIBIT C
CLOSING DOCUMENTS**

2

AGREEMENT OF PURCHASE AND SALE

**BY AND BETWEEN
HARD TIMES REALTY, AS SELLER
AND
CITY OF SACRAMENTO., AS BUYER**

EXHIBIT D

INTENTIONALLY DELETED

2

AGREEMENT OF PURCHASE AND SALE

**BY AND BETWEEN
HARD TIMES REALTY, AS SELLER
AND
CITY OF SACRAMENTO, AS BUYER**

EXHIBIT E

DOCUMENTS

1. Preliminary Title Report from the Title Company
2. Phase One Environmental Site Assessment
3. Phase Two Environmental Site Assessment

7

AGREEMENT OF PURCHASE AND SALE

**BY AND BETWEEN
HARD TIMES REALTY, AS SELLER
AND
CITY OF SACRAMENTO, AS BUYER**

**EXHIBIT F
GRANT DEED**

7

Recording requested by,
and when recorded return to:

CITY OF SACRAMENTO.

APN: _____

SPACE ABOVE THIS LINE FOR RECORDER'S USE

DOCUMENTARY TRANSFER TAX \$

To be stated on a separate affidavit, and

... computed on the consideration of value of property conveyed; OR

... computed on the consideration or value less liens or encumbrances remaining at time of sale

GRANT DEED

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, Hard Times Realty (“GRANTOR”), hereby grants to City of Sacramento (“GRANTEE”), the real property in the County of Sacramento, State of California, described on **Exhibit “A”** attached hereto and incorporated herein by this reference.

GRANTOR:

HARD TIMES REALTY

By: HARD TIMES REALTY, a general
partnership

By: _____

Name: Thomas Naygrow

Title: General Partner

N

STATE OF CALIFORNIA)
) SS.

COUNTY OF)

On _____ before me, _____, Notary Public personally appeared _____ personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s) or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature _____

(This area for official notarial seal)

Mail Tax Statements To:

Attn: _____

2

AGREEMENT OF PURCHASE AND SALE

**BY AND BETWEEN
HARD TIMES REALTY, AS SELLER
AND
CITY OF SACRAMENTO., AS BUYER**

EXHIBIT G

INTENTIONALLY DELETED

2

AGREEMENT OF PURCHASE AND SALE

**BY AND BETWEEN
HARD TIMES REALTY, AS SELLER
AND
CITY OF SACRAMENTO., AS BUYER**

EXHIBIT H

INTENTIONALLY DELETED

7

AGREEMENT OF PURCHASE AND SALE

**BY AND BETWEEN
HARD TIMES REALTY, AS SELLER
AND
CITY OF SACRAMENTO., AS BUYER**

EXHIBIT I

INTENTIONALLY DELETED

2

AGREEMENT OF PURCHASE AND SALE

**BY AND BETWEEN
HARD TIMES REALTY, AS SELLER
AND
CITY OF SACRAMENTO., AS BUYER**

**EXHIBIT K
ESCROW PROVISIONS**

2



Chicago Title Company

2901 K Street, Suite 390, Sacramento, CA 95816
916 444-6470 • FAX 916 448-7484

Date: November 18, 2007
Escrow No.: 07-60603747-LNA
Locate No.: CACTI7734-7734-4606-0060603747
Escrow Officer: Lisa N. Arant

GENERAL PROVISIONS

1. DEPOSIT OF FUNDS

The law dealing with the disbursement of funds requires that all funds be available for withdrawal as a matter of right by the title entity's escrow and/or sub escrow account prior to disbursement of any funds. Only cash or wire-transferred funds can be given immediate availability upon deposit. Cashier's checks, teller's checks and Certified checks may be available one business day after deposit. All other funds such as personal, corporate or partnership checks and drafts are subject to mandatory holding periods which may cause material delays in disbursement of funds in this escrow. In order to avoid delays, all fundings should be wire transfer. Outgoing wire transfers will not be authorized until confirmation of the respective incoming wire transfer or of availability of deposited checks.

Deposit of funds into general escrow trust account unless instructed otherwise. You may instruct Escrow Holder to deposit your funds into an interest bearing account by signing and returning the "Notice of Opportunity to Open Interest Bearing Account", which has been provided to you. If you do not so instruct us, then all funds received in this escrow shall be deposited with other escrow funds in one or more general escrow trust accounts, which include both non-interest bearing demand accounts and other depository accounts of Escrow Holder, in any state or national bank or savings and loan association insured by the Federal Deposit Insurance Corporation (the "depository institutions") and may be transferred to any other such escrow trust accounts of Escrow Holder or one of its affiliates, either within or outside the State of California. A general escrow trust account is restricted and protected against claims by third parties and creditors of Escrow Holder and its affiliates.

