



INVESTING IN COMMUNITIES

NOTICE OF MEETING
**Sacramento Housing and Redevelopment
Commission**
Wednesday, June 19, 2013 - 6:00 p.m.
801 12th Street Sacramento, CA

ROLL CALL

APPROVAL OF AGENDA

APPROVAL OF ACTION SUMMARY SYNOPSIS

1. Synopsis – May 29, 2013

CITIZENS COMMENTS

2. While the Commission welcomes and encourages participation in the Commission meetings, it would be appreciated if you would limit your comments to three minutes so that everyone may be heard. Please fill out a speaker card and present it to the Agency Clerk if you wish to speak under Citizen Comments or on a posted agenda item. Matters under the jurisdiction of the Commission, and not on the posted agenda, may be addressed by the general public at this time. Commission attendees are requested to silence any cell phones or pagers that they have in their possession.

CONSENT ITEMS

3. Sacramento Housing and Redevelopment Agency Comprehensive Annual Financial Report For The Year Ended December 31, 2012 - City report
4. Sacramento Housing and Redevelopment Agency Comprehensive Annual Financial Report For The Year Ended December 31, 2012 – County report

BUSINESS ITEMS

5. Approval of Purchase and Sale Agreement to dispose of surplus Housing Authority owned non-residential property located at 320 Commerce Circle
6. Fiber Optic Cable Installation between the 801 12th Street and 630 I Street Offices

INFORMATIONAL PRESENTATIONS

5. Twin Rivers Choice Neighborhoods Initiative Status Update

EXECUTIVE DIRECTORS REPORT

**ITEMS AND QUESTIONS OF
COMMISSION MEMBERS**

ADJOURNMENT

Staff reports are available for public review on the Agency's website www.shra.org and include all attachments and exhibits. Hard copies are available at the Agency Clerk's office (801 12th Street) for 10 cents per page. A copy of materials for this agenda will be available at the meeting for public review. **Assistance for the Disabled:** Meeting facilities are accessible to persons with disabilities. If you require special assistance to participate in the meeting, notify the Agency Clerk at (916) 440-1363 at least 48 hours prior to the meeting.



SYNOPSIS

Sacramento Housing and Redevelopment Commission (SHRC)

SPECIAL Meeting

May 29, 2013

Meeting noticed on May 23, 2013

ROLL CALL

The Sacramento Housing and Redevelopment Commission meeting was called to order at 5:00 p.m. by Chair Michael Alcalay. A quorum of members was present.

MEMBERS PRESENT: Alcalay, Chan, Gore, Griffin, Le Duc, Morgan, Morton, Stivers

MEMBERS ABSENT: Johnson, Rosa, Shah

STAFF PRESENT: Vickie Smith, Tia Boatman Patterson, LaShelle Dozier, Mary Liz Paulson, Christine Weichert, Steve Lierly, Geoffrey Ross

APPROVAL OF AGENDA

1. APPROVAL OF ACTION SUMMARY SYNOPSIS

Action Summary Synopsis for May 15, 2013 was approved.

2. CITIZEN COMMENTS

Lorraine Brown spoke about issues she is having at her apartment.

BUSINESS ITEM

3. Approval of Agency Loan for the Curtis Park Court Apartments

Steve Lierly presented the item.

Commissioner LeDuc asked for information about the construction schedule and about the connection between the HCD and the master developer which staff provided.

Mea Kang from Domus Development indicated that the SHRA loan was contingent upon receipt of funds from State HCD.

Commissioner Chan requested a map or other visual that shows relationship between the senior housing development to the overall master plan for area.

Chair Alcalay asked about the overall build out of the development. Staff indicated that the overall site development would not be completed until 2016.

Lorraine Brown provided citizen comment on the item.

The Commission recommended approval of the staff recommendation for the item listed above. The votes were as follows:

AYES: Alcalay, Chan, Gore, Griffin, LeDuc, Morgan, Morton

NOES: none

ABSENT: Johnson, Rosa, Shah

Not present to vote - Stivers

INFORMATIONAL PRESENTATIONS

4. Housing Element Update

Greg Sandlund from the City of Sacramento provided an update on the City's Housing Element and accepted comments and questions from Commissioners to be forwarded to the City for final review.

EXECUTIVE DIRECTORS REPORT

La Shelle Dozier reviewed the following items:

- Geoffrey Ross provided an update on contracts with HOPWA service providers.
- Next meeting will be June 19th.

ITEMS AND QUESTIONS OF COMMISSION MEMBERS

Commissioner Stivers reported that Senate Bill 391 related to permanent supportive housing was approved.

Commissioner Alcalay thanked staff for their work on Marina Vista and Alder Grove.

ADJOURNMENT

As there was no further business to be conducted, Chair Alcalay adjourned the meeting at 6:00 p.m.

AGENCY CLERK



**REPORT TO COUNCIL AND
HOUSING AUTHORITY
City of Sacramento**

915 I Street, Sacramento, CA 95814-2671

www.CityofSacramento.org

3

**Consent
July 16, 2013**

**Honorable Mayor and Members of the City Council
Chair and Members of the Housing Authority Board**

**Title: Sacramento Housing and Redevelopment Agency Comprehensive Annual
Financial Report For The Year Ended December 31, 2012**

Location/Council District: Citywide

Issue: The 2012 Comprehensive Annual Financial Report (CAFR) has been prepared to present SHRA's financial condition and the results of its activities for the fiscal year ended December 31, 2012. An independent public accounting firm has audited the CAFR financial statements.

Recommendation: Receive and File

Contact: Don Cavier, Finance Director, 440-1325; Karen Lukes, Audit Management Analyst, 449-6207

Presenters: N/A

Department: Sacramento Housing and Redevelopment Agency (SHRA)

Description/Analysis

Issue: The audit firm of Macias Gini & O'Connell LLP has audited the basic financial statements of the Sacramento Housing and Redevelopment Agency (SHRA) and issued its unqualified (clean) opinion that the basic financial statements for the year ending December 31, 2012, are fairly presented in accordance with Generally Accepted Accounting Principles (GAAP) in the United States of America. The CAFR is presented in a standard format prescribed by the Government Finance Officers Association (GFOA).

The CAFR is organized into three major sections. First is the **Introductory Section** with a transmittal letter summarizing economic conditions, budget initiatives, etc. Next is the **Financial Section** which is comprised of the Management Discussion and Analysis (MD&A), which provides a narrative

SHRA Comprehensive Annual Financial Report (CAFR)

overview of the financial statements and compares changes from year to year. The basic financial statements follow the MD&A and report the financial position and results of operations of SHRA as a whole and the financial performance of SHRA's governmental funds, proprietary funds and component units. Footnotes to the financial statements are included to provide additional information. Lastly, the **Statistical Section** provides information on selected financial, demographic, and operating trend information.

The audit includes the following entities and specified funds:

- Housing Authority of the City of Sacramento
- Housing Authority of the County of Sacramento
- Norwood Avenue Housing Corporation (NAHC)
 - Phoenix Park I, L.P.
 - Phoenix Park II, L.P.
- Sacramento Housing Authority Asset Repositioning Program, Inc. (SHARP)
- Sacramento Housing Development Corporation
 - Riverview Plaza Associates

Policy Considerations: There are no policy implications as a result of this informational report.

Economic Impacts: Not applicable.

Environmental Considerations:

California Environmental Quality Act (CEQA): The proposed action is exempt from environmental review as an administrative activity under the California Environmental Quality Act (CEQA) per the Guidelines Section 15378(b).

Sustainability Considerations: N/A

Other: The National Environmental Policy Act (NEPA) does not apply.

Commission Action: At its meeting of June 19, 2013, the Sacramento Housing and Redevelopment Commission received the attached report. No specific action was required.


SHRA Comprehensive Annual Financial Report (CAFR)

Rationale for Recommendation: This item is for information only and no action is required.

Financial Considerations: There are no financial considerations associated with this informational report.

M/WBE and Section 3 Considerations: The items discussed in this report do not involve federal funding; therefore, there are no M/WBE or Section 3 requirements.

Respectfully Submitted by:



LA SHELLE DOZIER
Executive Director

Table of Contents

Report	pg. 1
Attachments	
1 Comprehensive Annual Financial Report	pg. 4

COUNTY OF SACRAMENTO
CALIFORNIA

4

For the Agenda of:
July 16, 2013

To: Board of Supervisors of the County of Sacramento
Housing Authority of the County of Sacramento

From: Sacramento Housing and Redevelopment Agency

Subject: Sacramento Housing and Redevelopment Agency Comprehensive Annual
Financial Report for the Year Ended December 31, 2012

Supervisory
District: Countywide

Contact: Don Cavier, Finance Director, 440-1325; Karen Lukes, Audit Management
Analyst, 449-6207

Overview

The 2012 Comprehensive Annual Financial Report (CAFR) has been prepared to present SHRA's financial condition and the results of its activities for the fiscal year ended December 31, 2012. An independent public accounting firm has audited the CAFR financial statements.

Recommendations

This is an informational report only, receive and file.

Measures/Evaluation

The audit firm of Macias Gini & O'Connell LLP has audited the basic financial statements of the Sacramento Housing and Redevelopment Agency (SHRA) and issued its unqualified (clean) opinion that the basic financial statements for the year ending December 31, 2012, are fairly presented in accordance with Generally Accepted Accounting Principles (GAAP) in the United States of America. The CAFR is presented in a standard format prescribed by the Government Finance Officers Association (GFOA).

Fiscal Impact

There are no financial considerations associated with this informational report.

BACKGROUND

The 2012 Comprehensive Annual Financial Report (CAFR) has been prepared to present SHRA's financial condition and the results of its activities for the fiscal year ended December 31, 2012. An independent public accounting firm has audited the CAFR financial statements.

DISCUSSION

The audit firm of Macias Gini & O'Connell LLP has audited the basic financial statements of the Sacramento Housing and Redevelopment Agency (SHRA) and issued its unqualified (clean) opinion that the basic financial statements for the year ending December 31, 2012, are fairly presented in accordance with Generally Accepted Accounting Principles (GAAP) in the United States of America. The CAFR is presented in a standard format prescribed by the Government Finance Officers Association (GFOA).

The CAFR is organized into three major sections. First is the Introductory Section with a transmittal letter summarizing economic conditions, budget initiatives, etc. Next is the Financial Section which is comprised of the Management Discussion and Analysis (MD&A), which provides a narrative overview of the financial statements and compares changes from year to year. The basic financial statements follow the MD&A and report the financial position and results of operations of SHRA as a whole and the financial performance of SHRA's governmental funds, proprietary funds and component units. Footnotes to the financial statements are included to provide additional information. Lastly, the Statistical Section provides information on selected financial, demographic, and operating trend information.

