

**DRAFT**

[LETTER OF INTENT FORMAT]

\_\_\_\_\_, 201\_

Successor Agency to the Industry  
Urban-Development Agency  
15625 E. Stafford Street  
City of Industry, CA 91744  
Attn: Kevin Radecki, Executive Director

RE: Letter of Intent to Purchase \_\_\_\_\_ (the "Property")

Ladies and Gentlemen:

\_\_\_\_\_, a \_\_\_\_\_ ("Buyer") hereby submits six (6) copies of this executed, non-binding Letter of Intent to purchase the above-referenced Property from the Successor Agency to the Industry-Urban Development Agency ("Seller").

Purchase Price: \_\_\_\_\_ Dollars (\$\_\_\_\_\_); however, Buyer acknowledges that the Purchase Price shall not be less than the fair market value of the Property as determined by an appraisal prepared by a duly licensed MAI appraiser to be selected by Seller, which appraisal has not yet obtained (the "Purchase Price").

Appraisal Costs: Buyer shall reimburse Seller for Seller's appraisal costs through the escrow at the closing

Deposits: Within five (5) business days after escrow is opened, Buyer shall deposit one percent (1%) of the Purchase Price into escrow (the "Initial Deposit") which shall be refundable (less an escrow cancellation fee) if Buyer terminates the Purchase Agreement (described below) before the end of the Due Diligence Period (defined below). If Buyer does not so terminate, Buyer shall make another deposit (the "Additional Deposit") in an amount equal to four percent (4%) of the Purchase Price. The Initial Deposit and Additional Deposit shall constitute liquidated damages payable to Seller in the event of a Buyer default and shall otherwise be applied to the Purchase Price at closing

Due Diligence: Buyer shall have sixty (60) calendar days after the date of the Purchase Agreement (the "Due Diligence Period") to examine documents relating to the Property on the Seller's website under the link "Properties for Sale-Information and Documents Available", perform inspections and a survey, and approve or disapprove the title exceptions in a title report, all at Buyer's sole cost and expense. If Buyer terminates the Purchase Agreement, Buyer shall provide copies of all due diligence reports, surveys, studies, etc. prepared by or at the direction of Buyer, to Seller within five (5) business days after the termination

Seller's Name  
Date  
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Project; Completion Deadline: Buyer shall covenant to build the following project (the "Project") on the Property on or before \_\_\_\_\_, 20\_\_ (subject to force majeure delays):

\_\_\_\_\_  
\_\_\_\_\_.

Documents Delivered by Buyer: Enclosed are all of the following: (i) copies of the organizational documents of Buyer; (ii) a statement as to whether Buyer intends to form a new legal entity to take title to the Property and to take an assignment of the Purchase Agreement (and if so, a description of its type, structure and state of organization); (iii) reasonable evidence (such as financial statements, bank account statements, and loan letters of intent) describing the equity capital and loan(s) that Buyer will obtain in order to finance the purchase and/or construction of the Project, as well as a preliminary Project budget; (iv) an estimate of the jobs anticipated to be created by the Project after completion; (v) a detailed narrative description of the Project, with a site plan stating the approximate square footage of each building; (vi) an estimate of assessed value upon completion, with a brief explanation as to how it was calculated; and (vii) an estimate of projected annual sales tax revenue, with a brief explanation as to how it was calculated.

Closing: The closing shall occur within thirty (30) days after the Due Diligence Period.

AS-IS Purchase: The Property is being sold on an "AS IS" basis, without representation or warranty, express or implied.

Escrow Company/  
Title Company: First American Title Insurance Company.

Title & Escrow Fees: Seller will pay the premium for a CLTA title insurance policy and transfer taxes. Escrow fees shall be split 50/50. Buyer shall have the right to require an ALTA Extended Coverage Policy, but in that case Buyer shall obtain the necessary survey and pay the additional cost of the extended coverage. Buyer shall pay for all title insurance endorsements.

Brokers: Buyer must pay any commissions payable to Buyer's broker, if any. Seller has not engaged a broker.

Non-Binding Letter of Intent This Letter of Intent shall serve only as an expression of the Buyer's interest in exploring the possibility of purchasing the Property; it shall not constitute a legally binding agreement and shall not create any rights, duties or obligations on the part, or in favor, of the Buyer or Seller. Buyer and Seller shall be legally bound with respect to the sale of the Property if, and only if, they approve, execute and deliver the Purchase Agreement,

Seller's Name  
Date  
Page 3

which is subject to the approval of the Oversight Board to the Seller and the California Department of Finance.

Purchase Agreement: Buyer agrees that the Purchase Agreement shall be in the form attached hereto as Exhibit "A".

[Right of Entry Agreement: FOR IMPROVED PROPERTIES ONLY: Prior to execution of the Purchase Agreement, upon Seller's selection of Buyer's proposal to acquire the Property, Seller and Buyer shall enter into a right of entry agreement in the form attached hereto as Exhibit "B" to permit preliminary inspections by Buyer of the improvements on the Property.]

PROSPECTIVE BUYER:

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

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**DRAFT**

EXHIBIT "A"

FORM OF PURCHASE AGREEMENT

(Attached.)

EXHIBIT "B"

FORM OF RIGHT OF ENTRY AGREEMENT (FOR IMPROVED PROPERTIES)

RIGHT OF ENTRY AND ACCESS AGREEMENT

THIS RIGHT OF ENTRY AND ACCESS AGREEMENT (herein called this "Agreement") is made and entered into as of \_\_\_\_\_, 2014 (the "Effective Date"), by \_\_\_\_\_, a \_\_\_\_\_ (herein called "Grantor"), and the SUCCESSOR AGENCY TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY, and \_\_\_\_\_, a \_\_\_\_\_ (herein called "Grantee").

W I T N E S S E T H:

WHEREAS, Grantor is the owner of the real property more particularly described on Exhibit A, attached hereto and incorporated herein by reference (herein called the "Property");

WHEREAS, Grantor and Grantee contemplate entering into a Purchase Agreement related to the Property (the "Purchase Agreement");

WHEREAS, Grantee has requested the right of entry upon and access to the Property for the purpose of preliminary inspections of the improvements thereon that do not include any invasive testing (herein called the "Due Diligence Activities") in connection with the proposed acquisition by Grantee of the Property under the Purchase Agreement;

WHEREAS, Grantor has agreed to grant to Grantee, and Grantee has agreed to accept from Grantor, a non-exclusive, revocable license to enter upon the Property to perform the Due Diligence Activities in accordance with the terms and provisions of this Agreement;

WHEREAS, Grantor and Grantee desire to execute and enter into this Agreement for the purpose of setting forth their agreement with respect to the Due Diligence Activities and Grantee's entry upon the Property.

NOW, THEREFORE, for and in consideration of the foregoing premises, the mutual covenants and agreements contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Grantor and Grantee do hereby covenant and agree as follows:

1. Access by Grantee.

(a) Subject to Grantee's compliance with the terms and provisions of this Agreement, until the earlier to occur of (i) the date which is thirty (30) days from the Effective Date, (ii) the Grantor's execution of a Purchase Agreement for the Property, or (iii) the earlier termination of this Agreement, Grantee and Grantee's agents, employees, contractors,

representatives and other designees (herein collectively called “Grantee’s Designees”) shall have the right to enter upon the Property for the purpose of conducting the Due Diligence Activities.

(b) Grantee expressly agrees as follows: (i) any activities by or on behalf of Grantee, including, without limitation, the entry by Grantee or Grantee’s Designees onto the Property in connection with the Due Diligence Activities shall not damage the Property in any manner whatsoever (or disturb or interfere with the rights or possession of any tenant or subtenant on the Property), (ii) in the event the Property is altered or disturbed in any manner in connection with the Due Diligence Activities, Grantee shall immediately return the Property to the condition existing prior to the Due Diligence Activities, and (iii) Grantee, to the maximum extent allowed by law, shall indemnify, defend and hold Grantor harmless from and against any and all claims, liabilities, damages, losses, costs and expenses of any kind or nature whatsoever (including, without limitation, attorneys’ fees and expenses and court costs) suffered, incurred or sustained by Grantor as a result of, by reason of, or in connection with the Due Diligence Activities or the entry by Grantee or Grantee’s Designees onto the Property.

2. Lien Waivers. Grantee will provide Grantor with lien waivers following completion of the Due Diligence Activities from each and every contractor, materialman, engineer, architect and surveyor who might have lien rights, in form and substance reasonably satisfactory to Grantor and its counsel. To the extent permitted by applicable law, Grantee shall defend and indemnify Grantor from and against any claims or demands for payment, and any liens or lien claims made against Grantor or the Property as a result of the Due Diligence Activities.

3. Insurance. Prior to entry onto the Property, Grantee shall, and shall cause all of Grantee’s Designees performing the Due Diligence Activities to, procure or maintain a policy of commercial general liability insurance issued by an insurer reasonably satisfactory to Grantor covering each of the Due Diligence Activities with a single limit of liability (per occurrence and aggregate) of not less than \$1,000,000.00, and to deliver to Grantor a certificate of insurance and copy of additional insured endorsement naming Seller as named additional insured, evidencing that such insurance is in force and effect, and evidencing that Grantor has been named as an additional insured thereunder with respect to the Due Diligence Activities. Such insurance shall be maintained in force throughout the term of this Agreement.

4. Successors. To the extent any rights or obligations under this Agreement remain in effect, this Agreement shall be binding upon and enforceable against, and shall inure to the benefit of, the parties hereto and their respective heirs, legal representatives, successors and permitted assigns.

5. Limitations. Grantor does not hereby convey to Grantee any right, title or interest in or to the Property, but merely grants the specific rights and privileges hereinabove set forth.

6. Notices. Whenever any notice, demand, or request is required or permitted under this Agreement, such notice, demand, or request shall be in writing and shall be delivered by hand, be sent by registered or certified mail, postage prepaid, return receipt requested, or shall be

sent by nationally recognized commercial courier for next business day delivery, to the addresses set forth below the respective executions of the parties hereof, or to such other addresses as are specified by written notice given in accordance herewith. All notices, demands, or requests delivered by hand shall be deemed given upon the date so delivered; those given by mailing shall be deemed given on the date of deposit in the United States Mail; those given by commercial courier shall be deemed given on the date of deposit with the commercial courier.

7. Assignment. This Agreement may not be assigned by Grantee.
8. Governing Law. This Agreement shall be construed, enforced and interpreted in accordance with the laws of the State of California.
9. Termination. This Agreement can be terminated by Grantor at any time and for any reason, or no reason, upon written notice from Grantor to Grantee.
10. Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed an original, and all of such counterparts together shall constitute one and the same instrument.
11. No Recording of Agreement or Memorandum of Agreement. In no event shall this Agreement or any memorandum hereof be recorded in the Official Records of Los Angeles County, California, and any such recordation or attempted recordation shall constitute a breach of this Agreement by the party responsible for such recordation or attempted recordation.

IN WITNESS WHEREOF, Grantor and Grantee have caused this Agreement to be executed and sealed, on the day and year first written above.

GRANTEE:

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

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

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

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

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

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

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

Address for notices: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

GRANTOR:

SUCCESSOR AGENCY TO THE  
INDUSTRY URBAN-DEVELOPMENT AGENCY

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

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

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

Attest:

\_\_\_\_\_

Address for notices: Successor Agency to the Industry Urban-Development Agency  
15625 East Stafford Street, Suite 100  
City of Industry, California 91744  
Attention: Mr. Kevin Radecki

With a copy to: Richards, Watson & Gershon  
355 South Grand Avenue, 40th Floor  
Los Angeles, California 90071  
Attn.: Jim G. Grayson, Esq.