Receipt of benefits by Escrow Holder and affiliates. The parties to this escrow acknowledge that the maintenance of such general escrow trust accounts with some depository institutions may result in Escrow Holder or its affiliates being provided with an array of bank services, accommodations or other benefits by the depository institution. Some or all of these benefits may be considered interest due you under California Insurance Code Section 12413.5. Escrow Holder or its affiliates also may elect to enter into other business transactions with or obtain loans for investment or other purposes from the depository institution. All such services, accommodations, and other benefits shall accrue to Escrow Holder or its affiliates and Escrow Holder shall have no obligation to account to the parties to this escrow for the value of such services, accommodations, interest or other benefits.

Said funds will not earn interest unless the instructions otherwise specifically state that funds shall be deposited in an interest-bearing account. All disbursements shall be made by check of Chicago Title Company. The principals to this escrow are hereby notified that the funds deposited herein are insured only to the limit provided by the Federal Deposit Insurance Corporation. Any instruction for bank wire will provide reasonable time or notice for Escrow Holder's compliance with such instruction. Escrow Holder's sole duty and responsibility shall be to place said wire transfer instructions with its wiring bank upon confirmation of (1) satisfaction of conditions precedent or (2) document recordation at close of escrow. Escrow Holder will NOT be held responsible for lost interest due to wire delays caused by any bank or the Federal Reserve System, and recommends that all parties make themselves aware of banking regulations with regard to placement of wires.

In the event there is insufficient time to place a wire upon any such confirmation or the wires have closed for the day, the parties agree to provide written instructions for an alternative method of disbursement. WITHOUT AN ALTERNATIVE DISBURSEMENT INSTRUCTION, FUNDS WILL

BE HELD IN TRUST IN A NON-INTEREST BEARING ACCOUNT UNTIL THE NEXT OPPORTUNITY FOR WIRE PLACEMENT.

2. PRORATIONS AND ADJUSTMENTS

All prorations and/or adjustments called for in this escrow are to be made on the basis of a thirty (30) day month unless otherwise instructed in writing. You are to use information contained on last available tax statement, rental statement as provided by the Seller, beneficiary's statement and fire insurance policy delivered into escrow for the prorations provided for herein.

3. SUPPLEMENTAL TAXES

The within described property may be subject to supplemental real property taxes due to the change of ownership taking place through this escrow. Any supplemental real property taxes arising as a result of the transfer of the property to Buyer shall be the sole responsibility of Buyer and any supplemental real property taxes arising prior to the closing date shall be the sole responsibility of the Seller. TAX BILLS ISSUED AFTER CLOSE OF ESCROW SHALL BE HANDLED DIRECTLY BETWEEN BUYER AND SELLER.

4. UTILITIES/POSSESSION

Transfer of utilities and possession of the premises are to be settled by the parties directly and outside escrow.

5. PREPARATION AND RECORDATION OF INSTRUMENTS

Escrow Holder is authorized to prepare, obtain, record and deliver the necessary instruments to carry out the terms and conditions of this escrow and to order the policy of title insurance to be issued at close of escrow as called for in these instructions. Close of escrow shall mean the date instruments are recorded.

6. AUTHORIZATION TO FURNISH COPIES

You are authorized to furnish copies of these instructions, supplements, amendments, notices of cancellation and closing statements, to the Real Estate Broker(s) and Lender(s) named in this escrow.

7. RIGHT OF CANCELLATION

Any principal instructing you to cancel this escrow shall file notice of cancellation in your office in writing. You shall, within two (2) working days thereafter, deliver, one copy of such notice to each of the other principals at the addresses stated in this escrow. UNLESS WRITTEN OBJECTION TO CANCELLATION IS FILED IN YOUR OFFICE BY A PRINCIPAL WITHIN TEN (10) DAYS AFTER DATE OF SUCH MAILING, YOU ARE AUTHORIZED TO COMPLY WITH SUCH NOTICE AND DEMAND PAYMENT OF YOUR CANCELLATION CHARGES. If written objection is filed, you are authorized to hold all money and instruments in this escrow and take no further action until otherwise directed, either by the principals' mutual written instructions, or by final order of a court of competent jurisdiction.

8. PERSONAL PROPERTY

No examination or insurance as to the amount or payment of personal property taxes is required unless specifically requested.