The audit includes the following entities and specified funds:

- Housing Authority of the City of Sacramento
- Housing Authority of the County of Sacramento
- Norwood Avenue Housing Corporation (NAHC)
 - Phoenix Park I, L.P.
 - Phoenix Park II, L.P.
- Sacramento Housing Authority Asset Repositioning Program, Inc. (SHARP)
- Sacramento Housing Development Corporation
 - Riverview Plaza Associates

COMMISSION ACTION

This item was shared with the Sacramento Housing and Redevelopment Commission at its June 19, 2013 meeting.

MEASURES/EVALUATIONS

The audit firm of Macias Gini & O'Connell LLP has audited the basic financial statements of the Sacramento Housing and Redevelopment Agency (SHRA) and issued its unqualified (clean) opinion that the basic financial statements for the year ending December 31, 2012, are fairly presented in accordance with Generally Accepted Accounting Principles (GAAP) in the United States of America. The CAFR is presented in a standard format prescribed by the Government Finance Officers Association (GFOA).

FINANCIAL ANALYSIS

There are no financial considerations associated with this informational report.

POLICY CONSIDERATIONS

There are no policy implications as a result of this informational report.

ENVIRONMENTAL REVIEW

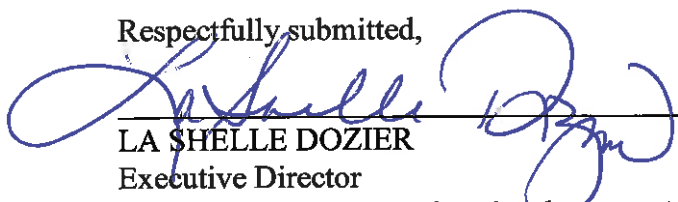
The National Environmental Policy Act (NEPA) does not apply.

The proposed action is exempt from environmental review as an administrative activity under the California Environmental Quality Act (CEQA) per the Guidelines Section 15378(b).

M/WBE AND SECTION 3 CONSIDERATIONS

The items discussed in this report do not involve federal funding; therefore, there are no M/WBE or Section 3 requirements.

Respectfully submitted,



LA SHELLE DOZIER
Executive Director
Sacramento Housing and Redevelopment Agency

APPROVED

BRADLEY J. HUDSON
County Executive

Attachments:

ATT I - 2012 Comprehensive Annual Financial Report (CAFR)

5

June 19, 2013



Sacramento Housing and Redevelopment Commission
Sacramento, California

Honorable Members in Session:

SUBJECT Approval of Purchase and Sale Agreement to dispose of surplus Housing Authority owned non-residential property located at 320 Commerce Circle

RECOMMENDATION

Staff recommends adoption of the attached resolution(s) which 1) approves the purchase and sale agreement (Attachment 1, Exhibit A) between First Responder EMS-Sacramento, Inc. (Buyer) and the City of Sacramento Housing Authority (HACS or Seller), 2) approves the Seller carry back loan of \$1,050,000 between the Buyer and the HACS, the terms of the loan to include an annual interest rate of 4.5%, with monthly payments amortized over 20 years with a balloon payment of the remaining principal due at the end of 10 years, 3) authorize(s) the Executive Director or her designee to execute the purchase and sale agreement and loan agreement (Attachment 1, Exhibit B) for 320 Commerce Circle and all required title, escrow and disclosure documents, as approved as to form by Agency Counsel and 4) directs the Executive Director, or her designee, to deposit the proceeds of the sale, net the cost of sale, in a trust fund to further assist in the provision of housing for lower income households and to directly assist housing units for persons of very low income.

CONTACT PERSONS

Mary L. Lyon, Program Manager, 916-449-6263
James Shields, Director of Administration, 916-440-1319

SUMMARY

In March, 2009, the Housing Authority of the City of Sacramento (HACS) declared the Central Maintenance Facility located at 320 Commerce Circle surplus and in April, 2011 authorized the Executive Director to sell or lease the property. First Responder EMS-Sacramento, Inc. a medical transportation company and the HACS have reached an agreement on a purchase price of \$1,500,000 with seller carry back financing. Terms of the agreement include a 30 percent \$450,000 down payment at closing with the remainder financed at 4.5 percent, with payments amortized over 20 years with a balloon payment of \$643,364.45 due at the end of 10 years. A copy of this agreement is included as Exhibit A.

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Sacramento Housing and Redevelopment Commission

June 19, 2013

Page 2

BACKGROUND

The Housing Authority currently owns a 1.72 acre maintenance facility at 320 Commerce Circle in Sacramento. The building was acquired in November, 1988 with non-HUD funds to house the Housing Authority's central maintenance and management staff. In December, 1995, the Housing Authority entered into an agreement with the U.S. Department of Housing and Urban Development (HUD) to amend an existing Annual Contributions Contract (ACC) to include the maintenance facility, thereby incorporating the facility as a public housing asset and subject to HUD regulatory requirements. The rationale to add this maintenance facility into an existing ACC was to explore the potential use of capital funds for tenant improvements and other eligible expenses at the facility. Capital funds were never used in connection with this facility. In 1998, 320 Commerce Circle was used as collateral for a Section 108 Contract for a Loan Guarantee Assistance.

In 2005, HUD issued significant regulatory changes which required housing authorities to transition from a centralized to a de-centralized asset based management model of operations. In 2007, the Sacramento Housing and Redevelopment Agency (SHRA) completed its Asset Repositioning Study as part of a proactive strategy to align SHRA operations to the realities of the HUD funding environment while adhering to SHRA's "guiding principles" and continuing to meet the needs of our constituents.

Before the conversion to the de-centralized asset based management model, the Commerce Circle maintenance facility was utilized as office space and as a central warehouse providing the receipt, storage and distribution of a variety of equipment and materials for various SHRA offices and public housing developments. The building is no longer needed for that purpose as the warehousing function and the appropriate staff has been relocated offsite to the appropriate asset management projects.

The facility is currently vacant. Staff foresees no other useful purpose and considers 320 Commerce Circle to be surplus property. Staff intends to use the 320 Commerce Circle sale proceeds to partially cover the Housing Authority's funding shortfall. At its March 24, 2009 meeting, the Housing Authority of the City of Sacramento approved and authorized the application to the U.S. Department of Housing and Urban Development (HUD) for the disposition of the Central Maintenance Facility located at 320 Commerce Circle (Resolution 2009-007). On September 8, 2009, HUD approved the disposition of the Central Maintenance Facility located at 320 Commerce Circle (Attachment 2). In addition, on March 21, 2011, HUD released the Declaration of Trust on the property and the collateral pledged for Section 108 Loan Guarantee Assistance (Attachment 3). These actions clear the property from any past encumbrances and enable it to be sold on the open market.

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Sacramento Housing and Redevelopment Commission
June 19, 2013
Page 3

In the fall of 2011, the HACS's broker publicized a public auction requiring sealed bids and a minimum bid requirement. Sealed bids were opened on January 15, 2012. All bids were less than the minimum bid. The property was then listed with a sales price of \$1,500,000. In December, 2012, the property was in escrow for a cash purchase price of \$1,500,000. However, the buyer was unable to close escrow and the property was placed back on the market.

In May, 2013, First Responder EMS – Sacramento, Inc. agreed to purchase the property for \$1,500,000 with a seller carry back loan. First Responder is relocating their Sacramento regional headquarters with 50 employees from Rancho Cordova to this address. First Responder anticipates that there will be some new hires.

As part of the loan approval process the operating history of the company as a whole (statewide) and financial documents for the past three years, including tax returns and audited financial statements, will be reviewed. In addition, a credit check on the company will be reviewed.

FINANCIAL CONSIDERATIONS

The recommended actions in this report result in the sale of an Agency asset in exchange for a cash down payment of \$450,000 and a seller carry back loan of \$1,050,000. First Responder EMS-Sacramento, Inc. and the HACS have reached an agreement on a purchase price of \$1,500,000 with seller carry back financing. The terms of the agreement include a 30 percent \$450,000 down payment at closing with the remainder financed at 4.5 percent, with payments amortized over 20 years with a balloon payment of \$643,364.45 due at the end of 10 years.

POLICY CONSIDERATIONS

Public Housing Authorities are required to comply with applicable federal laws and regulations, including the Quality Housing and Work Responsibility Act of 1998 (QHWRA).

ENVIRONMENTAL REVIEW

California Environmental Quality Act (CEQA): All actions proposed in furtherance of the lease and/or sale of this existing surplus property with negligible or no change in use is considered a minor action on an existing facility, and as such is Categorical Exempt under the California Environmental Quality Act (CEQA) Guidelines Sections 15301 and 15312.

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Sacramento Housing and Redevelopment Commission

June 19, 2013

Page 4

National Environmental Policy Act (NEPA): The National Environmental Policy Act (NEPA) does not apply.

M/WBE AND SECTION 3 CONSIDERATIONS

The activities recommended in this staff report do not involve federal funding; therefore, there are no M/WBE or Section 3 considerations or requirements

Respectfully submitted,



LA SHELLE DOZIER
Executive Director

Attachment 1 – Resolution

Exhibit A – Purchase and Sale Agreement

Exhibit B – Loan Agreement

Attachment 2 – HUD Letter Approving Disposition of Property

Attachment 3 – HUD Letter Releasing Section 108 Loan

Attachment 4 - Map

RESOLUTION NO. SHRC-_____

ADOPTED BY THE SACRAMENTO HOUSING AND REDEVELOPMENT COMMISSION UNDER THE AUTHORITY DELEGATED TO THE COMMISSION PURSUANT TO CALIFORNIA HEALTH AND SAFETY CODE, SECTION 33202 BY RESOLUTION NO. RA 81-083 ADOPTED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO ON OCTOBER 20, 1981, AND BY RESOLUTION NO. RA-83 ADOPTED BY THE REDEVELOPMENT AGENCY OF THE COUNTY OF SACRAMENTO ON OCTOBER 27, 1981, AND PURSUANT TO CALIFORNIA HEALTH AND SAFETY CODE SECTION 34292 BY RESOLUTION NO. HA 81-098 ADOPTED BY THE HOUSING AUTHORITY OF THE CITY OF SACRAMENTO ON OCTOBER 20, 1981, AND BY RESOLUTION NO. HA-1497 ADOPTED BY THE HOUSING AUTHORITY OF THE COUNTY OF SACRAMENTO ON OCTOBER 27, 1981.