EXHIBIT A

LEGAL DESCRIPTION OF THE PROPERTY

THE LAND REFERRED TO HEREIN IS SITUATED IN THE STATE OF CALIFORNIA,  
COUNTY OF LOS ANGELES, DESCRIBED AS FOLLOWS:

**DRAFT**

**EXHIBIT "A"**

**FORM OF PURCHASE AGREEMENT**

(Attached.)

**EXHIBIT "B"**

**FORM OF RIGHT OF ENTRY AGREEMENT (FOR IMPROVED PROPERTIES)**

**RIGHT OF ENTRY AND ACCESS AGREEMENT**

THIS RIGHT OF ENTRY AND ACCESS AGREEMENT (herein called this "Agreement") is made and entered into as of \_\_\_\_\_, 2014 (the "Effective Date"), by \_\_\_\_\_, a \_\_\_\_\_ (herein called "Grantor"), and the **SUCCESSOR AGENCY TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY**, and \_\_\_\_\_, a \_\_\_\_\_ (herein called "Grantee").

**WITNESSETH:**

WHEREAS, Grantor is the owner of the real property more particularly described on **Exhibit A**, attached hereto and incorporated herein by reference (herein called the "Property");

WHEREAS, Grantor and Grantee contemplate entering into a Purchase Agreement related to the Property (the "**Purchase Agreement**");

WHEREAS, Grantee has requested the right of entry upon and access to the Property for the purpose of preliminary inspections of the improvements thereon that do not include any invasive testing (herein called the "**Due Diligence Activities**") in connection with the proposed acquisition by Grantee of the Property under the Purchase Agreement;

WHEREAS, Grantor has agreed to grant to Grantee, and Grantee has agreed to accept from Grantor, a non-exclusive, revocable license to enter upon the Property to perform the Due Diligence Activities in accordance with the terms and provisions of this Agreement;

WHEREAS, Grantor and Grantee desire to execute and enter into this Agreement for the purpose of setting forth their agreement with respect to the Due Diligence Activities and Grantee's entry upon the Property.

NOW, THEREFORE, for and in consideration of the foregoing premises, the mutual covenants and agreements contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Grantor and Grantee do hereby covenant and agree as follows:

1. Access by Grantee.

(a) Subject to Grantee's compliance with the terms and provisions of this Agreement, until the earlier to occur of (i) the Grantor's execution of a Purchase Agreement for the Property, or (ii) the earlier termination of this Agreement, Grantee and Grantee's agents, employees, contractors, representatives and other designees (herein collectively called

“Grantee’s Designees”) shall have the right to enter upon the Property for the purpose of conducting the Due Diligence Activities.

(b) Grantee expressly agrees as follows: (i) any activities by or on behalf of Grantee, including, without limitation, the entry by Grantee or Grantee’s Designees onto the Property in connection with the Due Diligence Activities shall not damage the Property in any manner whatsoever (or disturb or interfere with the rights or possession of any tenant or subtenant on the Property), (ii) in the event the Property is altered or disturbed in any manner in connection with the Due Diligence Activities, Grantee shall immediately return the Property to the condition existing prior to the Due Diligence Activities, and (iii) Grantee, to the maximum extent allowed by law, shall indemnify, defend and hold Grantor harmless from and against any and all claims, liabilities, damages, losses, costs and expenses of any kind or nature whatsoever (including, without limitation, attorneys’ fees and expenses and court costs) suffered, incurred or sustained by Grantor as a result of, by reason of, or in connection with the Due Diligence Activities or the entry by Grantee or Grantee’s Designees onto the Property.

2. Lien Waivers. Grantee will provide Grantor with lien waivers following completion of the Due Diligence Activities from each and every contractor, materialman, engineer, architect and surveyor who might have lien rights, in form and substance reasonably satisfactory to Grantor and its counsel. To the extent permitted by applicable law, Grantee shall defend and indemnify Grantor from and against any claims or demands for payment, and any liens or lien claims made against Grantor or the Property as a result of the Due Diligence Activities.

3. Insurance. Prior to entry onto the Property, Grantee shall, and shall cause all of Grantee’s Designees performing the Due Diligence Activities to, procure or maintain a policy of commercial general liability insurance issued by an insurer reasonably satisfactory to Grantor covering each of the Due Diligence Activities with a single limit of liability (per occurrence and aggregate) of not less than \$1,000,000.00, and to deliver to Grantor a certificate of insurance and copy of additional insured endorsement naming Seller as named additional insured, evidencing that such insurance is in force and effect, and evidencing that Grantor has been named as an additional insured thereunder with respect to the Due Diligence Activities. Such insurance shall be maintained in force throughout the term of this Agreement.

4. Successors. To the extent any rights or obligations under this Agreement remain in effect, this Agreement shall be binding upon and enforceable against, and shall inure to the benefit of, the parties hereto and their respective heirs, legal representatives, successors and permitted assigns.

5. Limitations. Grantor does not hereby convey to Grantee any right, title or interest in or to the Property, but merely grants the specific rights and privileges hereinabove set forth.

6. Notices. Whenever any notice, demand, or request is required or permitted under this Agreement, such notice, demand, or request shall be in writing and shall be delivered by hand, be sent by registered or certified mail, postage prepaid, return receipt requested, or shall be

sent by nationally recognized commercial courier for next business day delivery, to the addresses set forth below the respective executions of the parties hereof, or to such other addresses as are specified by written notice given in accordance herewith. All notices, demands, or requests delivered by hand shall be deemed given upon the date so delivered; those given by mailing shall be deemed given on the date of deposit in the United States Mail; those given by commercial courier shall be deemed given on the date of deposit with the commercial courier.

7. Assignment. This Agreement may not be assigned by Grantee.

8. Governing Law. This Agreement shall be construed, enforced and interpreted in accordance with the laws of the State of California.

9. Termination. This Agreement can be terminated by Grantor at any time and for any reason, or no reason, upon written notice from Grantor to Grantee.

10. Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed an original, and all of such counterparts together shall constitute one and the same instrument.

11. No Recording of Agreement or Memorandum of Agreement. In no event shall this Agreement or any memorandum hereof be recorded in the Official Records of Los Angeles County, California, and any such recordation or attempted recordation shall constitute a breach of this Agreement by the party responsible for such recordation or attempted recordation.

IN WITNESS WHEREOF, Grantor and Grantee have caused this Agreement to be executed and sealed, on the day and year first written above.

**GRANTEE:**

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

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Address for notices: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**GRANTOR:**

SUCCESSOR AGENCY TO THE  
INDUSTRY URBAN-DEVELOPMENT AGENCY

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

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

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

Attest:

\_\_\_\_\_

Address for notices: Successor Agency to the Industry Urban-Development Agency  
15625 East Stafford Street, Suite 100  
City of Industry, California 91744  
Attention: Mr. Kevin Radecki

With a copy to: Richards, Watson & Gershon  
355 South Grand Avenue, 40th Floor  
Los Angeles, California 90071  
Attn.: Jim G. Grayson, Esq.

**EXHIBIT A**

**LEGAL DESCRIPTION OF THE PROPERTY**

THE LAND REFERRED TO HEREIN IS SITUATED IN THE STATE OF CALIFORNIA,  
COUNTY OF LOS ANGELES, DESCRIBED AS FOLLOWS:

2. Exhibit A to LOI—Sample Purchase and Sale Agreement

**DRAFT**

**PURCHASE AGREEMENT**

[ ]

SUCCESSOR AGENCY TO THE  
INDUSTRY URBAN-DEVELOPMENT AGENCY,  
“Agency”

\_\_\_\_\_

a \_\_\_\_\_  
“Developer”

\_\_\_\_\_, 2014

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**PURCHASE AGREEMENT**

[\_\_\_\_\_]

THIS PURCHASE AGREEMENT [\_\_\_\_\_] (this “**Agreement**”), dated as of \_\_\_\_\_, 2014 (the “**Effective Date**”) is entered into by and between the **SUCCESSOR AGENCY TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY** (the “**Agency**”), and \_\_\_\_\_ (the “**Developer**”). The Agency and the Developer are hereinafter sometimes individually referred to as a “**party**” and collectively referred to as the “**parties**”.

**RECITALS**

This Agreement is entered into with reference to the following facts:

A. The Agency owns the fee interest in that certain real property located in the City of Industry, County of Los Angeles, State of California, as more particularly described in Exhibit “A” attached hereto and incorporated herein by this reference (such real property is referred to herein as the “**Property**”). The Developer wishes to acquire fee title to the Property from the Agency to enable the Developer to construct the Improvements (as such term is defined in Section 1.1.24) on the Property (the “**Project**”).

B. Development of the Project will assist in the elimination of blight, provide jobs, and substantially improve the economic and physical conditions in the City, and is in the best interests of the Agency and City, and the health, safety and welfare of the residents and taxpayers of the City.

C. A material inducement to the Agency to enter into this Agreement is the agreement by the Developer to develop the Project within a limited period of time, and the Agency would be unwilling to enter into this Agreement in the absence of an enforceable commitment by the Developer to develop the Project within such period of time.

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

**ARTICLE 1**  
**DEFINITIONS**

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

1.1.1 Agency means the Successor Agency to the Industry Urban-Development Agency. The principal office of the Agency is located at 15625 East Stafford Street, Suite 100, City of Industry, California 91744.

1.1.2 Agreement means this Purchase Agreement.

1.1.3 Breach Notice is defined in Section 5.7.

1.1.4 Certificate of Completion means a certificate described in Section 3.9, to be provided by the Agency to the Developer upon satisfactory completion of construction of the Improvements.

1.1.5 Certificate of Occupancy means a final certificate of occupancy issued by the City for all of the Improvements.

1.1.6 City means the City of Industry, a municipal corporation, exercising governmental functions and powers, and organized and existing under the laws of the State of California. The principal office of the City is located at 15625 East Stafford Street, City of Industry, California 91744.

1.1.7 Close of Escrow and Closing are defined in Section 2.3.2.

1.1.8 Commencement Date is defined in Section 3.1.1.

1.1.9 Completion Date is defined in Section 3.1.1.

1.1.10 Construction Contract is defined in Section 3.3.

1.1.11 Deemed Disapproved Exceptions is defined in Section 2.5.2.

1.1.12 Default is defined in Section 6.2.

1.1.13 Deposit is defined in Section 2.2.1.

1.1.14 Developer means \_\_\_\_\_, a \_\_\_\_\_. The principal office of the Developer for purposes of this Agreement is \_\_\_\_\_.

1.1.15 Disapproved Exceptions is defined in Section 2.5.2.

1.1.16 Disapproval Notice is defined in Section 2.5.2.

1.1.17 Due Diligence Period is defined in Section 2.7.

1.1.18 Escrow is defined in Section 2.3.1.

1.1.19 Escrow Holder means First American Title Insurance Company. The principal office of the Escrow Holder for purposes of this Agreement is 18500 Von Karman Avenue, Suite 600, Irvine, California 92612, Attention: Patty Beverly, Escrow Officer, Telephone: (949) 885-2465, Fax: (877) 372-0260, Email: [pbeverly@firstam.com](mailto:pbeverly@firstam.com).

1.1.20 General Contractor is defined in Section 3.3.

1.1.21 Grant Deed is defined in Section 2.5.3.

1.1.22 Hazardous Materials means any chemical, material or substance now or hereafter defined as or included in the definition of "hazardous substances," "hazardous wastes," "hazardous materials," "extremely hazardous waste," "restricted hazardous waste," "toxic

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

1.1.23 Holder is defined in Section 4.2.2.

1.1.24 Improvements means the improvements described in Section 3.1.1.

1.1.25 Outside Date is defined in Section 2.3.2.

1.1.26 Plans and Specifications means the plans and specifications approved by the City for construction of the Improvements.