By signing these General Provisions, the parties to the escrow hereby acknowledge that they are indemnifying the Escrow Holder against any and all matters relating to any "Bulk Sales" requirements, and instruct Escrow Agent to proceed with the closing of escrow without any consideration of matter of any nature whatsoever regarding "Bulk Sales" being handled through escrow.

9. RIGHT OF RESIGNATION

Escrow Holder has the right to resign upon ten (10) days written notice delivered to the principals herein. If such right is exercised, all funds and documents shall be returned to the party who deposited them and Escrow Holder shall have no liability hereunder.

Date: November 18, 2007
 Escrow No.: 07-60603747-LNA
 Locate No.: CACTI7734-7734-4606-0060603747

10. AUTHORIZATION TO EXECUTE ASSIGNMENT OF HAZARD INSURANCE POLICIES

Either Buyer, Seller and/or Lender may hand you the insurance agent's name and insurance policy information, and you are to execute, on behalf of the principals hereto, form assignments of interest in any insurance policy (other than title insurance) called for in this escrow, forward assignment and policy to the insurance agent, requesting that the insurer consent to such transfer and/or attach a loss payable clause and/or such other endorsements as may be required, and forward such policy(s) to the principals entitled thereto. It is not your responsibility to verify the information handed you or the assignability of said insurance. Your sole duty is to forward said request to insurance agent at close of escrow.

Further, there shall be no responsibility upon the part of Escrow Holder to renew hazard insurance policy(s) upon expiration or otherwise keep it in force either during or subsequent to the close of escrow. Cancellation of any existing hazard insurance policies is to be handled directly by the principals, and outside of escrow.

11. ACTION IN INTERPLEADER

The principals hereto expressly agree that you, as Escrow Holder, have the absolute right at your election to file an action in interpleader requiring the principals to answer and litigate their several claims and rights among themselves and you are authorized to deposit with the clerk of the court all documents and funds held in this escrow. In the event such action is filed, the principals jointly and severally agree to pay your cancellation charges and costs, expenses and reasonable attorney's fees which you are required to expend or incur in such interpleader action, the amount thereof to be fixed and judgment therefore to be rendered by the court. Upon the filing of such action, you shall thereupon be fully released and discharged from all obligations imposed by the terms of this escrow or otherwise.

12. TERMINATION OF AGENCY OBLIGATION

If there is no action taken on this escrow within six (6) months after the "time limit date" as set forth in the escrow instructions or written extension thereof, your agency obligation shall terminate at your option and all documents, monies or other items held by you shall be returned to the parties depositing same. In the event of cancellation of this escrow, whether it be at the request of any of the principals or otherwise, the fees and charges due Chicago Title Company, including expenditures incurred and/or authorized shall be borne equally by the parties hereto (unless otherwise agreed to specifically).

13. CONFLICTING INSTRUCTIONS

Upon receipt of any conflicting instructions, you are to take no action in connection with this escrow until non-conflicting instructions are received from all of the principals to this escrow (subject to sections 7, 9, 11 and 12 above).

14. REIMBURSEMENT ATTORNEY FEES/ESCROW HOLDER

In the event that a suit is brought by any party or parties to these escrow instructions to which the Escrow Holder is named as a party which results in a judgment in favor of the Escrow Holder and against a principal or principals herein, the principals or principals' agent agree to pay said Escrow Holder all costs, expenses and reasonable attorney's fees which it may expend or incur in said suit, the amount thereof to be fixed and judgment therefore to be rendered by the court in said suit.

15. DELIVERY/RECEIPT

Delivery to principals as used in these instructions unless otherwise stated herein is to be by regular mail, and receipt is determined to be 72 hours after such mailing. All documents, balances and statements due to the undersigned are to be mailed to the address shown herein. All notices, change of instructions, communications and documents are to be delivered in writing to the office of Chicago Title Company as set forth herein.

16. STATE/FEDERAL CODE NOTIFICATIONS

According to Federal Law, the Seller, when applicable, will be required to complete a sales activity report that will be utilized to generate a 1099 statement to the Internal Revenue Service.

Pursuant to State Law, prior to the close of escrow, Buyer will provide Escrow Holder with a Preliminary Change of Ownership Report. In the event said report is not handed to Escrow Holder for submission to the County in which subject property is located, upon recording of the Grant Deed, Buyers acknowledge that the applicable fee will be assessed by said

County and Escrow Holder shall debit the account of Buyer for same at close of escrow.

Buyer and Seller herein represent and warrant that they will seek and obtain independent legal advice and counsel relative to their obligations under the "Foreign Investors In Real Property Act", and any other applicable federal and/or state laws regarding same, and will take all steps necessary in order to comply with such requirements and hereby hold you harmless relative to their compliance therewith.