ON DATE OF

APPROVAL OF PURCHASE AND SALE AGREEMENT TO DISPOSE OF SURPLUS NON RESIDENTIAL HOUSING AUTHORITY OWNED PROPERTY LOCATED AT: 320 COMMERCE CIRCLE

WHEREAS, the maintenance facility located at 320 Commerce Circle (property) was not purchased with federal public housing funds and no federal public housing funds have been expended on the property.

WHEREAS, prior to conversion to asset management, the property served as miscellaneous office space and the central warehouse to provide logistical services in the receipt, storage and distribution of a variety of equipment and materials to the Housing Authority of the City of Sacramento (HACS) developments. The property is no longer needed for that purpose because the warehousing function has been relocated onsite to the appropriate Asset Management Projects.

WHEREAS, on March 24, 2009, the HACS Board approved the submission of an application of disposition and the release of the Declaration of Trust (DOT) with the United States Housing and Urban Development (HUD) for the non-dwelling property located at 320 Commerce Circle (property) via Resolution # 2009-007 and HUD approved the request.

WHEREAS, the disposition or reassignment of the property will not be detrimental to the operation of public housing for the HACS.

WHEREAS, on April 26, 2011 the HACS Board determined that the 320 Commerce Circle property is surplus and is not required for its foreseeable needs via Resolution # 2011-006.

WHEREAS, on April 26, 2011, the HACS Board authorized the Executor Director to execute all necessary documents, as approved as to form by Agency Counsel, to lease and/or sell the property via Resolution # 2011-006.

WHEREAS, in the fall of 2011, the HACS broker publicized a public auction with a minimum bid requirement. Sealed bids were opened on January 15, 2012. All bids were less than the minimum bid. The property was then listed with a sales price of \$1,500,000. Pursuant to Health and Safety Code Section 34312.3 HACS intends to dispose of the property through a purchase and sale agreement.

WHEREAS, on June 19, 2013, a duly noticed public hearing was held on behalf of HACS before the Sacramento Housing and Redevelopment Commission regarding the disposition of the of property via a purchase and sale agreement.

WHEREAS, all actions proposed in furtherance of the disposition of this existing surplus property are negligible or no change in use is considered a minor action on an existing facility, and as such is Categorically Exempt under the California Environmental Quality Act (CEQA) Guidelines Sections 15301 and 15312. The National Environmental Policy Act (NEPA) does not apply.

BE IT RESOLVED BY THE SACRAMENTO HOUSING AND REDEVELOPMENT COMMISSION:

Section 1. That the above recitals are true and correct.

Section 2. That the purchase and sale agreement between First Responder EMS – Sacramento, Inc. (Buyer) and the Housing Authority of the City of Sacramento (HACS or Seller) as set forth in Exhibit A is approved.

Section 3. That the seller carry back loan of \$1,050,000 between the Buyer and the HACS, and the terms of the loan which include an annual interest rate of 4.5%, with monthly payments amortized over 20 years with a balloon payment of the remaining principal of due at the end of 10 years, as set forth in Exhibit B is approved.

Section 4. That the Executive Director or her designee is authorized to execute the purchase and sale agreement set forth in Exhibit A for 320 Commerce Circle, the loan agreement as set forth in Exhibit B and to execute all required title, escrow and disclosure documents, as approved as to form by Agency Counsel.

Section 5 That the Executive Director, or her designee, is directed to deposit the proceeds of the sale, net the cost of sale, in a trust fund to further assist in the provision of housing for lower income households and to directly assist housing units for persons of very low income.

CHAIR

ATTEST:

CLERK

Exhibit A – Purchase and Sales Agreement
Exhibit B – Loan Agreement



Exhibit "A"

STANDARD OFFER, AGREEMENT AND ESCROW
INSTRUCTIONS FOR PURCHASE OF REAL ESTATE
(Non-Residential)
AIR Commercial Real Estate Association

May 29, 2013
(Date for Reference Purposes)

1. Buyer.

1.1 First Responder EMS - Sacramento, Inc., a California Corporation and/or Assignee
("Buyer") hereby offers to purchase the real property, hereinafter described, from the owner thereof ("Seller") (collectively, the "Parties" or individually, a "Party"), through an escrow ("Escrow") to close 30 or fifteen (15) days after the waiver or expiration of the Buyer's Contingencies, ("Expected Closing Date") to be held by Placer Title Company ("Escrow Holder") whose address is 301 University Ave., Suite 120, Sacramento, CA

Phone No. 916-973-3610 Facsimile No. 916-923-3617
upon the terms and conditions set forth in this agreement ("Agreement"). Buyer shall have the right to assign Buyer's rights hereunder, but any such assignment shall not relieve Buyer of Buyer's obligations herein unless Seller expressly releases Buyer.

1.2 The term "Date of Agreement" as used herein shall be the date when by execution and delivery (as defined in paragraph 20.2) of this document or a subsequent counteroffer thereto, Buyer and Seller have reached agreement in writing whereby Seller agrees to sell, and Buyer agrees to purchase, the Property upon terms accepted by both Parties.

2. Property.

2.1 The real property ("Property") that is the subject of this offer consists of (insert a brief physical description) 25,000 +/- square foot warehouse building on 1.72 +/- acres, zoned M-1

is located in the City of Sacramento, County of Sacramento, State of California, is commonly known by the street address of 320 Commerce Ave.

and is legally described as:

(APN: 275-0251-017).

2.2 If the legal description of the Property is not complete or is inaccurate, this Agreement shall not be invalid and the legal description shall be completed or corrected to meet the requirements of Placer Title Company ("Title Company"), which shall issue the title policy hereinafter described.

2.3 The Property includes, at no additional cost to Buyer, the permanent improvements thereon, including those items which pursuant to applicable law are a part of the property, as well as the following items, if any, owned by Seller and at present located on the Property: electrical distribution systems (power panel, bus ducting, conduits, disconnects, lighting fixtures); telephone distribution systems (lines, jacks and connections only); space heaters; heating, ventilating, air conditioning equipment ("HVAC"); air lines; fire sprinkler systems; security and fire detection systems; carpets; window coverings; wall coverings; and existing natural gas fueling stations

(collectively, the "Improvements").

2.4 The fire sprinkler monitor: [X] is owned by Seller and included in the Purchase Price, [] is leased by Seller, and Buyer will need to negotiate a new lease with the fire monitoring company, [] ownership will be determined during Escrow, or [] there is no fire sprinkler monitor.

2.5 Except as provided in Paragraph 2.3, the Purchase Price does not include Seller's personal property, furniture and furnishings, and Miscellaneous files and paperwork all of which shall be removed by Seller prior to Closing.

3. Purchase Price.

3.1 The purchase price ("Purchase Price") to be paid by Buyer to Seller for the Property shall be \$1,500,000.00, payable as follows:

- (a) Cash down payment, including the Deposit as defined in paragraph 4.3 (or if an all cash transaction, the Purchase Price); \$450,000.00
(b) Amount of "New Loan" as defined in paragraph 5.1, if any: \$N/A
(c) Buyer shall take title to the Property subject to and/or assume the following existing deed(s) of trust ("Existing Deed(s) of Trust") securing the existing promissory note(s) ("Existing Note(s)":
(i) An Existing Note ("First Note") with an unpaid principal balance as of the Closing of approximately: \$N/A
Said First Note is payable at \$-- per month, including interest at the rate of --- % per annum until paid (and/or the entire unpaid balance is due on ---).
(ii) An Existing Note ("Second Note") with an unpaid principal balance as of the Closing of approximately: \$N/A
Said Second Note is payable at \$ per month, including interest at the rate of % per annum until paid (and/or the entire unpaid balance is due on).
(d) Buyer shall give Seller a deed of trust ("Purchase Money Deed of Trust") on the property, to secure the promissory note of Buyer to Seller described in paragraph 6 ("Purchase Money Note") in the amount of: \$1,050,000.00
Total Purchase Price: \$1,500,000.00

3.2 If Buyer is taking title to the Property subject to, or assuming, an Existing Deed of Trust and such deed of trust permits the beneficiary to demand payment of fees including, but not limited to, points, processing fees, and appraisal fees as a condition to the transfer of the Property, Buyer agrees to pay such fees up to a maximum of 1.5% of the unpaid principal balance of the applicable Existing Note.

4. Deposits.

4.1 Buyer has delivered to Broker a check in the sum of \$25,000.00, payable to Escrow Holder, to be delivered by Broker to Escrow Holder within 2 or _____ business days after both Parties have executed this Agreement and the executed Agreement has been delivered to Escrow Holder, or within 2 or _____ business days after both Parties have executed this Agreement and the executed Agreement has been delivered to Escrow Holder. Buyer shall deliver to Escrow Holder a check in the sum of \$25,000.00. If said check is not received by Escrow Holder within said time period then Seller may elect to unilaterally terminate this transaction by giving written notice of such election to Escrow Holder whereupon neither Party shall have any further liability to the other under this Agreement. Should Buyer and Seller not enter into an agreement for purchase and sale or the contingencies are not satisfied, Buyer's check or funds shall, upon request by Buyer, be promptly returned to Buyer.

4.2 Additional deposits:

(a) Within 5 business days after the Date of Agreement, Buyer shall deposit with Escrow Holder the additional sum of \$N/A to be applied to the Purchase Price at the Closing.

(b) Within 5 business days after the contingencies discussed in paragraph 9.1 (a) through (k) are approved or waived, Buyer shall deposit with Escrow Holder the additional sum of \$25,000.00 to be applied to the Purchase Price at the Closing.

4.3 Escrow Holder shall deposit the funds deposited with it by Buyer pursuant to paragraphs 4.1 and 4.2 (collectively the "Deposit"), in a State or Federally chartered bank in an interest bearing account whose term is appropriate and consistent with the timing requirements of this transaction. The interest therefrom shall accrue to the benefit of Buyer, who hereby acknowledges that there may be penalties or interest forfeitures if the applicable instrument is redeemed prior to its specified maturity. Buyer's Federal Tax Identification Number is to be provided in escrow. NOTE: Such interest bearing account cannot be opened until Buyer's Federal Tax Identification Number is provided.