1.1.27 Project is defined in Recital A.

1.1.28 Property is defined in Recital A.

1.1.29 Purchase Price is defined in Section 2.1.

1.1.30 Released Parties is defined in Section 2.8.

1.1.31 Review Period is defined in Section 2.5.2.

1.1.32 Right of Entry Agreement is defined in Section 2.7.

1.1.33 Schedule of Performance means the schedule attached hereto as Exhibit “B” and incorporated herein by this reference.

1.1.34 Survey is defined in Section 2.5.1.

1.1.35 Title Company is defined in Section 2.5.4.

1.1.36 Title Policy is defined in Section 2.5.4.

1.1.37 Title Report is defined in Section 2.5.1.

1.1.38 Transaction Costs means all costs incurred by either party in entering into this transaction and closing Escrow, including but not limited to escrow fees and costs, attorney's fees, staff time, appraisal costs, and costs of financial advisors and other consultants.

## **ARTICLE 2 PURCHASE AND SALE OF THE PROPERTY**

2.1 Purchase and Sale. The Agency agrees to sell the Property to the Developer, and the Developer agrees to purchase the Property from the Agency, for the sum of \_\_\_\_\_ Dollars (\$ \_\_\_\_\_) (the "**Purchase Price**"). In addition, Developer shall reimburse the Agency for the Agency's costs of obtaining an appraisal of the Property and the Agency's legal costs in connection with this Agreement and the disposition of the Property under this Agreement; such costs are \$ \_\_\_\_\_ (the "**Disposition Costs**") and will be paid by Developer to Agency at the Closing through the Escrow (as hereinafter defined).

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

2.2.1 Deposit. Within five (5) business days following the opening of Escrow, Developer shall deposit with Escrow Holder the sum of \_\_\_\_\_ Dollars (\$ \_\_\_\_\_) [1% OF PURCHASE PRICE], and unless Developer terminates this Agreement during the Due Diligence Period under Section 2.7 below, Developer shall deposit with Escrow Holder an additional \$ \_\_\_\_\_ [4% OF PURCHASE PRICE] within five (5) business days following the Due Diligence Period, all in the form of certified or bank cashier's checks made payable to Escrow Holder or by confirmed wire transfers of funds (collectively, the "**Deposit**"). The Deposit shall be invested by Escrow Holder in an interest bearing account acceptable to Developer and Agency with all interest accruing thereon to be credited to the Purchase Price upon the Close of Escrow. Except as otherwise provided herein, the Deposit shall be applicable in full towards the Purchase Price upon Closing.

2.2.2 Closing Funds. Prior to the Close of Escrow, Developer shall deposit or cause to be deposited with Escrow Holder, by a certified or bank cashier's check made payable to Escrow Holder or by a confirmed federal wire transfer of funds, the balance of the Purchase Price, plus the Disposition Costs, plus an amount equal to all other costs, expense and prorrations payable by Developer hereunder.

## 2.3 Escrow.

2.3.1 Opening of Escrow. Within five (5) business days after the parties' full execution of this Agreement, the Developer and the Agency shall open an escrow (the "**Escrow**") with the Escrow Holder for the transfer of the Property to the Developer. The parties shall deposit with the Escrow Holder a fully executed duplicate original of this Agreement, which shall serve as the escrow instructions (which may be supplemented in writing by mutual agreement of the parties) for the Escrow. The Escrow Holder is authorized to act under this Agreement, and to carry out its duties as the Escrow Holder hereunder.

2.3.2 Close of Escrow. "**Close of Escrow**" or "**Closing**" means the date Escrow Holder causes the Grant Deed (as hereinafter defined) to be recorded in the Official Records of the County of Los Angeles and delivers the Purchase Price and Disposition Costs (less any costs, expenses and prorations payable by the Agency) to the Agency. Possession of the Property shall be delivered to the Developer on the Close of Escrow. Close of Escrow shall occur within thirty (30) days following the expiration of the Due Diligence Period (the "**Outside Date**") or this Agreement shall automatically terminate. If the Closing does not occur on or before the Outside Date due to a default by either party, then the defaulting party shall pay all Escrow cancellation fees (and if the defaulting party is the Developer, then the Agency shall be entitled to the Deposit under Section 6.3.1). If the Closing does not occur due to a termination by Developer under Section 2.5.2, then the Deposit shall be returned to Developer, and Developer shall pay all Escrow cancellation fees (which may be deducted from the Deposit). If the Closing does not occur for any other reason, then this Agreement shall automatically terminate, the Deposit shall be promptly returned to the Developer, and each party shall pay one half (1/2) of any Escrow cancellation charges.

## 2.3.3 Delivery of Closing Documents.

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

(i) The Grant Deed, duly executed and acknowledged by the Agency, conveying a fee simple interest in the Property to Developer, subject only to such exceptions to title as Developer may have approved or have been deemed to approve pursuant to Section 2.5.2;

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

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

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

The Agency and the Developer further agree to execute such reasonable and customary additional documents, and such additional escrow instructions, as may be reasonably required to close the transaction which is the subject of this Agreement pursuant to the terms hereof.

2.4 Conditions to Close of Escrow. The obligations of the Agency and Developer to close the transaction which is the subject of this Agreement shall be subject to the satisfaction, or waiver in writing by the party benefited thereby, of each of the following conditions:

2.4.1 For the benefit of the Agency, the Developer shall have deposited the balance of the Purchase Price, together with such funds as are necessary to pay for costs, expenses and prorations payable by Developer hereunder (including the Agency's appraisal costs).

2.4.2 For the benefit of the Agency, all actions and deliveries to be undertaken or made by Developer on or prior to the Close of Escrow as set forth in the Schedule of Performance shall have occurred, as reasonably determined by the Agency.

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

2.4.4 For the benefit of the Agency, all Agency approvals required by the Schedule of Performance to be obtained prior to the Close of Escrow shall have been so obtained.

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

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

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

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

2.4.9 For the benefit of the Developer, Title Company shall be irrevocably committed to issuing in favor of the Developer the Title Policy, in form and substance, and with endorsements reasonably acceptable to the Developer, as provided in Section 2.5.2.

If all the foregoing conditions have not been met to the benefitted party's sole satisfaction or expressly waived in writing by the benefitted party on or before the respective dates set forth therein, or if no date is set forth therein on the Outside Date, then this Agreement shall, at the option of the benefitted party, become null and void, in which event, except as expressly set forth in this Agreement, neither party shall have any further rights, duties or obligations hereunder, and Developer shall be entitled to the immediate refund of the Deposit.

## 2.5 Condition of Title; Survey; Title Insurance.

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

2.5.2 The Developer shall until the expiration of the Due Diligence Period (the "**Review Period**") to disapprove any exceptions to title shown on the Title Report or reflected on the Survey (collectively, "**Disapproved Exceptions**") and to provide Agency with notice thereof describing the defect with reasonable particularity (the "**Disapproval Notice**"). Any exceptions to title not disapproved within the Review Period shall be deemed approved. Within five (5) days after the Agency's receipt of the Disapproval Notice, the Agency shall notify the Developer whether or not the Agency intends to remove the Disapproved Exceptions. The Agency shall be under no obligation to remove any Disapproved Exception, but the Agency agrees to cooperate in good faith with the Developer in the Developer's efforts to eliminate any Disapproved Exception, provided the Agency is not obligated to pay any sum or assume any liability in connection with the elimination of any such Disapproved Exception. If the Agency notifies the Developer that the Agency intends to eliminate any Disapproved Exception, the Agency shall do so concurrently with or prior to the Close of Escrow. If the Agency notifies the Developer that the Agency does not intend to eliminate any Disapproved Exception(s), the Developer, by notifying the Agency within five (5) days after its receipt of such notice, may elect to terminate this Agreement and receive a refund of the Deposit or take the Property subject to the Disapproved Exception(s). If Developer desires to terminate this Agreement, it shall be a condition of such termination that Developer deliver to Agency copies of all due diligence reports and studies. Notwithstanding the foregoing, the Agency covenants to pay in full all loans secured by deeds of trust, any mechanics' and materialmen's liens, and any other monetary liens (other than liens for charges, assessments, taxes, and impositions subject to proration as provided in Section 2.6.2) (collectively, the "**Deemed Disapproved Exceptions**") prior to, or concurrently with, the Close of Escrow, and Escrow Holder is hereby directed to cause the same to be paid from the Purchase Price. The Title Policy shall include such endorsements as the Developer shall reasonably request. Any endorsements to the Title Policy are to be paid for by the Developer. Notwithstanding the foregoing, the Developer may notify the Agency of its disapproval of an exception to title (including exceptions reflected on the Survey) first raised by Title Company or the surveyor after the Review Period, or otherwise first disclosed to the Developer after the Review Period, by the earlier of (a) within ten (10) days after the same was

first raised or disclosed to the Developer in writing, and (b) fifteen (15) days prior to the Close of Escrow. With respect to any exceptions disapproved by the Developer in such notice, the Agency shall have the same option to eliminate such exceptions that applies to Disapproved Exceptions, and the Developer shall have the same option to accept title subject to such exceptions or to terminate this Agreement and receive a refund of the Deposit.

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

2.5.4 At Closing, the Developer shall receive a CLTA Owner's Coverage Policy of Title Insurance (the "**Title Policy**"), together with all endorsements requested by the Developer, issued by First American Title Insurance Company ("**Title Company**") in the amount of the Purchase Price, insuring that title to the Property is free and clear of all Disapproved Exceptions, all Deemed Disapproved Exceptions and all liens, easements, covenants, conditions, restrictions, and other encumbrances of record except (a) current taxes and assessments of record, but not any overdue or delinquent taxes or assessments, (b) the matters set forth or referenced in the Grant Deed, and (c) such other encumbrances as the Developer approves in writing including those reflected in the Title Report for the Property approved by Developer, or as are deemed approved by Developer as provided in Section 2.5.2. The Developer may obtain an extended coverage policy of title insurance at its own costs.

## 2.6 Escrow and Title Charges; Prorations.

2.6.1 The Agency shall pay all documentary transfer taxes and the coverage premiums on the standard CLTA Title Policy. Developer shall pay the costs of (i) any Survey obtained by the Developer, (ii) any endorsements to the Title Policy and (iii) any title insurance premiums for any coverage over and above the standard policy coverage on the CLTA Title Policy to be paid by the Agency. In addition, the Developer and the Agency shall each pay one-half of any and all other usually and customary costs, expense and charges relating to the escrow and conveyance of title to the Property, including without limitation, recording fees, document preparation charges and escrow fees. Each party shall be responsible for its own Transaction Costs.

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

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

2.7 Due Diligence Period; Access. During the period (the “**Due Diligence Period**”) commencing on the Effective Date and ending at 5:00 p.m. on the date which is sixty (60) days after the Effective Date, the Developer may inspect the Property as necessary to (i) approve all zoning and land use matters relating to the Property, (ii) approve the physical condition of the Property, and (iii) satisfy any due diligence requirements of the Developer’s lender, if any. Subject to the terms of the Right of Entry and Access Agreement in the form of which is attached hereto as Exhibit “D” (the “**Right of Entry Agreement**”), the Developer and its agents shall have the right to enter upon the Property during the Due Diligence Period to make inspections and other examinations of the Property and the improvements thereon, including without limitation, the right to perform surveys, soil and geological tests of the Property and the right to perform environmental site assessments and studies of the Property. Prior to the Developer’s entry upon the Property, the parties shall execute the Right of Entry Agreement. The Agency shall reasonably cooperate with the Developer in its conduct of the due diligence review during the Due Diligence Period. In the event the Developer does not approve of the condition of the Property by written notice to the Agency prior to the expiration of the Due Diligence Period, this Agreement shall terminate, the Deposit shall be returned to Developer (including any interest earned thereon) and, except as otherwise expressly stated in this Agreement, neither party shall have any further rights or obligations to the other party.