17. ENCUMBRANCES

Escrow Holder is to act upon any statements furnished by a lienholder or his agent without liability or responsibility for the accuracy of such statements. Any adjustments necessary because of a discrepancy between the information furnished Escrow Holder and any amount later determined to be correct shall be settled between the parties direct and outside of escrow.

You are authorized, without the need for further approval, to debit my account for any fees and charges that I have agreed to pay in connection with this escrow, and for any amounts that I am obligated to pay to the holder of any lien or encumbrance to establish the title as insured by the policy of title insurance called for in these instructions. If for any reason my account is not debited for such amounts at the time of closing, I agree to pay them immediately upon demand, or to reimburse any other person or entity who has paid them.

18. ENVIRONMENTAL ISSUES

Chicago Title Company has made no investigation concerning said property as to environmental/toxic waste issues. Any due diligence required or needed to determine environmental impact as to forms of toxification, if applicable, will be done directly and by principals outside of escrow. Chicago Title Company is released of any responsibility and/or liability in connection therewith.

19. USURY

Escrow Holder is not to be concerned with any questions of usury in any loan or encumbrance involved in the processing of this escrow and is hereby released of any responsibility or liability therefore.

20. DISCLOSURE

Escrow Holder's knowledge of matters affecting the property, provided such facts do not prevent compliance with these instructions, does not create any liability or duty in addition to these instructions.

21. FACSIMILE SIGNATURE

Escrow Holder is hereby authorized and instructed that, in the event any party utilizes "facsimile" transmitted signed documents or instructions to Escrow Holder, you are to rely on the same for all escrow instruction purposes and the closing of escrow as if they bore original signatures. Each party shall make every effort to provide to the other party and to Escrow Holder, within 72 hours after transmission, duplicate original documents or instructions bearing the original signatures. Each party further acknowledges and agrees that documents with non-original signatures may not be accepted for recording by the County Recorder, therefore no closing or recording may take place without the submission of the original documents.

22. CLARIFICATION OF DUTIES

Chicago Title Company serves ONLY as an Escrow Holder in connection with these instructions and cannot give legal advice to any party hereto.

Escrow Holder is not to be held accountable or liable for the sufficiency or correctness as to form, manner of execution, or validity of any instrument deposited in this escrow, nor as to the identity, authority or rights of any person executing the same. Escrow Holder's duties hereunder shall be limited to the proper handling of such money and the proper safekeeping of such instruments, or other documents received by Escrow Holder, and for the disposition of same in accordance with the written instructions accepted by Escrow Holder.

The agent and duties of Escrow Holder commence only upon receipt of copies of these Escrow Instructions executed by all parties.

Date: November 18, 2007
Escrow No.: 07-60603747-LNA
Locate No.: CACTI7734-7734-4606-0060603747

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THIS AGREEMENT IN ALL PARTS APPLIES TO, INURES TO THE BENEFIT OF, AND BINDS ALL PARTIES HERETO, THEIR HEIRS, LEGATEES, DEVISEES, ADMINISTRATORS, EXECUTORS, SUCCESSORS AND ASSIGNS, AND WHENEVER THE CONTEXT SO REQUIRES THE MASCULINE GENDER INCLUDES THE FEMININE AND NEUTER, AND THE SINGULAR NUMBER INCLUDES THE PLURAL. THESE INSTRUCTIONS AND ANY OTHER AMENDMENTS MAY BE EXECUTED IN ANY NUMBER OF COUNTERPARTS, EACH OF WHICH SHALL BE CONSIDERED AS AN ORIGINAL AND BE EFFECTIVE AS SUCH.

MY SIGNATURE HERETO CONSTITUTES INSTRUCTION TO ESCROW HOLDER OF ALL TERMS AND CONDITIONS CONTAINED IN THIS AND ALL PRECEDING PAGES AND FURTHER SIGNIFIES THAT I HAVE READ AND UNDERSTAND THESE GENERAL PROVISIONS.

Chicago Title Company conducts escrow business under a Certificate of Authority No. 350 issued by the California Department of Insurance.

Buyer:
City of Sacramento

Seller:
Hard Times Realty, a California General Partnership

By: _____
Thomas Naygrow, general partner

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EFFECTIVE JANUARY 1, 2007
NOTIFICATION TO BUYER ON DISPOSITION
OF CALIFORNIA REAL PROPERTY

In accordance with Section 18662 of the Revenue and Taxation Code, a buyer may be required to withhold an amount equal to 3 ½ percent of the sale price or an alternative withholding amount certified by the seller in the case of a disposition of California real property interest by either:

1. A seller who is an individual, trust, estate, or when the disbursement instructions authorize the proceeds to be sent to a financial intermediary of the seller, OR
2. A corporate seller that has no permanent place of business in California immediately after the transfer of title to the California property.