5. Financing Contingency. (Strike if not applicable)

~~5.1 This offer is contingent upon Buyer obtaining from an insurance company, financial institution or other lender, a commitment to lend to Buyer a sum equal to at least _____% of the Purchase Price, on terms reasonably acceptable to Buyer. Such loan ("New Loan") shall be secured by a first deed of trust or mortgage on the Property. If this Agreement provides for Seller to carry back junior financing, then Seller shall have the right to approve the terms of the New Loan. Seller shall have 7 days from receipt of the commitment setting forth the proposed terms of the New Loan to approve or disapprove of such proposed terms. If Seller fails to notify Escrow Holder, in writing, of the disapproval within said 7 days it shall be conclusively presumed that Seller has approved the terms of the New Loan.~~

~~5.2 Buyer hereby agrees to diligently pursue obtaining the New Loan. If Buyer shall fail to notify its Broker, Escrow Holder and Seller, in writing within _____ days following the Date of Agreement, that the New Loan has not been obtained, it shall be conclusively presumed that Buyer has either obtained said New Loan or has waived this New Loan contingency.~~

~~5.3 If, after due diligence, Buyer shall notify its Broker, Escrow Holder and Seller, in writing, within the time specified in paragraph 5.2 hereof, that Buyer has not obtained said New Loan, this Agreement shall be terminated, and Buyer shall be entitled to the prompt return of the Deposit, plus any interest earned thereon, less only Escrow Holder and Title Company cancellation fees and costs, which Buyer shall pay.~~

6. Seller Financing (Purchase Money Note). (Strike if not applicable)

6.1 If Seller approves Buyer's financials (see paragraph 6.5) the Purchase Money Note shall provide for interest on unpaid principal at the rate of 4.5 % per annum, with principal and interest paid as follows: 20 year amortization due in 10 years. 30% down payment. Balloon payment at the end of the 120th month is \$643,364.45. Seller financing shall be subject to the terms and conditions of a separate loan agreement and a Promissory Note evidenced by a Trust Deed to be recorded. The Purchase Money Note and Purchase Money Deed of Trust shall be on the current forms commonly used by Escrow Holder, and be junior and subordinate only to the Existing Note(s) and/or the New Loan expressly called for by this Agreement.

~~6.2 The Purchase Money Note and/or the Purchase Money Deed of Trust shall contain provisions regarding the following (see also paragraph 10.3 (b)):~~

~~(a) Prepayment. Principal may be prepaid in whole or in part at any time without penalty, at the option of the Buyer.~~

~~(b) Late Charge. A late charge of 6% shall be payable with respect to any payment of principal, interest, or other charges, not made within 40 days after it is due.~~

~~(c) Due On Sale. In the event the Buyer sells or transfers title to the Property or any portion thereof, then the Seller may, at Seller's option, require the entire unpaid balance of said Note to be paid in full.~~

~~6.3 If the Purchase Money Deed of Trust is to be subordinate to other financing, Escrow Holder shall, at Buyer's expense prepare and record on Seller's behalf a request for notice of default and/or sale with regard to each mortgage or deed of trust to which it will be subordinate.~~

~~6.4 WARNING: CALIFORNIA LAW DOES NOT ALLOW DEFICIENCY JUDGEMENTS ON SELLER FINANCING. IF BUYER ULTIMATELY DEFAULTS ON THE LOAN, SELLER'S SOLE REMEDY IS TO FORECLOSE ON THE PROPERTY.~~

6.5 Seller's obligation to provide financing is contingent upon Seller's reasonable approval of Buyer's financial condition. Buyer to provide a current financial statement and copies of its Federal tax returns or audited financial statements from a CPA for the last 3 2 years to Seller within 10 days following the Date of Agreement. Seller has 40 30 days following receipt of such documentation to satisfy itself with regard to Buyer's financial condition and to notify Escrow Holder as to whether or not Buyer's financial condition is acceptable. If Seller fails to notify Escrow Holder, in writing, of the disapproval of this contingency within said time period, it shall be conclusively presumed that Seller has approved Buyer's financial condition. If Seller is not satisfied with Buyer's financial condition or if Buyer fails to deliver the required documentation then Seller may notify Escrow Holder in writing that Seller Financing will not be available, and Buyer shall have the option, within 10 days of the receipt of such notice, to either terminate this transaction or to purchase the Property without Seller financing. If Buyer fails to notify Escrow Holder within said time period of its election to terminate this transaction then Buyer shall be conclusively presumed to have elected to purchase the Property without Seller financing. If Buyer elects to terminate, Buyer's Deposit shall be refunded less Title Company and Escrow Holder cancellation fees and costs, all of which shall be Buyer's obligation.

7. Real Estate Brokers.

7.1 The following real estate broker(s) ("Brokers") and brokerage relationships exist in this transaction and are consented to by the Parties (check the applicable boxes):

Colliers International - Heath Charamuga & Jim Dennis represents Seller exclusively ("Seller's Broker");

Jones Lang LaSalle - Bill Niethammer represents Buyer exclusively ("Buyer's Broker"); or

_____ represents both Seller and Buyer ("Dual Agency").

The Parties acknowledge that Brokers are the procuring cause of this Agreement. See paragraph 24 regarding the nature of a real estate agency relationship. Buyer shall use the services of Buyer's Broker exclusively in connection with any and all negotiations and offers with respect to the Property for a period of 1 year from the date inserted for reference purposes at the top of page 1.

7.2 Buyer and Seller each represent and warrant to the other that he/she/it has had no dealings with any person, firm, broker or finder in connection with the negotiation of this Agreement and/or the consummation of the purchase and sale contemplated herein, other than the Brokers named in paragraph 7.1, and no broker or other person, firm or entity, other than said Brokers is/are entitled to any commission or finder's fee in connection with this transaction as the result of any dealings or acts of such Party. Buyer and Seller do each hereby agree to indemnify, defend, protect and hold the other harmless from and against any costs, expenses or liability for compensation, commission or charges which may be claimed by any broker, finder or other similar party, other than said named Brokers by reason of any dealings or act of the indemnifying Party.

8. Escrow and Closing.

8.1 Upon acceptance hereof by Seller, this Agreement, including any counteroffers incorporated herein by the Parties, shall constitute not only the agreement of purchase and sale between Buyer and Seller, but also instructions to Escrow Holder for the consummation of the Agreement through the Escrow. Escrow Holder shall not prepare any further escrow instructions restating or amending the Agreement unless specifically so instructed by the Parties or a Broker herein. Subject to the reasonable approval of the Parties, Escrow Holder may, however, include its standard general escrow provisions.

8.2 As soon as practical after the receipt of this Agreement and any relevant counteroffers, Escrow Holder shall ascertain the Date of Agreement as defined in paragraphs 1.2 and 20.2 and advise the Parties and Brokers, in writing, of the date ascertained.

8.3 Escrow Holder is hereby authorized and instructed to conduct the Escrow in accordance with this Agreement, applicable law and custom and practice of the community in which Escrow Holder is located, including any reporting requirements of the Internal Revenue Code. In the event of a conflict between the law of the state where the Property is located and the law of the state where the Escrow Holder is located, the law of the state where the Property is located shall prevail.

8.4 Subject to satisfaction of the contingencies herein described, Escrow Holder shall close this escrow (the "Closing") by recording a general warranty deed (a grant deed in California) and the other documents required to be recorded, and by disbursing the funds and documents in accordance with this Agreement.

8.5 Buyer and Seller shall each pay one-half of the Escrow Holder's charges and Seller shall pay the usual recording fees and any required documentary transfer taxes. Seller shall pay the premium for a standard coverage owner's or joint protection policy of title insurance. (See also paragraph 11)

8.6 Escrow Holder shall verify that all of Buyer's contingencies have been satisfied or waived prior to Closing. The matters contained in paragraphs 9.1 subparagraphs (b), (c), (d), (e), (g), (i), (n), and (o), 9.4, 9.5, 12, 13, 14, 16, 18, 20, 21, 22, and 24 are, however, matters of agreement between the Parties only and are not instructions to Escrow Holder.

8.7 If this transaction is terminated for non-satisfaction and non-waiver of a Buyer's Contingency, as defined in paragraph 9.2, then neither of the Parties shall thereafter have any liability to the other under this Agreement, except to the extent of a breach of any affirmative covenant or warranty in this Agreement. In the event of such termination, Buyer shall be promptly refunded all funds deposited by Buyer with Escrow Holder, less only Title Company and Escrow Holder cancellation fees and costs, all of which shall be Buyer's obligation. If this transaction is terminated as a result of Seller's breach of this Agreement then Seller shall pay the Title Company and Escrow Holder cancellation fees and costs.

8.8 The Closing shall occur on the Expected Closing Date, or as soon thereafter as the Escrow is in condition for Closing; provided, however, that if the Closing does not occur by the Expected Closing Date and said Date is not extended by mutual instructions of the Parties, a Party not then in default under this Agreement may notify the other Party, Escrow Holder, and Brokers, in writing that, unless the Closing occurs within 5 business days following said notice, the Escrow shall be deemed terminated without further notice or instructions.

8.9 Except as otherwise provided herein, the termination of Escrow shall not relieve or release either Party from any obligation to pay Escrow Holder's fees and costs or constitute a waiver, release or discharge of any breach or default that has occurred in the performance of the obligations, agreements, covenants or warranties contained therein.

8.10 If this sale of the Property is not consummated for any reason other than Seller's breach or default, then at Seller's request, and as a condition to any obligation to return Buyer's deposit (see paragraph 21), Buyer shall within 5 days after written request deliver to Seller, at no charge, copies of all surveys, engineering studies, soil reports, maps, master plans, feasibility studies and other similar items prepared by or for Buyer that pertain to the Property. Provided, however, that Buyer shall not be required to deliver any such report if the written contract which Buyer entered into with the consultant who prepared such report specifically forbids the dissemination of the report to others.

9. Contingencies to Closing.

9.1 The Closing of this transaction is contingent upon the satisfaction or waiver of the following contingencies. **IF BUYER FAILS TO NOTIFY ESCROW HOLDER, IN WRITING, OF THE DISAPPROVAL OF ANY OF SAID CONTINGENCIES WITHIN THE TIME SPECIFIED THEREIN, IT SHALL BE CONCLUSIVELY PRESUMED THAT BUYER HAS APPROVED SUCH ITEM, MATTER OR DOCUMENT.** Buyer's conditional approval shall constitute disapproval, unless provision is made by the Seller within the time specified therefore by the Buyer in such conditional approval or by this Agreement, whichever is later, for the satisfaction of the condition imposed by the Buyer. Escrow Holder shall promptly provide all Parties with copies of any written disapproval or conditional approval which it receives. With regard to subparagraphs (a) through (m) the pre-printed time periods shall control unless a different number of days is inserted in the spaces provided.