2.8 Condition of the Property. The Property shall be conveyed from the Agency to the Developer on an “AS IS” condition and basis with all faults and the Developer agrees that the Agency has no obligation to make modifications, replacements or improvements thereto. Except as expressly and specifically provided in this Agreement, the Developer and anyone claiming by, through or under the Developer hereby waives its right to recover from and fully and irrevocably releases the Agency and the City, and their respective officers, directors, employees, representatives, agents, advisors, servants, attorneys, successors and assigns, and all persons, firms, corporations and organizations acting on the Agency’s or City’s behalf (collectively, the “**Released Parties**”) from any and all claims, responsibility and/or liability that the Developer may now have or hereafter acquire against any of the Released Parties for any costs, loss, liability, damage, expenses, demand, action or cause of action arising from or related to the matters pertaining to the Property described in this Section 2.8. This release includes claims of which the Developer is presently unaware or which the Developer does not presently suspect to exist which, if known by the Developer, would materially affect the Developer’s release of the Released Parties. If the Property is not in a condition suitable for the intended use or uses, then it is the sole responsibility and obligation of the Developer to take such action as may be necessary to place the Property in a condition suitable for development of the Project thereon. Except as otherwise expressly and specifically provided in this Agreement and without limiting the generality of the foregoing, THE AGENCY MAKES NO REPRESENTATION OR WARRANTY AS TO (i) THE VALUE OF THE PROPERTY; (ii) THE INCOME TO BE DERIVED FROM THE PROPERTY; (iii) THE HABITABILITY, MARKETABILITY, PROFITABILITY, MERCHANTABILITY OR FITNESS FOR PARTICULAR USE OF THE PROPERTY; (iv) THE MANNER, QUALITY, STATE OF REPAIR OR CONDITION OF THE PROPERTY; (v) THE COMPLIANCE OF OR BY THE PROPERTY OR ITS OPERATION WITH ANY LAWS, RULES, ORDINANCES OR REGULATIONS OF ANY

APPLICABLE GOVERNMENTAL AUTHORITY OR BODY; (vi) COMPLIANCE WITH ANY ENVIRONMENTAL PROTECTION OR POLLUTION LAWS, RULES, REGULATIONS, ORDERS OR REQUIREMENTS; (vii) THE PRESENCE OR ABSENCE OF HAZARDOUS MATERIALS AT, ON, UNDER OR ADJACENT TO THE PROPERTY; (viii) THE FACT THAT ALL OR A PORTION OF THE PROPERTY MAY BE LOCATED ON OR NEAR AN EARTHQUAKE FAULT LINE; AND (ix) WITH RESPECT TO ANY OTHER MATTER, THE DEVELOPER FURTHER ACKNOWLEDGES AND AGREES THAT HAVING BEEN GIVEN THE OPPORTUNITY TO INSPECT THE PROPERTY AND REVIEW INFORMATION AND DOCUMENTATION AFFECTING THE PROPERTY, THE DEVELOPER IS RELYING SOLELY ON ITS OWN INVESTIGATION OF THE PROPERTY AND REVIEW OF SUCH INFORMATION AND DOCUMENTATION AND NOT ON ANY INFORMATION PROVIDED OR TO BE PROVIDED BY THE AGENCY.

THE DEVELOPER HEREBY ACKNOWLEDGES THAT IT HAS READ AND IS FAMILIAR WITH THE PROVISIONS OF CALIFORNIA CIVIL CODE SECTION 1542, WHICH IS SET FORTH BELOW:

“A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.”

BY INITIALING BELOW, DEVELOPER HEREBY WAIVES THE PROVISIONS OF SECTION 1542 SOLELY IN CONNECTION WITH THE MATTERS WHICH ARE THE SUBJECT OF THE FOREGOING WAIVERS AND RELEASES.

Developer's Initials

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

2.9 Escrow Holder.

2.9.1 Escrow Holder is authorized and instructed to:

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

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

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

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

2.9.2 Any amendment of these escrow instructions shall be in writing and signed by both the Agency and the Developer.

2.9.3 All communications from the Escrow Holder to the Agency or the Developer shall be directed to the addresses and in the manner established in Section 7.3 of this Agreement for notices, demands and communications between the Agency and the Developer.

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

### **ARTICLE 3 DEVELOPMENT OF THE PROPERTY**

#### **3.1 Scope of Development.**

3.1.1 The “**Improvements**” to be completed by Developer shall be those described on Exhibit “E” attached hereto and incorporated herein by this reference. The Developer shall, subject to extension for force majeure delays as provided in Section 7.9 below, commence construction of the Project no later than the date \_\_\_\_\_ (\_\_\_\_) days after the Close of Escrow (“**Commencement Date**”). Subject to force majeure delays as provided in Section 7.9 below, the Project shall be completed no later than \_\_\_\_\_ (\_\_\_\_) days after the Commencement Date (“**Completion Date**”). To the extent of any inconsistency between the Schedule of Performance and this Section 3.1.1, this Section 3.1.1 shall control.

3.1.2 The Developer shall submit all appropriate Plans and Specifications pertaining to the Improvements to the City, and shall construct the Improvements, and all associated public infrastructure improvements required by the City, pursuant to the City’s conditions of approval, if any, and all parking areas and landscaping, in accordance with and within the limitations established therefor in this Agreement and as required by the City. The Developer shall also comply with any and all applicable federal, state and local laws, rules and regulations, and any applicable mitigation measures adopted pursuant to the California Environmental Quality Act. The Agency shall cooperate in all reasonable respects, at no out-of-pocket cost to the Agency, with the Developer’s pursuit and acquisition of permits and approvals for the Project from all applicable governmental and quasi-governmental agencies and public utilities.

3.2 Cost of Construction. The cost of constructing all Improvements and all public infrastructure improvements relating to the Project or required by the City or Agency in connection with the Project, if any, shall be borne by the Developer.

3.3 Construction Financing; Construction Contract. Prior to the date set forth in the Schedule of Performance, the Developer shall provide to the Agency (i) evidence reasonably acceptable to the Agency as to form and substance that the Developer has obtained a commitment to provide construction financing (or otherwise has sufficient funds committed) for the construction of the Improvements, and (ii) a copy of the fully executed construction contract (the "**Construction Contract**"), which Construction Contract shall obligate a reputable and financially responsible general contractor (the "**General Contractor**"), licensed in California and experienced in completing the type of improvements contemplated by this Agreement, to commence and complete the development of the Project in accordance with this Agreement, and all applicable laws, with the funds available for the Project. Such Construction Contract shall set forth a cost of construction, including fees to the General Contractor, consistent with the funding available to and obtained by the Developer to pay the cost of constructing the Improvements. The Agency shall also have the right to confirm that the Construction Contract will conform to the budget and cost breakdown approved by the Developer's construction lender. Developer shall obtain a Performance Bond and a labor and material payment bond in dual obligee form covering the performance of the General Contractor and such principal subcontractors for the Improvements as Agency may designate, and agrees to cause the Agency to be named as a co-obligee thereon. The terms of the performance bond and a labor and material payment bond and the bonding company shall be reasonably acceptable to Agency, and all required bonds and the contracts which they cover shall have been duly recorded or filed in accordance with applicable California law.

3.4 Construction Schedule. Subject to force majeure delays as provided in Section 7.9, the Developer shall begin and complete all construction within the times specified in the Schedule of Performance.

3.5 Progress of Construction. During construction of the Improvements on the Property, the Developer shall submit to the Agency within ten (10) days following each request of the Agency therefore (which requests shall be submitted no more frequently than monthly), a written report of the progress to date of the construction. The report shall be in such form and detail as to reasonably inform the Agency of the status of construction to date, and shall include a reasonable number of photographs (if so requested by the Agency) taken since the last report by the Developer.

3.6 Rights of Access. In addition to those rights of access to and across the Property to which the Agency and the City may be entitled by law, members of the staffs of the Agency and the City shall have a reasonable right of access to the Property, without charge or fee, at any reasonable time, to inspect the work being performed at the Property.

3.7 Local, State and Federal Laws. The Developer shall carry out the construction of the Improvements in conformity with all applicable laws, including all applicable federal, state and local prevailing wage laws, occupation, safety and health laws, rules, regulations and standards.

3.8 Nondiscrimination During Construction. The Developer, for itself and its successors and assigns, agrees that it shall not discriminate against any employee or applicant for employment because of age, sex, marital status, race, handicap, color, religion, creed, ancestry, or national origin in the construction of the Improvements.

3.9 Certificate of Completion.

3.9.1 After (i) completion of construction by the Developer of all of the Improvements, (ii) the Developer has obtained a Certificate of Occupancy, and (iii) the Developer has caused a notice of completion (as described in California Civil Code Section 3093) with respect to the Improvements to be recorded in the Official Records of Los Angeles County, California, the Agency shall, following written request by the Developer, furnish the Developer with a Certificate of Completion for the Improvements within ten (10) business days of such request. The Certificate of Completion shall be in the form attached hereto as Exhibit "F" and incorporated herein by this reference. The Agency shall not unreasonably withhold, condition or delay the issuance of the Certificate of Completion. The Certificate of Completion shall be, and shall so state that it is, a conclusive determination of satisfactory completion by the Developer of all of its construction obligations under this Agreement as to the Improvements.

3.9.2 If the Agency refuses or fails within ten (10) business days after receipt of a written request from the Developer to issue a Certificate of Completion, the Agency shall provide the Developer with a written statement of the reasons the Agency refused or failed to furnish a Certificate of Completion. The statement shall also specify the actions the Developer must take to obtain a Certificate of Completion for the Improvements. If the reason for such refusal is confined to the immediate availability of specific items or material for landscaping or any other non-structural matters, and the costs of completion does not exceed Two Hundred Fifty Thousand Dollars (\$250,000.00), the Agency shall issue its Certificate of Completion upon the Developer's depositing with the Agency cash or an irrevocable standby letter of credit issued by a bank or other financial institution acceptable to the Agency in an amount equal to the fair value of the work not yet completed as determined by the Agency. The determination of fair value shall be made by the Agency in the exercise of its reasonable judgment.

3.9.3 The Certificate of Completion shall not constitute evidence of compliance with or satisfaction of any obligation of the Developer to any holder of a mortgage, trust deed or other security instrument. Such Certificate of Completion shall not be construed as a notice of completion as described in California Civil Code Section 3093.

**ARTICLE 4**  
**LIMITATIONS ON TRANSFERS AND SECURITY INTERESTS**

4.1 Limitation As To Transfer of the Property and Assignment of Agreement. Prior to the Agency's issuance of the Certificate of Completion, the Developer shall not transfer its rights and obligations, in whole or in part, under this Agreement, or sell, assign, transfer, encumber, pledge or lease the Property, nor cause or suffer a change of more than 49% of the Ownership interests in Developer, directly or indirectly, in one or a series of transactions, without the Agency's prior written consent, which consent may be granted or withheld in the

sole and absolute discretion of the Agency. The Developer acknowledges that the identity of the Developer is of particular concern to the Agency, and it is because of the Developer's identity that the Agency has entered into this Agreement with the Developer. No voluntary or involuntary successor in interest of the Developer shall acquire any rights or powers under this Agreement in violation of the terms hereof. Notwithstanding any provision contained herein to the contrary, this prohibition shall not be deemed to prevent the granting of easements or permits to facilitate the development of the Project, or any mortgage or deed of trust permitted by this Agreement. Upon the Agency's issuance of a Certificate of Completion, the Developer may transfer the Property to a transferee without restriction so long as the transferee agrees to all of the applicable covenants and conditions set forth in Article 5 of this Agreement.

Upon providing ten (10) days prior written notice to Developer, the Agency may assign its rights and obligations, in whole or in part, under this Agreement to the City without the prior consent of the Developer.

#### 4.2 Security Financing; Right of Holders.

##### 4.2.1 No Encumbrances Except Mortgages, Deeds of Trust, Conveyances or Other Conveyance for Financing For Development.