The buyer may become subject to penalty for failure to withhold an amount equal to the greater of 10 percent of the amount required to be withheld or five hundred dollars (\$500).

However, notwithstanding any other provision included in the California statutes referenced above, no buyer will be required to withhold any amount or be subject to penalty for failure to withhold if any of the following apply:

1. The sale price of the California real property conveyed does not exceed one hundred thousand dollars (\$100,000).
2. The seller executes a written certificate, under the penalty of perjury, certifying that the seller is a corporation with a permanent place of business in California.
3. The seller, who is an individual, trust, estate or a corporation without a permanent place of business in California, executes a written certificate, under the penalty of perjury, of any of the following:
 - A. The California real property being conveyed is the seller's or decedent's principal residence (within the meaning of Section 121 of the Internal Revenue Code).
 - B. The last use of the property being conveyed was use by the transferor as the transferor's principal residence within the meaning of Section 121 of the Internal Revenue Code.
 - C. The California real property being conveyed is or will be exchanged for property of like kind (within the meaning of Section 1031 of the Internal Revenue Code), but only to the extent of the amount of gain not required to be recognized for California income tax purposes under Section 1031 of the Internal Revenue Code.
 - D. The California real property has been compulsorily or involuntarily converted (within the meaning of Section 1033 of the Internal Revenue Code) and that the seller intends to acquire property similar or related in service or use so as to be eligible for non recognition of gain for California income tax purposes under Section 1033 of the Internal Revenue Code.
 - E. The California real property transaction will result in a loss or net gain not required to be recognized for California income tax purposes.

The seller is subject to penalty for knowingly filing a fraudulent certificate for the purpose of avoiding the withholding requirement.

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Fidelity National Title Group of Companies' Privacy Statement

July 1, 2001

We recognize and respect the privacy expectations of today's consumers and the requirements of applicable federal and state privacy laws. We believe that making you aware of how we use your non-public personal information ("Personal Information"), and to whom it is disclosed, will form the basis for a relationship of trust between us and the public that we serve. This Privacy Statement provides that explanation. We reserve the right to change this Privacy Statement from time to time consistent with applicable privacy laws.

In the course of our business, we may collect Personal Information about you from the following sources:

- From applications or other forms we receive from you or your authorized representative;
- From your transactions with, or from the services being performed by, us, our affiliates, or others;
- From our internet web sites;
- From the public records maintained by governmental entities that we either obtain directly from those entities, or from our affiliates or others; and
- From consumer or other reporting agencies.

Our Policies Regarding the Protection of the Confidentiality and Security of Your Personal Information

We maintain physical, electronic and procedural safeguards to protect your Personal Information from unauthorized access or intrusion. We limit access to the Personal Information only to those employees who need such access in connection with providing products or services to you or for other legitimate business purposes.

Our Policies and Practices Regarding the Sharing of Your Personal Information

We may share your Personal Information with our affiliates, such as insurance companies, agents, and other real estate settlement service providers. We also may disclose your Personal Information:

- to agents, brokers or representatives to provide you with services you have requested;
- to third-party contractors or service providers who provide services or perform marketing or other functions on our behalf; and
- to others with whom we enter into joint marketing agreements for products or services that we believe you may find of interest.

In addition, we will disclose your Personal Information when you direct or give us permission, when we are required by law to do so, or when we suspect fraudulent or criminal activities. We also may disclose your Personal Information when otherwise permitted by applicable privacy laws such as, for example, when disclosure is needed to enforce our rights arising out of any agreement, transaction or relationship with you.

One of the important responsibilities of some of our affiliated companies is to record documents in the public domain. Such documents may contain your Personal Information.

Right to Access Your Personal Information and Ability to Correct Errors or Request Changes or Deletion

Certain states afford you the right to access your Personal Information and, under certain circumstances, to find out to whom your Personal Information has been disclosed. Also, certain states afford you the right to request correction, amendment or deletion of your Personal Information. We reserve the right, where permitted by law, to charge a reasonable fee to cover the costs incurred in responding to such requests.

All requests must be made in writing to the following address:

Fidelity National Title Group, Inc
Privacy Compliance Officer
601 Riverside Avenue
Jacksonville, FL 32204

Multiple Products or Services

If we provide you with more than one financial product or service, you may receive more than one privacy notice from us. We apologize for any inconvenience this may cause you.

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