(a) *Disclosure.* Seller shall make to Buyer, through Escrow, all of the applicable disclosures required by law (See AIR Commercial Real Estate Association ("AIR") standard form entitled "Seller's Mandatory Disclosure Statement") and provide Buyer with a completed Property Information Sheet ("Property Information Sheet") concerning the Property, duly executed by or on behalf of Seller in the current form or equivalent to that published by the AIR within 10 or _____ days following the Date of Agreement. Buyer has 10 days from the receipt of said disclosures to approve or disapprove the matters disclosed.

(b) *Physical Inspection.* Buyer has ~~40~~ or 40 days from the receipt of the Property Information Sheet or the Date of Agreement, whichever is later, to satisfy itself with regard to the physical aspects and size of the Property.

(c) *Hazardous Substance Conditions Report.* Buyer has ~~30~~ or 40 days from the receipt of the Property Information Sheet or the Date of Agreement, whichever is later, to satisfy itself with regard to the environmental aspects of the Property. Seller recommends that Buyer obtain a Hazardous Substance Conditions Report concerning the Property and relevant adjoining properties. Any such report shall be paid for by Buyer. A "Hazardous Substance" for purposes of this Agreement is defined as any substance whose nature and/or quantity of existence, use, manufacture, disposal or effect, render it subject to Federal, state or local regulation, investigation, remediation or removal as potentially injurious to public health or welfare. A "Hazardous Substance Condition" for purposes of this Agreement is defined as the existence on, under or relevantly adjacent to the Property of a Hazardous Substance that would require remediation and/or removal under applicable Federal, state or local law.

(d) *Soil Inspection.* Buyer has ~~30~~ or 40 days from the receipt of the Property Information Sheet or the Date of Agreement, whichever is later, to satisfy itself with regard to the condition of the soils on the Property. Seller recommends that Buyer obtain a soil test report. Any such report shall be paid for by Buyer. Seller shall provide Buyer copies of any soils report that Seller may have within 10 days of the Date of Agreement.

(e) *Governmental Approvals.* Buyer has ~~30~~ or 40 days from the Date of Agreement to satisfy itself with regard to approvals and permits from governmental agencies or departments which have or may have jurisdiction over the Property and which Buyer deems necessary or desirable in connection with its intended use of the Property, including, but not limited to, permits and approvals required with respect to zoning, planning, building and safety, fire, police, handicapped and Americans with Disabilities Act requirements, transportation and environmental matters.

(f) *Conditions of Title.* Escrow Holder shall cause a current commitment for title insurance ("Title Commitment") concerning the Property issued by the Title Company, as well as legible copies of all documents referred to in the Title Commitment ("Underlying Documents"), and a scaled and dimensioned plot showing the location of any easements to be delivered to Buyer within 10 or _____ days following the Date of Agreement. Buyer has 10 days from the receipt of the Title Commitment, the Underlying Documents and the plot plan to satisfy itself with regard to the condition of title. The disapproval by Buyer of any monetary encumbrance, which by the terms of this Agreement is not to remain against the Property after the Closing, shall not be considered a failure of this contingency, as Seller shall have the obligation, at Seller's expense, to satisfy and remove such disapproved monetary encumbrance at or before the Closing.

(g) *Survey.* Buyer has ~~30~~ or 40 days from the receipt of the Title Commitment and Underlying Documents to satisfy itself with regard to any ALTA title supplement based upon a survey prepared to American Land Title Association ("ALTA") standards for an owner's policy by a licensed surveyor, showing the legal description and boundary lines of the Property, any easements of record, and any improvements, poles, structures and things located within 10 feet of either side of the Property boundary lines. Any such survey shall be prepared at Buyer's direction and expense. If Buyer has obtained a survey and approved the ALTA title supplement, Buyer may elect within the period allowed for Buyer's approval of a survey to have an ALTA extended coverage owner's form of title policy, in which event Buyer shall pay any additional premium attributable thereto.

(h) *Existing Leases and Tenancy Statements.* Seller shall within 10 or N/A days of the Date of Agreement provide both Buyer and Escrow Holder with legible copies of all leases, subleases or rental arrangements (collectively, "Existing Leases") affecting the Property, and with a tenancy statement ("Estoppel Certificate") in the latest form or equivalent to that published by the AIR, executed by Seller and/or each tenant and subtenant of the Property. Seller shall use its best efforts to have each tenant complete and execute an Estoppel Certificate. If any tenant fails or refuses to provide an Estoppel Certificate then Seller shall complete and execute an Estoppel Certificate for that tenancy. Buyer has 10 days from the receipt of said Existing Leases and Estoppel Certificates to satisfy itself with regard to the Existing Leases and any other tenancy issues.

(i) *Owner's Association.* Seller shall within 10 or N/A days of the Date of Agreement provide Buyer with a statement and transfer package from any owner's association servicing the Property. Such transfer package shall at a minimum include: copies of the association's bylaws, articles of incorporation, current budget and financial statement. Buyer has 10 days from the receipt of such documents to satisfy itself with regard to the association.

(j) *Other Agreements.* Seller shall within 10 or N/A days of the Date of Agreement provide Buyer with legible copies of all other agreements ("Other Agreements") known to Seller that will affect the Property after Closing. Buyer has 10 days from the receipt of said Other Agreements to satisfy itself with regard to such Agreements.

(k) *Financing.* If paragraph 5 hereof dealing with a financing contingency has not been stricken, the satisfaction or waiver of such New Loan contingency.

(l) *Existing Notes.* If paragraph 3.1(c) has not been stricken, Seller shall within 10 or N/A days of the Date of Agreement provide Buyer with legible copies of the Existing Notes, Existing Deeds of Trust and related agreements (collectively, "Loan Documents") to which the Property will remain subject after the Closing. Escrow Holder shall promptly request from the holders of the Existing Notes a beneficiary statement ("Beneficiary Statement") confirming: (1) the amount of the unpaid principal balance, the current interest rate, and the date to which interest is paid, and (2) the nature and amount of any Impounds held by the beneficiary in connection with such loan. Buyer has 10 or _____ days from the receipt of the Loan

Documents and Beneficiary Statements to satisfy itself with regard to such financing. Buyer's obligation to close is conditioned upon Buyer being able to purchase the Property without acceleration or change in the terms of any Existing Notes or charges to Buyer except as otherwise provided in this Agreement or approved by Buyer, provided, however, Buyer shall pay the transfer fee referred to in paragraph 3.2 hereof.

(m) *Personal Property*. In the event that any personal property is included in the Purchase Price, Buyer has 10 or ___ days from the Date of Agreement to satisfy itself with regard to the title condition of such personal property. Seller recommends that Buyer obtain a UCC-1 report. Any such report shall be paid for by Buyer. Seller shall provide Buyer copies of any liens or encumbrances affecting such personal property that it is aware of within 10 or ___ days of the Date of Agreement.

(n) *Destruction, Damage or Loss*. There shall not have occurred prior to the Closing, a destruction of, or damage or loss to, the Property or any portion thereof, from any cause whatsoever, which would cost more than \$10,000.00 to repair or cure. If the cost of repair or cure is \$10,000.00 or less, Seller shall repair or cure the loss prior to the Closing. Buyer shall have the option, within 10 days after receipt of written notice of a loss costing more than \$10,000.00 to repair or cure, to either terminate this Agreement or to purchase the Property notwithstanding such loss, but without deduction or offset against the Purchase Price. If the cost to repair or cure is more than \$10,000.00, and Buyer does not elect to terminate this Agreement, Buyer shall be entitled to any insurance proceeds applicable to such loss. Unless otherwise notified in writing, Escrow Holder shall assume no such destruction, damage or loss has occurred prior to Closing.

(o) *Material Change*. Buyer shall have 10 days following receipt of written notice of a Material Change within which to satisfy itself with regard to such change. "Material Change" shall mean a substantial adverse change in the use, occupancy, tenants, title, or condition of the Property that occurs after the date of this offer and prior to the Closing. Unless otherwise notified in writing, Escrow Holder shall assume that no Material Change has occurred prior to the Closing.

(p) *Seller Performance*. The delivery of all documents and the due performance by Seller of each and every undertaking and agreement to be performed by Seller under this Agreement.

(q) *Brokerage Fee*. Payment at the Closing of such brokerage fee as is specified in this Agreement or later written instructions to Escrow Holder executed by Seller and Brokers ("Brokerage Fee"). It is agreed by the Parties and Escrow Holder that Brokers are a third party beneficiary of this Agreement insofar as the Brokerage Fee is concerned, and that no change shall be made with respect to the payment of the Brokerage Fee specified in this Agreement, without the written consent of Brokers.

9.2 All of the contingencies specified in subparagraphs (a) through (m) of paragraph 9.1 are for the benefit of, and may be waived by, Buyer, and may be elsewhere herein referred to as "Buyer's Contingencies."

9.3 If any of Buyer's Contingencies or any other matter subject to Buyer's approval is disapproved as provided for herein in a timely manner ("Disapproved Item"), Seller shall have the right within 10 days following the receipt of notice of Buyer's disapproval to elect to cure such Disapproved Item prior to the Expected Closing Date ("Seller's Election"). Seller's failure to give to Buyer within such period, written notice of Seller's commitment to cure such Disapproved Item on or before the Expected Closing Date shall be conclusively presumed to be Seller's Election not to cure such Disapproved Item. If Seller elects, either by written notice or failure to give written notice, not to cure a Disapproved Item, Buyer shall have the right, within 10 days after Seller's Election to either accept title to the Property subject to such Disapproved Item, or to terminate this Agreement. Buyer's failure to notify Seller in writing of Buyer's election to accept title to the Property subject to the Disapproved Item without deduction or offset shall constitute Buyer's election to terminate this Agreement. Unless expressly provided otherwise herein, Seller's right to cure shall not apply to the remediation of Hazardous Substance Conditions or to the Financing Contingency. Unless the Parties mutually instruct otherwise, if the time periods for the satisfaction of contingencies or for Seller's and Buyer's elections would expire on a date after the Expected Closing Date, the Expected Closing Date shall be deemed extended for 3 business days following the expiration of: (a) the applicable contingency period(s); (b) the period within which the Seller may elect to cure the Disapproved Item; or (c) if Seller elects not to cure, the period within which Buyer may elect to proceed with this transaction, whichever is later.

9.4 Buyer understands and agrees that until such time as all Buyer's Contingencies have been satisfied or waived, Seller and/or its agents may solicit, entertain and/or accept back-up offers to purchase the Property.