(a) Notwithstanding Section 4.1 or any other provision herein to the contrary, only mortgages, deeds of trust, sales and leasebacks, or any other form of encumbrance, conveyance, security interest or assignment required for any reasonable method of construction and permanent financing are permitted prior to the issuance of a Certificate of Completion for the Property, but only for the purpose of securing loans of funds to be used for the purchase of the Property or financing the direct and indirect costs of the development of the Project (including reasonable and customary developer fees, loan fees and costs, and other normal and customary project costs), and each such loan secured by the Property shall expressly allow for its prepayment or assumption (upon payment of a market standard prepayment or assumption fee) by and at the option of the Agency upon the exercise of its rights of repurchase provided in Section 5.7.

(b) The words "mortgage" and "deed of trust" as used herein include all other appropriate modes of financing commonly used in real estate acquisition, construction and land development. Any reference herein to the "holder" of a mortgage or deed of trust shall be deemed also to refer to a lessor under a sale and leaseback.

4.2.2 Notice of Default to Mortgage, Deed of Trust or Other Security Interest Holders; Right to Cure. Whenever the Agency shall deliver a notice or demand to the Developer with respect to any Default by the Developer in completion of development of the Project or otherwise, the Agency shall at the same time deliver a copy of such notice or demand to each holder of record of any first mortgage, deed of trust or other security interest authorized by this Agreement who has previously made a written request to the Agency for special notice hereunder (a "**Holder**"). No notice of Default to the Developer shall be effective against any such Holder unless given to such Holder as aforesaid. Such Holder shall (insofar as the rights of the Agency are concerned) have the right, at such Holder's option, within sixty (60) days after receipt of the notice, to cure or remedy any such Default and to add the cost thereof to the

security interest debt and the lien of its security interest; provided, however, that if longer than sixty (60) days is required to cure such Default, such longer period shall be granted to Holder, provided that Holder diligently pursues such cure during such longer period. If such Default shall be a default which can only be remedied or cured by such Holder upon obtaining possession of the Property, such Holder shall seek to obtain possession of the Property with diligence and continuity through a receiver or otherwise, and shall remedy or cure such Default within a reasonable period of time as necessary to remedy or cure such Default of the Developer. If such Default shall be a default as to or by Developer which cannot be cured, Agency shall not seek to enforce the same against Holder and Holder shall not be subject thereto.

4.2.3 Noninterference with Holders. The provisions of this Agreement do not limit the right of Holders to foreclose or otherwise enforce any mortgage, deed of trust, or other security instrument encumbering the Property and the improvements thereon, or the right of Holders to pursue any remedies for the enforcement of any pledge or lien encumbering the Property; provided, however, that in the event of a foreclosure sale under any such mortgage, deed of trust or other lien or encumbrance, or sale pursuant to any power of sale contained in any such mortgage or deed of trust, the purchaser or purchasers and their successors and assigns, and the Property, shall be, and shall continue to be, subject to all of the conditions, restrictions and covenants of this Agreement and all documents and instruments recorded pursuant hereto.

## **ARTICLE 5 USE OF THE PROPERTY**

5.1 Use. The Developer covenants and agrees for itself, and its successors and its assigns, that the Developer, such successors, and such assignees shall use the Property, and every part thereof, only for the construction of the Improvements thereon, and thereafter for any use permitted by applicable laws. Notwithstanding the foregoing, if and when the Developer conveys the Property to a third party after completion of the Improvements thereon in accordance with this Agreement, the Developer shall be relieved of any further responsibility under this Section 5.1 as to the Property so conveyed.

5.2 Maintenance of the Property. After completion of the Project, Developer shall maintain the Property and the Project (including landscaping) in a commercially reasonable condition and repair to the extent practicable and in accordance with industry health and safety standards. Notwithstanding the foregoing, if and when the Developer conveys the Property to a third party after completion of the Improvements thereon in accordance with the Agreement, the Developer shall be relieved of any further responsibility under this Section 5.2 as to the Property so conveyed.

5.3 Obligation to Refrain from Discrimination. The Developer covenants and agrees for itself, its successors and assigns, and for every successor in interest to the Property or any part thereof, that there shall be no discrimination against or segregation of any person, or group of persons, on account of sex, marital status, age, handicap, race, color, religion, creed, national origin or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property, and the Developer (itself or any person claiming under or through the Developer) shall not establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants,

sublessees, or vendees of the Property or any portion thereof. Notwithstanding the foregoing, if and when the Developer conveys the Property to a third party after completion of the Improvements thereon in accordance with the Agreement, the Developer shall be relieved of any further responsibility under this Section 5.3 as to the Property so conveyed.

5.4 Form of Nondiscrimination and Nonsegregation Clauses. All deeds, leases or contracts for sale shall contain the following nondiscrimination or nonsegregation clauses:

5.4.1 In deeds: “The grantee herein covenants by and for himself or herself, his or her heirs, executors, administrators and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the California 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 California Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the premises herein conveyed, nor shall the Grantee himself or herself, or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the premises herein conveyed. The foregoing covenants shall run with the land.

Notwithstanding the immediately preceding paragraph, with respect to familial status, said paragraph shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the California Government Code. With respect to familial status, nothing in said paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the California Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the California Civil Code and subdivisions (n), (o) and (p) of Section 12955 of the California Government Code shall apply to said paragraph.”

5.4.2 In leases: “The lessee herein covenants by and for himself or herself, his or her heirs, executors, administrators and assigns, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions: That there shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the California 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 California Government Code, in the leasing, subleasing, transferring, use or occupancy, tenure or enjoyment of the premises herein leased nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, sublessees, subtenants or vendees in the premises herein leased.

Notwithstanding the immediately preceding paragraph, with respect to familial status, said paragraph shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the California Government Code. With respect to familial status, nothing in said paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the California Civil Code, relating to housing for senior citizens. Subdivision (d) of

Section 51 and Section 1360 of the California Civil Code and subdivisions (n), (o) and (p) of Section 12955 of the California Government Code shall apply to said paragraph.”

5.4.3 In contracts: “The contracting party or parties hereby covenant by and for himself or herself and their respective successors and assigns, that there shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the California 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 California Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the premises, nor shall the contracting party or parties, any subcontracting party or parties, or their respective assigns or transferees, establish or permit any such practice or practices of discrimination or segregation.

Notwithstanding the immediately preceding paragraph, with respect to familial status, said paragraph shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the California Government Code. With respect to familial status, nothing in said paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the California Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the California Civil Code and subdivisions (n), (o) and (p) of Section 12955 of the California Government Code shall apply to said paragraph.”

5.5 Restrictive Covenant. In order to insure the Developer’s compliance with the covenants set forth in Sections 5.1, 5.2, 5.3, and 5.4 hereof, such covenants shall be set forth in the Grant Deed. Such covenants shall run with the Property for the benefit of the Agency and the Agency shall have the right to assign all of its rights and benefits therein to the City.

5.6 Effect and Duration of Covenants. The following covenants shall be binding upon the Property and Developer and its successors and assigns and shall remain in effect for the following periods, and each of which shall be set forth with particularity in any document of transfer or conveyance by the Developer:

(1) The use and non-discrimination and non-segregation requirements set forth in Sections 5.1, 5.3 and 5.4 shall remain in effect in perpetuity;

(2) The maintenance requirements set forth in Section 5.2 shall remain in effect for the period described therein, and;

(3) Easements to the Agency, City or other public agencies for utilities existing as of the execution of this Agreement, which shall remain in effect according to their terms.

5.7 Right to Repurchase for Failure to Complete Construction or Conveyance. If the Developer shall fail to commence construction of the Improvements on or prior to the Commencement Date or complete the construction of the Improvements on or prior to the Completion Date, both subject to force majeure delays as provided in Section 7.9, the Agency or City may give written notice (a “**Breach Notice**”) of such breach to the Developer and, if applicable, to any Holder. The Developer shall have a period of thirty (30) days after the date of the Breach Notice to cure said breach, or if a cure is not possible within such thirty (30) day

period, to commence such cure and diligently prosecute the same to completion, which shall in any event not exceed ninety (90) days from the date of the Breach Notice. In the event that the Developer shall fail to cure such breach within such period, the Agency or the City shall have the right, at its option, to repurchase, reenter and take possession of the Property with all improvements thereon. To exercise its rights to repurchase, reenter and take possession of the Property, the Agency or City (as applicable) shall pay to the Developer, in cash, an amount equal to:

1. the Purchase Price paid to Agency for the Property; plus
2. the amount, if any, of the costs incurred by Developer for on-site labor and materials for the construction of the Improvements, as well as fees and commissions paid to architects, designers, other design professionals, lawyers, accountants and brokers, that are not otherwise payable or paid from the proceeds of any loan secured by any Holders' mortgage or deed of trust encumbering the Property or the Improvements, provided such costs are reasonably documented by reasonable evidence delivered to the Agency within thirty (30) days after the Agency or City delivers notice to the Developer under this Section 5.7 that the Agency or City has elected to exercise its repurchase option and such sums are reflected in an overall Project budget approved in writing by the Agency prior to the commencement of construction on the Property; less
3. any and all sums outstanding under any Holder's mortgage or deed of trust encumbering the Property or the Improvements and any prepayment premium and expenses related thereto.

The right to repurchase, reenter and take possession of the Property pursuant to this Section 5.7 must be exercised, if at all, by giving sixty (60) days written notice to Developer within six (6) months after the act or failure to act giving rise to such right. Agency or City shall repurchase, reenter and take possession of the Property by closing escrow within six (6) months after giving such notice. Developer agrees to cooperate in good faith, and to promptly execute and record all documents necessary to effect the right of repurchase described in this Section 5.7. City is a third party beneficiary of this Article 5.

## ARTICLE 6 EVENTS OF DEFAULT, REMEDIES AND TERMINATION

6.1 Developer Events of Defaults. Occurrence of any or all of the following, if uncured after the expiration of any applicable cure period, shall constitute a default ("**Developer Event of Default**") under this Agreement:

6.1.1 The Developer's failure to commence construction of the Improvements or to complete construction of the Improvements as provided herein and the Developer's failure to cure such breach as provided in Section 5.7, provided that such failure is not due to causes beyond the Developer's control as provided in Section 7.9; or

6.1.2 The Developer's sale, lease, or other transfer, or the occurrence of any involuntary transfer, of the Property or any part thereof or interest therein in violation of this Agreement; or

6.1.3 The Developer's neglect, failure or refusal to keep in force and effect any permit or approval with respect to development of the Project (and the Agency shall reasonably cooperate with the Developer as to the same), unless such failure is due to causes beyond the Developer's reasonable control as provided in Section 7.9, or any policy of insurance required hereunder, and, so long as such failure is not caused by any wrongful act of the Agency or the City, the Developer's failure to cure such breach within thirty (30) days after receipt of written notice from the Agency of the Developer's breach; or

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

6.1.5 The Developer's failure to perform any requirement or obligation of Developer set forth herein or in the Schedule of Performance, other than as described in Section 5.7 above, on or prior to the date for such performance set forth herein or in the Schedule of Performance (subject to delays pursuant to Section 7.9), and, so long as such failure is not caused by any wrongful act of the Agency or the City, the Developer's failure to cure such breach within thirty (30) days after receipt of written notice from the Agency of the Developer's breach; or

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

6.2 Agency Events of Default. Occurrence of any or all of the following, if uncured after the expiration of the applicable cure period, shall constitute a default ("**Agency Event of Default**", and together with the Developer Event of Default, a "**Default**") under this Agreement:

6.2.1 The Agency, in violation of the applicable provision of this Agreement, fails to convey the Property to Developer at the Close of Escrow; or

6.2.2 The Agency breaches any other material provision of this Agreement.

Upon the occurrence of any of the above-described events, the Developer shall first notify the Agency in writing of its purported breach or failure, giving the Agency thirty (30) days from receipt of such notice to cure such breach or failure (other than a failure by the Agency to convey the Property at the Close of Escrow, for which there shall be no cure period) or if a cure is not possible within the thirty (30) day period, to begin such cure and diligently prosecute the same to completion, which shall, in any event, not exceed one hundred eighty (180) days from the date of receipt of the notice to cure.