9.5 The Parties acknowledge that extensive local, state and Federal legislation establish broad liability upon owners and/or users of real property for the investigation and remediation of Hazardous Substances. The determination of the existence of a Hazardous Substance Condition and the evaluation of the impact of such a condition are highly technical and beyond the expertise of Brokers. The Parties acknowledge that they have been advised by Brokers to consult their own technical and legal experts with respect to the possible presence of Hazardous Substances on the Property or adjoining properties, and Buyer and Seller are not relying upon any investigation by or statement of Brokers with respect thereto. The Parties hereby assume all responsibility for the impact of such Hazardous Substances upon their respective interests herein.

10. Documents Required at or Before Closing:

10.1 Five days prior to the Closing date Escrow Holder shall obtain an updated Title Commitment concerning the Property from the Title Company and provide copies thereof to each of the Parties.

10.2 Seller shall deliver to Escrow Holder in time for delivery to Buyer at the Closing:

- (a) Grant or general warranty deed, duly executed and in recordable form, conveying fee title to the Property to Buyer.
- (b) If applicable, the Beneficiary Statements concerning Existing Note(s).
- (c) If applicable, the Existing Leases and Other Agreements together with duly executed assignments thereof by Seller and Buyer. The assignment of Existing Leases shall be on the most recent Assignment and Assumption of Lessor's Interest in Lease form published by the AIR or its equivalent.
- (d) If applicable, Estoppel Certificates executed by Seller and/or the tenant(s) of the Property.
- (e) An affidavit executed by Seller to the effect that Seller is not a "foreign person" within the meaning of Internal Revenue Code Section 1445 or successor statutes. If Seller does not provide such affidavit in form reasonably satisfactory to Buyer at least 3 business days prior to the Closing, Escrow Holder shall at the Closing deduct from Seller's proceeds and remit to the Internal Revenue Service such sum as is required by applicable Federal law with respect to purchases from foreign sellers.
- (f) If the Property is located in California, an affidavit executed by Seller to the effect that Seller is not a "nonresident" within the meaning of California Revenue and Tax Code Section 18662 or successor statutes. If Seller does not provide such affidavit in form reasonably satisfactory to Buyer at least 3 business days prior to the Closing, Escrow Holder shall at the Closing deduct from Seller's proceeds and remit to the Franchise Tax Board such sum as is required by such statute.
- (g) If applicable, a bill of sale, duly executed, conveying title to any included personal property to Buyer.
- (h) If the Seller is a corporation, a duly executed corporate resolution authorizing the execution of this Agreement and the sale of the Property.

10.3 Buyer shall deliver to Seller through Escrow:

- (a) The cash portion of the Purchase Price and such additional sums as are required of Buyer under this Agreement shall be deposited by Buyer with Escrow Holder, by federal funds wire transfer, or any other method acceptable to Escrow Holder in immediately collectable funds, no later than 2:00 P.M. on the business day prior to the Expected Closing Date.
- (b) If a Purchase Money Note and Purchase Money Deed of Trust are called for by this Agreement, the duly executed originals of those documents, the Purchase Money Deed of Trust being in recordable form, together with evidence of fire insurance on the improvements in the amount of the full replacement cost naming Seller as a mortgage loss payee, and a real estate tax service contract (at Buyer's expense), assuring Seller of notice of the status of payment of real property taxes during the life of the Purchase Money Note.
- (c) The Assignment and Assumption of Lessor's Interest in Lease form specified in paragraph 10.2(c) above, duly executed by Buyer.
- (d) Assumptions duly executed by Buyer of the obligations of Seller that accrue after Closing under any Other Agreements.
- (e) If applicable, a written assumption duly executed by Buyer of the loan documents with respect to Existing Notes.
- (f) If the Buyer is a corporation, a duly executed corporate resolution authorizing the execution of this Agreement and the purchase of the Property.

10.4 At Closing, Escrow Holder shall cause to be issued to Buyer a standard CLTA coverage (or ALTA extended, if elected pursuant to 9.1(g)) owner's form policy of title insurance effective as of the Closing, issued by the Title Company in the full amount of the Purchase Price, insuring title to the Property vested in Buyer, subject only to the exceptions approved by Buyer. In the event there is a Purchase Money Deed of Trust in this transaction, the policy of title insurance shall be a joint protection policy insuring both Buyer and Seller.

IMPORTANT: IN A PURCHASE OR EXCHANGE OF REAL PROPERTY, IT MAY BE ADVISABLE TO OBTAIN TITLE INSURANCE IN CONNECTION WITH THE CLOSE OF ESCROW SINCE THERE MAY BE PRIOR RECORDED LIENS AND ENCUMBRANCES WHICH AFFECT YOUR INTEREST IN THE PROPERTY BEING ACQUIRED. A NEW POLICY OF TITLE INSURANCE SHOULD BE OBTAINED IN ORDER TO ENSURE YOUR INTEREST IN THE PROPERTY THAT YOU ARE ACQUIRING.

11. Prorations and Adjustments.

11.1 *Taxes*. Applicable real property taxes and special assessment bonds shall be prorated through Escrow as of the date of the Closing, based upon the latest tax bill available. The Parties agree to prorate as of the Closing any taxes assessed against the Property by supplemental bill levied by reason of events occurring prior to the Closing. Payment of the prorated amount shall be made promptly in cash upon receipt of a copy of any

supplemental bill.

11.2 **Insurance. WARNING:** Any insurance which Seller may have maintained will terminate on the Closing. Buyer is advised to obtain appropriate insurance to cover the Property.

11.3 **Rentals, Interest and Expenses.** Scheduled rentals, interest on Existing Notes, utilities, and operating expenses shall be prorated as of the date of Closing. The Parties agree to promptly adjust between themselves outside of Escrow any rents received after the Closing.

11.4 **Security Deposit.** Security Deposits held by Seller shall be given to Buyer as a credit to the cash required of Buyer at the Closing.

11.5 **Post Closing Matters.** Any item to be prorated that is not determined or determinable at the Closing shall be promptly adjusted by the Parties by appropriate cash payment outside of the Escrow when the amount due is determined.

11.6 **Variations in Existing Note Balances.** In the event that Buyer is purchasing the Property subject to an Existing Deed of Trust(s), and in the event that a Beneficiary Statement as to the applicable Existing Note(s) discloses that the unpaid principal balance of such Existing Note(s) at the closing will be more or less than the amount set forth in paragraph 3.1(c) hereof ("**Existing Note Variation**"), then the Purchase Money Note(s) shall be reduced or increased by an amount equal to such Existing Note Variation. If there is to be no Purchase Money Note, the cash required at the Closing per paragraph 3.1(a) shall be reduced or increased by the amount of such Existing Note Variation.

11.7 **Variations in New Loan Balance.** In the event Buyer is obtaining a New Loan and the amount ultimately obtained exceeds the amount set forth in paragraph 5.1, then the amount of the Purchase Money Note, if any, shall be reduced by the amount of such excess.

11.8 **Owner's Association Fees.** Escrow Holder shall: (i) bring Seller's account with the association current and pay any delinquencies or transfer fees from Seller's proceeds, and (ii) pay any up front fees required by the association from Buyer's funds.

12. Representations and Warranties of Seller and Disclaimers.

12.1 Seller's warranties and representations shall survive the Closing and delivery of the deed for a period of ~~3 years~~ **one (1) year**, and, are true, material and relied upon by Buyer and Brokers in all respects. Seller hereby makes the following warranties and representations to Buyer and Brokers:

(a) **Authority of Seller.** Seller is the owner of the Property and/or has the full right, power and authority to sell, convey and transfer the Property to Buyer as provided herein, and to perform Seller's obligations hereunder.

(b) **Maintenance During Escrow and Equipment Condition At Closing.** Except as otherwise provided in paragraph 9.1(m) hereof, Seller shall maintain the Property until the Closing in its present condition, ordinary wear and tear excepted.

(c) **Hazardous Substances/Storage Tanks.** Seller has no knowledge, except as otherwise disclosed to Buyer in writing, of the existence or prior existence on the Property of any Hazardous Substance, nor of the existence or prior existence of any above or below ground storage tank.

(d) **Compliance.** Seller has no knowledge of any aspect or condition of the Property which violates applicable laws, rules, regulations, codes or covenants, conditions or restrictions, or of improvements or alterations made to the Property without a permit where one was required, or of any unfulfilled order or directive of any applicable governmental agency or casualty insurance company requiring any investigation, remediation, repair, maintenance or improvement to be performed on the Property.

(e) **Changes in Agreements.** Prior to the Closing, Seller will not violate or modify any Existing Lease or Other Agreement, or create any new leases or other agreements affecting the Property, without Buyer's written approval, which approval will not be unreasonably withheld.

(f) **Possessory Rights.** Seller has no knowledge that anyone will, at the Closing, have any right to possession of the Property, except as disclosed by this Agreement or otherwise in writing to Buyer.

(g) **Mechanics' Liens.** There are no unsatisfied mechanics' or materialmen's lien rights concerning the Property.

(h) **Actions, Suits or Proceedings.** Seller has no knowledge of any actions, suits or proceedings pending or threatened before any commission, board, bureau, agency, arbitrator, court or tribunal that would affect the Property or the right to occupy or utilize same.

(i) **Notice of Changes.** Seller will promptly notify Buyer and Brokers in writing of any Material Change (see paragraph 9.1(n)) affecting the Property that becomes known to Seller prior to the Closing.

(j) **No Tenant Bankruptcy Proceedings.** Seller has no notice or knowledge that any tenant of the Property is the subject of a bankruptcy or insolvency proceeding.

(k) **No Seller Bankruptcy Proceedings.** Seller is not the subject of a bankruptcy, insolvency or probate proceeding.

(l) **Personal Property.** Seller has no knowledge that anyone will, at the Closing, have any right to possession of any personal property included in the Purchase Price nor knowledge of any liens or encumbrances affecting such personal property, except as disclosed by this Agreement or otherwise in writing to Buyer.

12.2 Buyer hereby acknowledges that, except as otherwise stated in this Agreement, Buyer is purchasing the Property in its existing condition and will, by the time called for herein, make or have waived all inspections of the Property Buyer believes are necessary to protect its own interest in, and its contemplated use of, the Property. The Parties acknowledge that, except as otherwise stated in this Agreement, no representations, inducements, promises, agreements, assurances, oral or written, concerning the Property, or any aspect of the occupational safety and health laws, Hazardous Substance laws, or any other act, ordinance or law, have been made by either Party or Brokers, or relied upon by either Party hereto.

12.3 In the event that Buyer learns that a Seller representation or warranty might be untrue prior to the Closing, and Buyer elects to purchase the Property anyway then, and in that event, Buyer waives any right that it may have to bring an action or proceeding against Seller or Brokers regarding said representation or warranty.

12.4 Any environmental reports, soils reports, surveys, and other similar documents which were prepared by third party consultants and provided to Buyer by Seller or Seller's representatives, have been delivered as an accommodation to Buyer and without any representation or warranty as to the sufficiency, accuracy, completeness, and/or validity of said documents, all of which Buyer relies on at its own risk. Seller believes said documents to be accurate, but Buyer is advised to retain appropriate consultants to review said documents and investigate the Property.

13. Possession.

Possession of the Property shall be given to Buyer at the Closing subject to the rights of tenants under Existing Leases.

14. Buyer's Entry.

At any time during the Escrow period, Buyer, and its agents and representatives, shall have the right at reasonable times and subject to rights of tenants, to enter upon the Property for the purpose of making inspections and tests specified in this Agreement. No destructive testing shall be conducted, however, without Seller's prior approval which shall not be unreasonably withheld. Following any such entry or work, unless otherwise directed in writing by Seller, Buyer shall return the Property to the condition it was in prior to such entry or work, including the recompaction or removal of any disrupted soil or material as Seller may reasonably direct. All such inspections and tests and any other work conducted or materials furnished with respect to the Property by or for Buyer shall be paid for by Buyer as and when due and Buyer shall indemnify, defend, protect and hold harmless Seller and the Property of and from any and all claims, liabilities, losses, expenses (including reasonable attorneys' fees), damages, including those for injury to person or property, arising out of or relating to any such work or materials or the acts or omissions of Buyer, its agents or employees in connection therewith.

15. Further Documents and Assurances.

The Parties shall each, diligently and in good faith, undertake all actions and procedures reasonably required to place the Escrow in condition for Closing as and when required by this Agreement. The Parties agree to provide all further information, and to execute and deliver all further documents, reasonably required by Escrow Holder or the Title Company.

16. Attorneys' Fees.

If any Party or Broker brings an action or proceeding (including arbitration) involving the Property whether founded in tort, contract or equity, or to declare rights hereunder, the Prevailing Party (as hereafter defined) in any such proceeding, action, or appeal thereon, shall be entitled to reasonable attorneys' fees. Such fees may be awarded in the same suit or recovered in a separate suit, whether or not such action or proceeding is pursued to decision or judgment. The term "**Prevailing Party**" shall include, without limitation, a Party or Broker who substantially obtains or defeats the relief sought, as the case may be, whether by compromise, settlement, judgment, or the abandonment by the other Party or Broker of its claim or defense. The attorneys' fees award shall not be computed in accordance with any court fee schedule, but shall be such as to fully reimburse all attorneys' fees reasonably incurred.

17. Prior Agreements/Amendments.

17.1 This Agreement supersedes any and all prior agreements between Seller and Buyer regarding the Property.

17.2 Amendments to this Agreement are effective only if made in writing and executed by Buyer and Seller.

18. Broker's Rights.

18.1 If this sale is not consummated due to the default of either the Buyer or Seller, the defaulting Party shall be liable to and shall pay to Brokers the Brokerage Fee that Brokers would have received had the sale been consummated. If Buyer is the defaulting party, payment of said Brokerage Fee is in addition to any obligation with respect to liquidated or other damages.

18.2 Upon the Closing, Brokers are authorized to publicize the facts of this transaction.

19. Notices.

19.1 Whenever any Party, Escrow Holder or Brokers herein shall desire to give or serve any notice, demand, request, approval, disapproval or other communication, each such communication shall be in writing and shall be delivered personally, by messenger or by mail, postage prepaid, to the address set forth in this Agreement or by facsimile transmission.

19.2 Service of any such communication shall be deemed made on the date of actual receipt if personally delivered. Any such communication sent by regular mail shall be deemed given 48 hours after the same is mailed. Communications sent by United States Express Mail or overnight courier that guarantee next day delivery shall be deemed delivered 24 hours after delivery of the same to the Postal Service or courier. Communications transmitted by facsimile or electronic mail transmission shall be deemed delivered upon telephonic or electronic mail Read Receipt confirmation of receipt (confirmation report from fax machine is sufficient), provided a copy is also delivered via delivery or mail. If such communication is received on a Saturday, Sunday or legal holiday, it shall be deemed received on the next business day.

19.3 Any Party or Broker hereto may from time to time, by notice in writing, designate a different address to which, or a different person or additional persons to whom, all communications are thereafter to be made.

20. Duration of Offer.

20.1 If this offer is not accepted by Seller on or before 5:00 P.M. according to the time standard applicable to the city of Sacramento, CA on the date of June 21, 2013, it shall be deemed automatically revoked.

20.2 The acceptance of this offer, or of any subsequent counteroffer hereto, that creates an agreement between the Parties as described in paragraph 1.2, shall be deemed made upon delivery to the other Party or either Broker herein of a duly executed writing unconditionally accepting the last outstanding offer or counteroffer.

21. LIQUIDATED DAMAGES. (This Liquidated Damages paragraph is applicable only if initialed by both Parties).

THE PARTIES AGREE THAT IT WOULD BE IMPRACTICABLE OR EXTREMELY DIFFICULT TO FIX, PRIOR TO SIGNING THIS AGREEMENT, THE ACTUAL DAMAGES WHICH WOULD BE SUFFERED BY SELLER IF BUYER FAILS TO PERFORM ITS OBLIGATIONS UNDER THIS AGREEMENT. THEREFORE, IF, AFTER THE SATISFACTION OR WAIVER OF ALL CONTINGENCIES PROVIDED FOR THE BUYER'S BENEFIT, BUYER BREACHES THIS AGREEMENT, SELLER SHALL BE ENTITLED TO LIQUIDATED DAMAGES IN THE AMOUNT OF \$25,000.00. UPON PAYMENT OF SAID SUM TO SELLER, BUYER SHALL BE RELEASED FROM ANY FURTHER LIABILITY TO SELLER, AND ANY ESCROW CANCELLATION FEES AND TITLE COMPANY CHARGES SHALL BE PAID BY SELLER.

Buyer Initials

Seller Initials

22. ARBITRATION OF DISPUTES. (This Arbitration of Disputes paragraph is applicable only if initialed by both Parties.)

~~22.1 ANY CONTROVERSY AS TO WHETHER SELLER IS ENTITLED TO THE LIQUIDATED DAMAGES AND/OR BUYER IS ENTITLED TO THE RETURN OF DEPOSIT MONEY, SHALL BE DETERMINED BY BINDING ARBITRATION BY, AND UNDER THE COMMERCIAL RULES OF THE AMERICAN ARBITRATION ASSOCIATION ("COMMERCIAL RULES"). ARBITRATION HEARINGS SHALL BE HELD IN THE COUNTY WHERE THE PROPERTY IS LOCATED. ANY SUCH CONTROVERSY SHALL BE ARBITRATED BY 3 ARBITRATORS WHO SHALL BE IMPARTIAL REAL ESTATE BROKERS WITH AT LEAST 6 YEARS OF FULL TIME EXPERIENCE IN BOTH THE AREA WHERE THE PROPERTY IS LOCATED AND THE TYPE OF REAL ESTATE THAT IS THE SUBJECT OF THIS AGREEMENT. THEY SHALL BE APPOINTED UNDER THE COMMERCIAL RULES. THE ARBITRATORS SHALL HEAR AND DETERMINE SAID CONTROVERSY IN ACCORDANCE WITH APPLICABLE LAW, THE INTENTION OF THE PARTIES AS EXPRESSED IN THIS AGREEMENT AND ANY AMENDMENTS THERETO, AND UPON THE EVIDENCE PRODUCED AT AN ARBITRATION HEARING. PRE-ARBITRATION DISCOVERY SHALL BE PERMITTED IN ACCORDANCE WITH THE COMMERCIAL RULES OR STATE LAW APPLICABLE TO ARBITRATION PROCEEDINGS. THE AWARD SHALL BE EXECUTED BY AT LEAST 2 OF THE 3 ARBITRATORS, BE RENDERED WITHIN 30 DAYS AFTER THE CONCLUSION OF THE HEARING, AND MAY INCLUDE ATTORNEYS' FEES AND COSTS TO THE PREVAILING PARTY PER PARAGRAPH 16 HEREOF. JUDGMENT MAY BE ENTERED ON THE AWARD IN ANY COURT OF COMPETENT JURISDICTION NOTWITHSTANDING THE FAILURE OF A PARTY DULY NOTIFIED OF THE ARBITRATION HEARING TO APPEAR THEREAT.~~

~~22.2 BUYER'S RESORT TO OR PARTICIPATION IN SUCH ARBITRATION PROCEEDINGS SHALL NOT BAR SUIT IN A COURT OF COMPETENT JURISDICTION BY THE BUYER FOR DAMAGES AND/OR SPECIFIC PERFORMANCE UNLESS AND UNTIL THE ARBITRATION RESULTS IN AN AWARD TO THE SELLER OF LIQUIDATED DAMAGES, IN WHICH EVENT SUCH AWARD SHALL ACT AS A BAR AGAINST ANY ACTION BY BUYER FOR DAMAGES AND/OR SPECIFIC PERFORMANCE.~~

~~22.3 NOTICE: BY INITIALING IN THE SPACE BELOW YOU ARE AGREEING TO HAVE ANY DISPUTE ARISING OUT OF THE MATTERS INCLUDED IN THE "ARBITRATION OF DISPUTES" PROVISION DECIDED BY NEUTRAL ARBITRATION AS PROVIDED BY CALIFORNIA LAW AND YOU ARE GIVING UP ANY RIGHTS YOU MIGHT POSSESS TO HAVE THE DISPUTE LITIGATED IN A COURT OR JURY TRIAL. BY INITIALING IN THE SPACE BELOW YOU ARE GIVING UP YOUR JUDICIAL RIGHTS TO DISCOVERY AND APPEAL, UNLESS SUCH RIGHTS ARE SPECIFICALLY INCLUDED IN THE "ARBITRATION OF DISPUTES" PROVISION. IF YOU REFUSE TO SUBMIT TO ARBITRATION AFTER AGREEING TO THIS PROVISION, YOU MAY BE COMPELLED TO ARBITRATE UNDER THE AUTHORITY OF THE CALIFORNIA CODE OF CIVIL PROCEDURE. YOUR AGREEMENT TO THIS ARBITRATION PROVISION IS VOLUNTARY.~~

~~WE HAVE READ AND UNDERSTAND THE FOREGOING AND AGREE TO SUBMIT DISPUTES ARISING OUT OF THE MATTERS INCLUDED IN THE "ARBITRATION OF DISPUTES" PROVISION TO NEUTRAL ARBITRATION.~~

Buyer Initials

Seller Initials

23. Miscellaneous.

23.1 **Binding Effect.** This Agreement shall be binding on the Parties without regard to whether or not paragraphs 21 and 22 are initialed by both of the Parties. Paragraphs 21 and 22 are each incorporated into this Agreement only if initialed by both Parties at the time that the Agreement is executed.