6.3 Remedies in the Event of Default.

6.3.1 Remedies General. In the event of a breach or a default under this Agreement by either Developer or Agency, prior to the Close of Escrow, the non-defaulting party shall have the right to terminate this Agreement by providing ten (10) days written notice thereof to the defaulting party. If such breach or default is not cured within such ten (10) day

period (other than a failure by the Agency to convey the Property at the Close of Escrow, for which there shall be no cure period), this Agreement and the Escrow for the purchase and sale of the Property shall terminate, and if Developer is the non-defaulting party, Developer shall thereupon promptly receive a refund of the Deposit and all interest accrued thereon. Except as herein otherwise expressly provided, such termination of the Escrow by a non-defaulting party shall be without prejudice to the non-defaulting party's rights and remedies against the defaulting party at law or equity.

In the event of a Default under this Agreement after the Close of Escrow, the non-defaulting party may seek against the defaulting party any available remedies at law or equity, including but not limited to the right to receive reimbursement for its documented out-of-pocket costs relating to this purchase transaction or to pursue an action for specific performance, but in no event shall such non-defaulting party be entitled to receive any consequential or special damages. In addition, the Agency shall have the right to repurchase and reenter the Property as set forth in Section 5.7.

IF THE DEVELOPER FAILS TO COMPLETE THE ACQUISITION OF THE PROPERTY AS HEREIN PROVIDED BY REASON OF ANY DEFAULT OF THE DEVELOPER, IT IS AGREED THAT THE DEPOSIT SHALL BE NON-REFUNDABLE AND THE AGENCY SHALL BE ENTITLED TO SUCH DEPOSIT, WHICH AMOUNT SHALL BE ACCEPTED BY THE AGENCY AS LIQUIDATED DAMAGES AND NOT AS A PENALTY AND AS THE AGENCY'S SOLE AND EXCLUSIVE REMEDY. IT IS AGREED THAT SAID AMOUNT CONSTITUTES A REASONABLE ESTIMATE OF THE DAMAGES TO THE AGENCY PURSUANT TO CALIFORNIA CIVIL CODE SECTION 1671 ET SEQ. THE AGENCY AND DEVELOPER AGREE THAT IT WOULD BE IMPRACTICAL OR IMPOSSIBLE TO PRESENTLY PREDICT WHAT MONETARY DAMAGES THE AGENCY WOULD SUFFER UPON THE DEVELOPER'S FAILURE TO COMPLETE ITS ACQUISITION OF THE PROPERTY. THE DEVELOPER DESIRES TO LIMIT THE MONETARY DAMAGES FOR WHICH IT MIGHT BE LIABLE HEREUNDER AND THE DEVELOPER AND AGENCY DESIRE TO AVOID THE COSTS AND DELAYS THEY WOULD INCUR IF A LAWSUIT WERE COMMENCED TO RECOVER DAMAGES OR OTHERWISE ENFORCE THE AGENCY'S RIGHTS. IF FURTHER INSTRUCTIONS ARE REQUIRED BY ESCROW HOLDER TO EFFECTUATE THE TERMS OF THIS PARAGRAPH, THE DEVELOPER AND AGENCY AGREE TO EXECUTE THE SAME. THE PARTIES ACKNOWLEDGE THIS PROVISION BY PLACING THEIR INITIALS BELOW:

\_\_\_\_\_  
Agency                      Developer

6.3.2 Liberal Construction. The rights established in this Agreement are to be interpreted in light of the fact that the Agency will convey the Property to the Developer for development and operation of the Project thereon and not for speculation in undeveloped land or for construction of different improvements. The Developer acknowledges that it is of the essence of this Agreement that the Developer is obligated to complete all Improvements comprising the Project.

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

6.5 Legal Actions.

6.5.1 Institution of Legal Actions. Any legal actions brought pursuant to this Agreement must be instituted in either the Superior Court of the County of Los Angeles, State of California, or in an appropriate municipal court in that County.

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

6.5.3 Acceptance of Service of Process. If any legal action is commenced by the Developer against the Agency, service of process on the Agency shall be made by personal service upon the Executive Director or Secretary of the Agency, or in such other manner as may be provided by law. If any legal action is commenced by the Agency against the Developer, service of process on the Developer shall be made by personal service upon the Developer, or in such other manner as may be provided by law, whether made within or without the State of California.

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

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

## **ARTICLE 7 GENERAL PROVISIONS**

7.1 Insurance.

7.1.1 Prior to commencement of any demolition or construction work on the Property by the Developer, the Developer shall obtain (or cause the General Contractor to obtain), at the Developer's sole cost and expense, and shall maintain in force until completion of construction of the Improvements, with a reputable and financially responsible insurance company reasonably acceptable to the Agency, broad form commercial general public liability insurance, insuring the Developer and the Agency against claims and liability for bodily injury, death, or property damage arising from the use, occupancy, condition, or operation of the

Property and the Improvements thereon, which insurance shall provide combined single limit protection of at least Two Million Dollars (\$2,000,000.00), and include contractual liability endorsement. Such insurance shall name the City and the Agency and their respective council members, board members, officers, employees, consultants, independent contractors, and attorneys as additional insureds.

7.1.2 Prior to commencement of any demolition or construction work on the Property by the Developer, the Developer shall also obtain, or cause to be obtained, at the Developer's sole cost and expense, and shall maintain in force until completion of the construction of the Improvements, with a reputable and financially responsible insurance company reasonably acceptable to the Agency (i) "all risk" builder's risk insurance, including coverage for vandalism and malicious mischief, in a form and amount and with a reputable and financially responsible insurance company reasonably acceptable to the Agency, and (ii) workers' compensation insurance covering all persons employed in connection with work. The builder's risk insurance shall cover improvements in place and all material and equipment at the job site furnished under contract, but shall exclude contractors', subcontractors', and construction managers' tools and equipment and property owned by contractors' and subcontractors' employees.

7.1.3 Prior to the commencement of any demolition or construction work on the Property by the Developer, the Developer shall also furnish or cause to be furnished to the Agency evidence satisfactory to the Agency that any contractor with whom it has contracted for the performance of work on the Property carries workers' compensation insurance as required by law.

7.1.4 With respect to each policy of insurance required above, the Developer shall furnish a certificate of insurance countersigned by an authorized agent of the insurance carrier on the insurance carrier's form setting forth the general provisions of the insurance coverage. The required certificate shall be furnished by the Developer prior to commencement of any demolition or construction work on the Property.

7.1.5 All such policies required by this Section shall be nonassessable and shall contain language to the effect that (i) the policies cannot be canceled or materially changed except after thirty (30) days' written notice by the insurer to the Agency, and (ii) the Agency shall not be liable for any premiums or assessments. All such insurance shall have deductibility limits reasonably satisfactory to the Agency. The provisions of this Section shall survive the Close of Escrow and the recordation of the Grant Deed and shall not be deemed merged into the Grant Deed upon its recordation.

## 7.2 Indemnity.

7.2.1 Except for the negligence or willful misconduct of the Agency, the Developer shall indemnify, defend, protect, and hold harmless the Agency and the City and any and all agents, employees, attorneys and representatives of the Agency and the City, from and against all losses, liabilities, claims, damages (including consequential damages), penalties, fines, forfeitures, costs and expenses (including all reasonable out-of-pocket litigation costs and

reasonable attorney's fees) and demands of any nature whatsoever, related directly or indirectly to, or arising out of or in connection with:

- (a) the Developer's use, ownership, management, occupancy, or possession of the Property;
- (b) any breach or Default of the Developer hereunder;
- (c) any of the Developer's activities on the Property (or the activities of the Developer's agents, employees, lessees, representatives, licensees, guests, invitees, contractors, subcontractors, or independent contractors on the Property), including without limitation, the construction of the Improvements on the Property;
- (d) the presence or clean-up of Hazardous Substances on, in or under the Property to the extent the same was caused by Developer or Developer's affiliates, agents or employees; or,
- (e) any other fact, circumstance or event related to the Developer's performance hereunder, or which may otherwise arise from the Developer's ownership, use, possession, improvement, operation or disposition of the Property, regardless of whether such damages, losses and liabilities shall accrue or are discovered before or after termination or expiration of this Agreement, or before or after the conveyance of the Property.

The Developer's indemnity obligations set forth in this Section 7.2 shall not extend to any damages, losses, or liabilities incurred by the Agency or the City to the extent such losses or liabilities are caused by or contributed to by the negligence or willful misconduct of the Agency, as finally determined by a court of competent jurisdiction.

7.2.2 The indemnity obligations described in this Section 7.2 shall survive for a period of four (4) years from the earlier of (i) the termination of this Agreement, or (ii) the completion of the Improvements, and shall not be deemed merged into the Grant Deed upon the recordation.

7.3 Notices. All notices and demands shall be given in writing by certified mail, postage prepaid, and return receipt requested, by nationally recognized overnight courier or by personal delivery. Notices shall be considered given upon the earlier of (a) personal delivery, (b) three (3) business days following deposit in the United States mail, postage prepaid, certified or registered, return receipt requested, (c) the next business day after deposit with a nationally reorganized overnight courier, in each instance addressed to the recipient as set forth below. Notices shall be addressed as provided below for the respective party; provided that if any party gives notice in writing of a change of name or address, notices to such party shall thereafter be given as demanded in that notice:

Agency:	Successor Agency to the Industry Urban-Development Agency 15625 East Stafford Street, Suite 100 City of Industry, California 91744 Attention: Kevin Radecki
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with a copy to: Richards, Watson & Gershon  
355 South Grand Avenue, 40th Floor  
Los Angeles, California 90071  
Attention: Jim G. Grayson

Developer: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

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

7.5 Developer's Warranties. The Developer warrants and represents to the City and the Agency as follows:

7.5.1 The Developer has full power and authority to execute and enter into this Agreement and to consummate the transaction contemplated hereunder. This Agreement constitutes the valid and binding agreement of the Developer, enforceable in accordance with its terms subject to bankruptcy, insolvency of other creditors' rights laws of general application. Neither the execution nor delivery of this Agreement, nor the consummation of the transactions covered hereby, nor compliance with the terms and provisions hereof, shall conflict with, or result in a breach of, the terms, conditions or provisions of, or constitute a default under, any agreement or instrument to which the Developer is a party.

7.5.2 As of the Close of Escrow, the Developer will have inspected the Property and will be familiar with all aspects of the Property and its condition, and will accept such condition.

7.5.3 The Developer has not paid or given, and will not pay or give, to any third person, any money or other consideration for obtaining this Agreement, other than normal costs of conducting business and costs of professional services such as architects, engineers and attorneys.

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

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

7.8 Attorneys' Fees. If any party brings an action to enforce the terms hereof or declare its rights hereunder, the prevailing party in any such action shall be entitled to its reasonable attorneys' fees to be paid by the losing party as fixed by the court. If the Agency, or the Developer, without fault, is made a party to any litigation instituted by or against the other party, such other party shall defend it against and save it harmless from all costs and expenses including reasonable attorney's fees incurred in connection with such litigation.

7.9 Enforced Delay: Extension of Times of Performance. Notwithstanding anything to the contrary in this Agreement, unexcused failure to commence construction of the Improvements on or prior to the Commencement Date or to complete construction of the Improvements on or prior to the Completion Date shall constitute a Default hereunder as herein set forth; provided, however, nonperformance of such obligations or any other obligations to be performed hereunder shall be excused when performance is prevented or delayed by reason of any of the following forces reasonably beyond the control of the party responsible for such performance: (i) war, insurrection, riot, flood, severe weather, earthquake, fire, casualty, acts of public enemy, governmental restriction, litigation, acts or failures to act of any governmental or quasi-governmental agency or entity, including the Agency, or public utility, or any declarant under any applicable conditions, covenants, and restrictions affecting the Property, or (ii) inability to secure necessary labor, materials or tools, strikes, lockouts, delays of any contractor, subcontractor or supplier or (iii) other matters generally constituting a force majeure event in circumstances similar to those contemplated by this Agreement (but which shall not in any event include the availability of financing to construct the Improvements). In the event of an occurrence described in clauses (i), (ii) or (iii) above, such nonperformance shall be excused and the time of performance shall be extended by the number of days the matters described in clauses (i), (ii) or (iii) above materially prevent or delay performance.

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

7.11 Developer's Private Undertaking. The development covered by this Agreement is a private undertaking, and the Developer shall have full power over and exclusive control of the Property while the Developer holds title to the Property; subject only to the limitations and obligations of the Developer under this Agreement and the Redevelopment Plan.

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

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

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

7.15 Survival. The provisions hereof shall not terminate but rather shall survive any conveyance hereunder and the delivery of all consideration.

7.16 Representations of Agency. The Agency warrants and represents to the Developer as follows:

(a) The Agency has full power and authority to execute and enter into this Agreement and to consummate the transactions contemplated hereunder. This Agreement constitutes the valid and binding agreement of the Agency, enforceable in accordance with its terms subject to bankruptcy, insolvency and other creditors' rights laws of general application. Neither the execution nor delivery of this Agreement, nor the consummation of the transactions covered hereby, nor compliance with the terms and provisions hereof, shall conflict with, or result in a breach of, the terms, conditions or provisions of, or constitute a default under, any agreement or instrument to which the Agency is a party.

(b) As of the Effective Date and the Close of Escrow, the Property is not presently the subject of any condemnation or similar proceeding, and to the Agency's knowledge, no such condemnation or similar proceeding is currently threatened or pending.

(c) As of the Close of Escrow, there are no management, service, supply or maintenance contracts affecting the Property which shall affect the Property on or following the Close of Escrow.

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

(e) As of the Close of Escrow, there are no leases or other occupancy agreements affecting the Property which shall affect the Property on or following the Close of Escrow.

(f) As of the Close of Escrow and to the actual knowledge of the Agency, the Agency has not received any written notice from any governmental entity regarding the violation of any law or governmental regulation with respect to the Property.

As used in this Section 7.16, the phrase "to the actual knowledge of the Agency" shall mean the actual and current knowledge of Kevin Radecki. Kevin Radecki is primarily responsible for the management of the Property on behalf of the Agency. Kevin Radecki shall have no personal responsibility or liability with respect to the representation contained in Section 7.16 (f) above.

7.17 Developer's Broker(s). Developer shall pay all commissions and fees that may be payable to any broker, finder or salesperson engaged by Developer, and shall defend, indemnify and hold Agency and City harmless from and against any and all claims, liabilities, losses, damages, costs and expenses relating thereto.

7.18 No Third Party Beneficiaries other than City. City is a third party beneficiary of this Agreement, with the right to enforce the provisions hereof. This Agreement is made and entered into for the sole protection and benefit of the Parties and City and their successors and assigns. No other person shall have any right of action based upon any provision of this Agreement.

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

**DEVELOPER**

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

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

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

**AGENCY**

SUCCESSOR AGENCY TO THE INDUSTRY  
URBAN-DEVELOPMENT AGENCY

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

ATTEST:

\_\_\_\_\_  
Secretary

APPROVED AS TO FORM:

Richards, Watson & Gershon,  
a professional corporation

By: \_\_\_\_\_  
Agency Attorney

## **LIST OF EXHIBITS**

- Exhibit "A" Legal Description of the Property
- Exhibit "B" Schedule of Performance
- Exhibit "C" Form of Grant Deed
- Exhibit "D" Form of Right of Entry Agreement
- Exhibit "E" Improvements
- Exhibit "F" Form of Certificate of Completion

**EXHIBIT "A"**  
**LEGAL DESCRIPTION OF THE PROPERTY**  
[TO BE ATTACHED]

## EXHIBIT "B"

### SCHEDULE OF PERFORMANCE

<u>Activity</u>	<u>Time Frame</u>
<u>Initial Deposit</u>	Within five (5) business days after opening escrow
<u>Developer reviews and approves or disapproves the title report</u>	Prior to the expiration of the Due Diligence Period
<u>Additional Deposit</u>	Within five (5) business days after the expiration of the Due Diligence Period
<u>Developer reviews and approves or disapproves physical condition of the Property</u>	On or prior to the expiration of the Due Diligence Period
<u>Close of Escrow</u>	Within thirty (30) days following the expiration of the Due Diligence Period
<u>Developer submits evidence of construction financing and executed Construction Contract for Improvements to Agency</u>	Prior to Close of Escrow
<u>Land Use Approvals.</u> Developer receives all required land use and building approvals and permits from City and other governmental entities (if any)	Prior to the commencement of construction of the Improvements
<u>Developer Commences Construction of Improvements</u>	Within _____ (____) days after the Close of Escrow
<u>Developer Completes Construction of Improvements</u>	Within _____ (____) days following commencement of construction
<u>Issuance of Certificate of Completion.</u> Upon completion of construction in conformance with Agreement, the Agency Executive Director or designee shall issue a Certificate of Completion for the Improvements.	Promptly after Agency receives written request from Developer if all requirements of the Agreement have been satisfied

**EXHIBIT "C"**

**FORM OF GRANT DEED**

RECORDING REQUESTED BY:

FIRST AMERICAN TITLE INSURANCE COMPANY

AND WHEN RECORDED RETURN TO:

Successor Agency to the  
Industry Urban-Development Agency  
15625 East Stafford Street, Suite 100  
City of Industry, California 91744  
Attention: Diane Schlichting

---

*[The undersigned declares that this Grant Deed is exempt from Recording Fees pursuant to California Government Code Section 27383]*

**GRANT DEED**

Documentary Transfer Tax: \$ \_\_\_\_\_

THE UNDERSIGNED GRANTOR DECLARES:

FOR VALUABLE CONSIDERATION, the receipt of which is hereby acknowledged, the **SUCCESSOR AGENCY TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY** (the "**Grantor**"), hereby grants to \_\_\_\_\_ (the "**Grantee**"), that certain real property described in Exhibit A attached hereto (the "**Site**") and incorporated herein by this reference, together with all of Grantor's right title and interest in and to all easements, privileges and rights appurtenant to the Site.

This Grant Deed of the Site is subject to the provisions of a Purchase Agreement [\_\_\_\_\_] (the "**Agreement**") entered into by and between the Grantor and Grantee dated as of \_\_\_\_\_, 2014, the terms of which are incorporated herein by reference. A copy of the Agreement is available for public inspection at the offices of the Grantor located at 15625 East Stafford Street, Suite 100, City of Industry, California 91744. The Site is conveyed further subject to all easements, rights of way, covenants, conditions, restrictions, reservations and all other matters of record, and the following conditions, covenants and agreements.

1. The Site as described in Exhibit A is conveyed subject to the condition that the Grantee covenants and agrees for itself, and its successors and its assigns, that the Grantee, such successors, and such assignees shall use the Site, and every part thereof, only for the construction of certain improvements thereon as described in the Agreement and thereafter for any use allowed under applicable law. The Grantor shall have the right to assign all of its rights and benefits hereunder to the City of Industry. As provided in Section 5.7 of the Agreement, upon the violation or failure of the foregoing covenant, the Grantor shall have the right to reenter and repurchase the Site from the Grantee or its successors and assigns; provided, however, that the

Grantor's right to reenter and repurchase shall not arise unless and until the Grantor gives the Grantee written notice thereof specifying the particular failure or violation in the manner and time period provided in Section 5.7 of the Agreement and, at the expiration of the cure period specified in Section 5.7 of the Agreement, the failure has not been remedied or the violation has not ceased.

2. The Site is conveyed subject to the condition that:

(a) The Grantee covenants and agrees for itself, its successors and assigns, and every successor in interest to the Site, that after completion of the Project (as defined in the Agreement), the Grantee and the Grantee's transferees, successors and assigns, shall maintain the Site and the Project (including landscaping) in a commercially reasonable condition and repair for a period of fifteen (15) years, and following construction of certain improvements thereon shall use the Site for any such uses as are allowed under applicable law.

(b) The Grantee covenants by and for himself or herself, his or her heirs, executors, administrators and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the California 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 California Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the premises herein conveyed, nor shall the Grantee himself or herself, or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the premises herein conveyed.

Notwithstanding the immediately preceding paragraph, with respect to familial status, said paragraph shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the California Government Code. With respect to familial status, nothing in said paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the California Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the California Civil Code and subdivisions (n), (o) and (p) of Section 12955 of the California Government Code shall apply to said paragraph.

3. All deeds, leases or contracts entered into with respect to the Property shall contain or be subject to substantially the following nondiscrimination/nonsegregation clauses:

(a) In deeds: "The Grantee herein covenants by and for himself or herself, his or her heirs, executors, administrators and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the California 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 California Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the premises herein conveyed, nor shall the Grantee himself or herself, or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or

segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the premises herein conveyed. The foregoing covenants shall run with the land.

Notwithstanding the immediately preceding paragraph, with respect to familial status, said paragraph shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the California Government Code. With respect to familial status, nothing in said paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the California Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the California Civil Code and subdivisions (n), (o) and (p) of Section 12955 of the California Government Code shall apply to said paragraph.”

(b) In leases: “The lessee herein covenants by and for himself or herself, his or her heirs, executors, administrators and assigns, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions: That there shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the California 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 California Government Code, in the leasing, subleasing, transferring, use or occupancy, tenure or enjoyment of the premises herein leased nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, sublessees, subtenants or vendees in the premises herein leased.

Notwithstanding the immediately preceding paragraph, with respect to familial status, said paragraph shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the California Government Code. With respect to familial status, nothing in said paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the California Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the California Civil Code and subdivisions (n), (o) and (p) of Section 12955 of the California Government Code shall apply to said paragraph.”

(c) In contracts: “The contracting party or parties hereby covenant by and for himself or herself and their respective successors and assigns, that there shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the California 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 California Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the premises, nor shall the contracting party or parties, any subcontracting party or parties, or their respective assigns or transferees, establish or permit any such practice or practices of discrimination or segregation.

Notwithstanding the immediately preceding paragraph, with respect to familial status, said paragraph shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the California Government Code. With respect to familial status, nothing in said paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of

the California Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the California Civil Code and subdivisions (n), (o) and (p) of Section 12955 of the California Government Code shall apply to said paragraph.”

4. All covenants and agreements contained in this Grant Deed shall run with the land and shall be binding for the benefit of Grantor and its successors and assigns and such covenants shall run in favor of the Grantor and for the entire period during which the covenants shall be in force and effect as provided in the Agreement, without regard to whether the Grantor is or remains an owner of any land or interest therein to which such covenants relate. The Grantor, in the event of any breach of any such covenants, shall have the right to exercise all of the rights and remedies provided herein or otherwise available, and to maintain any actions at law or suits in equity or other property proceedings to enforce the curing of such breach. The covenants contained in this Grant Deed shall be for the benefit of and shall be enforceable only by the Grantor and its successors and assigns.

5. The covenants contained in Paragraphs 2 and 3 of this Grant Deed shall remain in effect in perpetuity except as otherwise expressly set forth therein.

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

[Signatures appear on next page.]

IN WITNESS WHEREOF, Grantor and Grantee have caused this Grant Deed to be executed and notarized as of this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

GRANTOR:

SUCCESSOR AGENCY TO THE INDUSTRY  
URBAN-DEVELOPMENT AGENCY

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

ATTEST:

\_\_\_\_\_  
Secretary

GRANTEE:

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

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

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

State of California            }  
  }  
County of Los Angeles        }

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

I certify under PENALTY OF PERJURY under the laws of the State of California that  
the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

\_\_\_\_\_  
Signature

(seal)

State of California            }  
  }  
County of Los Angeles        }

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

I certify under PENALTY OF PERJURY under the laws of the State of California that  
the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

\_\_\_\_\_  
Signature

(seal)

**Exhibit A**

**LEGAL DESCRIPTION**

THE LAND REFERRED TO HEREIN IS SITUATED IN THE STATE OF CALIFORNIA,  
COUNTY OF LOS ANGELES, DESCRIBED AS FOLLOWS:

[TO BE ATTACHED]

## EXHIBIT "D"

### RIGHT OF ENTRY AND ACCESS AGREEMENT

THIS RIGHT OF ENTRY AND ACCESS AGREEMENT (herein called this "**Agreement**") is made and entered into as of \_\_\_\_\_, 2014, by the **SUCCESSOR AGENCY TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY**, a public body, corporate and politic (herein called "**Grantor**"), and \_\_\_\_\_ (herein called "**Grantee**").

#### WITNESSETH:

WHEREAS, Grantor is the owner of the real property more particularly described on Exhibit A, which exhibit is attached hereto and incorporated herein by reference (herein called the "**Property**");

WHEREAS, concurrently with the execution of this Agreement, Grantor and Grantee contemplate entering into a Purchase Agreement related to the Property (the "**Purchase Agreement**");

WHEREAS, Grantee has requested the right of entry upon and access to the Property for the purpose of undertaking tests, inspections and other due diligence activities (herein called the "**Due Diligence Activities**") in connection with the proposed acquisition by Grantee of the Property;

WHEREAS, Grantor has agreed to grant to Grantee, and Grantee has agreed to accept from Grantor, a non-exclusive, revocable license to enter upon the Property to perform the Due Diligence Activities in accordance with the terms and provisions of this Agreement;

WHEREAS, Grantor and Grantee desire to execute and enter into this Agreement for the purpose of setting forth their agreement with respect to the Due Diligence Activities and Grantee's entry upon the Property.

NOW, THEREFORE, for and in consideration of the foregoing premises, the mutual covenants and agreements contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Grantor and Grantee do hereby covenant and agree as follows:

1. Access by Grantee.

(a) Subject to Grantee's compliance with the terms and provisions of this Agreement, until the earlier to occur of (i) the expiration of the Due Diligence Period (as defined in the Purchase Agreement); or (ii) the earlier termination of this Agreement, Grantee and Grantee's agents, employees, contractors, representatives and other designees (herein collectively called "**Grantee's Designees**") shall have the right to enter upon the Property for the purpose of conducting the Due Diligence Activities.

(b) Grantee expressly agrees as follows: (i) any activities by or on behalf of Grantee, including, without limitation, the entry by Grantee or Grantee's Designees onto the Property in connection with the Due Diligence Activities shall not materially damage the Property in any manner whatsoever or disturb or interfere with the rights or possession of any tenant on the Property, (ii) in the event the Property is materially altered or disturbed in any manner in connection with the Due Diligence Activities, Grantee shall immediately return the Property to substantially the same condition existing prior to the Due Diligence Activities, and (iii) Grantee, to the extent allowed by law, shall indemnify, defend and hold Grantor harmless from and against any and all claims, liabilities, damages, losses, costs and expenses of any kind or nature whatsoever (including, without limitation, attorneys' fees and expenses and court costs) suffered, incurred or sustained by Grantor as a result of, by reason of, or in connection with the Due Diligence Activities or the entry by Grantee or Grantee's Designees onto the Property; provided, however, that in no event shall Grantee be liable for any liabilities, damages, losses, costs or expenses of any kind or nature that relate, directly or indirectly, to (y) consequential or punitive damages; or (z) matters that are merely discovered, but not exacerbated, by Grantee. Notwithstanding any provision of this Agreement to the contrary, Grantee shall not have the right to undertake any invasive activities or tests upon the Property, or any environmental testing on the Property beyond the scope of a standard "Phase I" investigation, without the prior written consent of Grantor of a workplan for such "Phase II" or invasive testing. If Grantor does not respond or reject any workplan within ten (10) days of Grantee's delivery of the written workplan proposal to Grantor pursuant to the notice provisions of this Agreement, then Grantor shall be deemed to have approved the submitted workplan and Grantee may proceed with such testing. If Grantor rejects such proposed workplan in whole or in part, then this Agreement shall become null and void at the sole option of Grantee, which option must be exercised by Grantee's giving Grantor written notice on or before the expiration of the Due Diligence Period, as defined in the Purchase Agreement.

2. Lien Waivers. Upon receipt of a written request from Grantor, Grantee will provide Grantor with lien waivers following completion of the Due Diligence Activities from each and every contractor, materialman, engineer, architect and surveyor who might have lien rights, in form and substance reasonably satisfactory to Grantor and its counsel. Grantee hereby indemnifies Grantor from and against any claims or demands for payment, or any liens or lien claims made against Grantor or the Property as a result of the Due Diligence Activities.

3. Insurance. Grantee shall, and shall cause all of Grantee's Designees performing the Due Diligence Activities to, procure or maintain a policy of commercial general liability insurance issued by an insurer reasonably satisfactory to Grantor covering each of the Due Diligence Activities with a single limit of liability (per occurrence and aggregate) of not less than One Million Dollars (\$1,000,000.00), and to deliver to Grantor a certificate of insurance evidencing that such insurance is in force and effect, and evidencing that Grantor has been named as an additional insured thereunder with respect to the Due Diligence Activities. Such insurance shall be maintained in force throughout the term of this Agreement.

4. Successors. To the extent any rights or obligations under this Agreement remain in effect, this Agreement shall be binding upon and enforceable against, and shall inure to the benefit of, the parties hereto and their respective heirs, legal representatives, successors and permitted assigns.

5. Limitations. Grantor does not hereby convey to Grantee any right, title or interest in or to the Property, but merely grants the specific rights and privileges hereinabove set forth.

6. Notices. Whenever any notice, demand, or request is required or permitted under this Agreement, such notice, demand, or request shall be in writing and shall be delivered by hand, be sent by registered or certified mail, postage prepaid, return receipt requested, or shall be sent by nationally recognized commercial courier for next business day delivery, to the addresses set forth below the respective executions of the parties hereof, or to such other addresses as are specified by written notice given in accordance herewith, or shall be transmitted by facsimile to the number for each party set forth below their respective executions hereof, or to such other numbers as are specified by written notice given in accordance herewith. All notices, demands, or requests delivered by hand shall be deemed given upon the date so delivered; those given by mailing as hereinabove provided shall be deemed given on the date of deposit in the United States Mail; those given by commercial courier as hereinabove provided shall be deemed given on the date of deposit with the commercial courier; and those given by facsimile shall be deemed given on the date of facsimile transmittal. Nonetheless, the time period, if any, in which a response to any notice, demand, or request must be given shall commence to run from the date of receipt of the notice, demand, or request by the addressee thereof. Any notice, demand, or request not received because of changed address or facsimile number of which no notice was given as hereinabove provided or because of refusal to accept delivery shall be deemed received by the party to whom addressed on the date of hand delivery, on the date of facsimile transmittal, on the first calendar day after deposit with commercial courier, or on the third calendar day following deposit in the United States Mail, as the case may be.

7. Assignment. This Agreement may be assigned by Grantee, in whole or in part.

8. Governing Law. This Agreement shall be construed, enforced and interpreted in accordance with the laws of the State of California.

9. Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed an original, and all of such counterparts together shall constitute one and the same instrument.

10. No Recording of Agreement or Memorandum of Agreement. In no event shall this Agreement or any memorandum hereof be recorded in the Official Records of Los Angeles County, California, and any such recordation or attempted recordation shall constitute a breach of this Agreement by the party responsible for such recordation or attempted recordation.

IN WITNESS WHEREOF, Grantor and Grantee have caused this Agreement to be executed and sealed, all the day and year first written above.

GRANTEE:

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

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

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

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

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

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

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

Address for notices: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

(Signatures continued )

GRANTOR:

SUCCESSOR AGENCY TO THE  
INDUSTRY URBAN-DEVELOPMENT AGENCY

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

Address for notices: Industry Urban-Development Agency  
15625 East Stafford Street, Suite 100  
City of Industry, California 91744  
Attention: Kevin Radecki  
Telephone: (626) 333-1480  
Facsimile: (626) 336-4273

With a copy to: Richards, Watson & Gershon  
355 South Grand Avenue, 40th Floor  
Los Angeles, California 90071  
Attn.: Jim G. Grayson, Esq.  
Telephone: (213) 626-8484  
Facsimile: (213) 626-0078

**Exhibit A**

**LEGAL DESCRIPTION**

THE LAND REFERRED TO HEREIN IS SITUATED IN THE STATE OF CALIFORNIA,  
COUNTY OF LOS ANGELES, DESCRIBED AS FOLLOWS:

[TO BE ATTACHED]

**EXHIBIT "E"**  
**IMPROVEMENTS**

**EXHIBIT "F"**

**FORM OF CERTIFICATE OF COMPLETION**

RECORDING REQUESTED BY:

First American Title Insurance Company

AND WHEN RECORDED RETURN TO:

Successor Agency to the  
Industry Urban-Development Agency  
15625 East Stafford Street, Suite 100  
City of Industry, California 91744  
Attention: Diane Schlichting

---

*[The undersigned declares that this Certificate of Completion is exempt from Recording Fees pursuant to California Government Code Section 27383]*

**CERTIFICATE OF COMPLETION**

This Certificate of Completion is given this \_\_\_\_ day of \_\_\_\_\_, 20\_\_ , with reference to the following matters:

A. The **SUCCESSOR AGENCY TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY**, a public body corporate and politic (the "**Agency**") and \_\_\_\_\_ (the "**Developer**") entered into a certain Purchase Agreement [\_\_\_\_\_] dated as of \_\_\_\_\_, 2014 (the "**Agreement**"), which Agreement provides, in Section 3.9 thereof, that the Agency shall furnish the Developer with a Certificate of Completion upon satisfactory completion of the Improvements (as described in the Agreement) on the real property described therein as the Property (the "**Site**"), which certificate shall be in such form as to permit it to be recorded in the Recorder's Office of Los Angeles County; and

B. The Certificate of Completion shall be conclusive determination of satisfactory completion of the construction of Improvements required with respect to the Site; and

C. The Agency has determined that the construction of the Improvements has been satisfactorily performed; and

NOW, THEREFORE, the parties to this instrument hereby provide as follows:

1. As provided in the Agreement, the Agency does hereby certify that the construction of the Improvements on the Site has been satisfactorily performed and completed.

2. This Certificate shall not constitute evidence of compliance with or satisfaction of any obligation of the Developer to any holder of a mortgage, or deed of trust or any insurer of a mortgage, or deed of trust securing money loaned to finance the improvements or any part

thereof, nor does it constitute evidence of payment of any promissory note or performance of any deed of trust provided by the Developer to the Agency under the Agreement or otherwise.

IN WITNESS WHEREOF, the Agency has executed this Certificate of Completion as of the day and year first above written.

SUCCESSOR AGENCY TO THE  
INDUSTRY URBAN-DEVELOPMENT AGENCY

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

ATTEST:

\_\_\_\_\_  
Secretary

State of California        }  
                                      }  
County of Los Angeles     }

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

I certify under PENALTY OF PERJURY under the laws of the State of California that  
the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

\_\_\_\_\_  
Signature

(seal)