23.2 **Applicable Law.** This Agreement shall be governed by, and paragraph 22.3 is amended to refer to, the laws of the state in which the Property is located.

23.3 **Time of Essence.** Time is of the essence of this Agreement.

23.4 **Counterparts.** This Agreement may be executed by Buyer and Seller in counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same Instrument. Escrow Holder, after verifying that the counterparts are identical except for the signatures, is authorized and instructed to combine the signed signature pages on one of the counterparts, which shall then constitute the Agreement.

~~23.5 **Waiver of Jury Trial.** THE PARTIES HEREBY WAIVE THEIR RESPECTIVE RIGHTS TO TRIAL BY JURY IN ANY ACTION OR PROCEEDING INVOLVING THE PROPERTY OR ARISING OUT OF THIS AGREEMENT.~~

23.6 **Conflict.** Any conflict between the printed provisions of this Agreement and the typewritten or handwritten provisions shall be controlled by the typewritten or handwritten provisions.

23.7 **1031 Exchange.** Both Seller and Buyer agree to cooperate with each other in the event that either or both wish to participate in a 1031 exchange. Any party initiating an exchange shall bear all costs of such exchange.

23.8 **Days.** Unless otherwise specifically indicated to the contrary, the word "days" as used in this Agreement shall mean and refer to calendar days.

24. Disclosures Regarding The Nature of a Real Estate Agency Relationship.

24.1 The Parties and Brokers agree that their relationship(s) shall be governed by the principles set forth in the applicable sections of the

California Civil Code, as summarized in paragraph 24.2.

24.2 When entering into a discussion with a real estate agent regarding a real estate transaction, a Buyer or Seller should from the outset understand what type of agency relationship or representation it has with the agent or agents in the transaction. Buyer and Seller acknowledge being advised by the Brokers in this transaction, as follows:

(a) *Seller's Agent.* A Seller's agent under a listing agreement with the Seller acts as the agent for the Seller only. A Seller's agent or subagent has the following affirmative obligations: (1) *To the Seller:* A fiduciary duty of utmost care, integrity, honesty, and loyalty in dealings with the Seller. (2) *To the Buyer and the Seller:* a. Diligent exercise of reasonable skills and care in performance of the agent's duties. b. A duty of honest and fair dealing and good faith. c. A duty to disclose all facts known to the agent materially affecting the value or desirability of the property that are not known to, or within the diligent attention and observation of, the Parties. An agent is not obligated to reveal to either Party any confidential information obtained from the other Party which does not involve the affirmative duties set forth above.

(b) *Buyer's Agent.* A selling agent can, with a Buyer's consent, agree to act as agent for the Buyer only. In these situations, the agent is not the Seller's agent, even if by agreement the agent may receive compensation for services rendered, either in full or in part from the Seller. An agent acting only for a Buyer has the following affirmative obligations. (1) *To the Buyer:* A fiduciary duty of utmost care, integrity, honesty, and loyalty in dealings with the Buyer. (2) *To the Buyer and the Seller:* a. Diligent exercise of reasonable skills and care in performance of the agent's duties. b. A duty of honest and fair dealing and good faith. c. A duty to disclose all facts known to the agent materially affecting the value or desirability of the property that are not known to, or within the diligent attention and observation of, the Parties. An agent is not obligated to reveal to either Party any confidential information obtained from the other Party which does not involve the affirmative duties set forth above.

(c) *Agent Representing Both Seller and Buyer.* A real estate agent, either acting directly or through one or more associate licenses, can legally be the agent of both the Seller and the Buyer in a transaction, but only with the knowledge and consent of both the Seller and the Buyer. (1) In a dual agency situation, the agent has the following affirmative obligations to both the Seller and the Buyer: a. A fiduciary duty of utmost care, integrity, honesty and loyalty in the dealings with either Seller or the Buyer. b. Other duties to the Seller and the Buyer as stated above in their respective sections (a) or (b) of this paragraph 24.2. (2) In representing both Seller and Buyer, the agent may not without the express permission of the respective Party, disclose to the other Party that the Seller will accept a price less than the listing price or that the Buyer will pay a price greater than the price offered. (3) The above duties of the agent in a real estate transaction do not relieve a Seller or Buyer from the responsibility to protect their own interests. Buyer and Seller should carefully read all agreements to assure that they adequately express their understanding of the transaction. A real estate agent is a person qualified to advise about real estate. If legal or tax advice is desired, consult a competent professional.

(d) *Further Disclosures.* Throughout this transaction Buyer and Seller may receive more than one disclosure, depending upon the number of agents assisting in the transaction. Buyer and Seller should each read its contents each time it is presented, considering the relationship between them and the real estate agent in this transaction and that disclosure. Brokers have no responsibility with respect to any default or breach hereof by either Party. The Parties agree that no lawsuit or other legal proceeding involving any breach of duty, error or omission relating to this transaction may be brought against Broker more than one year after the Date of Agreement and that the liability (including court costs and attorneys' fees), of any Broker with respect to any breach of duty, error or omission relating to this Agreement shall not exceed the fee received by such Broker pursuant to this Agreement; provided, however, that the foregoing limitation on each Broker's liability shall not be applicable to any gross negligence or willful misconduct of such Broker.

24.3 *Confidential Information:* Buyer and Seller agree to identify to Brokers as "Confidential" any communication or information given Brokers that is considered by such Party to be confidential.

25. *Construction of Agreement.* In construing this Agreement, all headings and titles are for the convenience of the Parties only and shall not be considered a part of this Agreement. Whenever required by the context, the singular shall include the plural and vice versa. Unless otherwise specifically indicated to the contrary, the word "days" as used in this Agreement shall mean and refer to calendar days. This Agreement shall not be construed as if prepared by one of the Parties, but rather according to its fair meaning as a whole, as if both Parties had prepared it.

26 **Additional Provisions:**

Additional provisions of this offer, if any, are as follows or are attached hereto by an addendum consisting of paragraphs 26.1 through 26.2. (If there are no additional provisions write "NONE".)

26.1. Seller shall provide an existing Phase I Report. Seller assumes no liabilities or obligations in regards to or arising from this Phase I which is provided as a courtesy to Buyer for Buyer's convenience. Buyer is advised to do whatever Buyer deems appropriate to satisfy itself as to the condition of the property. Seller is not obligated, herein, to provide a Phase II or any further work.

26.2. Escrow shall close on or before July 31, 2013, subject to extension as provided herein.

*See Addendum

ATTENTION: NO REPRESENTATION OR RECOMMENDATION IS MADE BY THE AIR COMMERCIAL REAL ESTATE ASSOCIATION OR BY ANY BROKER AS TO THE LEGAL SUFFICIENCY, LEGAL EFFECT, OR TAX CONSEQUENCES OF THIS AGREEMENT OR THE TRANSACTION TO WHICH IT RELATES. THE PARTIES ARE URGED TO:

1. SEEK ADVICE OF COUNSEL AS TO THE LEGAL AND TAX CONSEQUENCES OF THIS AGREEMENT.
2. RETAIN APPROPRIATE CONSULTANTS TO REVIEW AND INVESTIGATE THE CONDITION OF THE PROPERTY. SAID INVESTIGATION SHOULD INCLUDE BUT NOT BE LIMITED TO: THE POSSIBLE PRESENCE OF HAZARDOUS SUBSTANCES, THE ZONING OF THE PROPERTY, THE INTEGRITY AND CONDITION OF ANY STRUCTURES AND OPERATING SYSTEMS, AND THE SUITABILITY OF THE PROPERTY FOR BUYER'S INTENDED USE.

WARNING: IF THE PROPERTY IS LOCATED IN A STATE OTHER THAN CALIFORNIA, CERTAIN PROVISIONS OF THIS AGREEMENT MAY NEED TO BE REVISED TO COMPLY WITH THE LAWS OF THE STATE IN WHICH THE PROPERTY IS LOCATED.

NOTE:

1. THIS FORM IS NOT FOR USE IN CONNECTION WITH THE SALE OF RESIDENTIAL PROPERTY.
2. IF THE BUYER IS A CORPORATION, IT IS RECOMMENDED THAT THIS AGREEMENT BE SIGNED BY TWO CORPORATE OFFICERS.

The undersigned Buyer offers and agrees to buy the Property on the terms and conditions stated and acknowledges receipt of a copy hereof.

BROKER:

Jones Lang LaSalle Brokerage, Inc.
a Texas corporation

Attn: Bill Niethammer, SIOR
Title: Managing Director
Address: 400 Capitol Mall, #1560
Sacramento, CA 95814
Telephone: (916) 491-4311
Facsimile: (916) 443-4758
Email: bill.niethammer@am.jll.com
Federal ID No. _____

Broker/Agent DRE License #: 00925770

BUYER:

First Responder EMS-Sacramento, Inc.,
a California Corporation and/or Assignee

By: _____
Date: _____
Name Printed: Byron Parsons
Title: Chief Executive Officer
Telephone: (530) 879-5510
Facsimile: (530) 897-6347
Email: byron@firstresponder.com

By: _____
Date: _____
Name Printed: Russell Van Patten
Title: Controller
Address: 333 Huss Drive, Suite 100
Chico, CA 95928
Telephone: (530) 624-1526
Facsimile: (530) 894-3547
Email: russvp@aol.com
Federal ID No. _____

27. Acceptance.

27.1 Seller accepts the foregoing offer to purchase the Property and hereby agrees to sell the Property to Buyer on the terms and conditions therein specified.

27.2 Seller acknowledges that Brokers have been retained to locate a Buyer and are the procuring cause of the purchase and sale of the Property set forth in this Agreement. In consideration of real estate brokerage service rendered by Brokers, Seller agrees to pay Brokers a real estate Brokerage Fee. In a sum equal to 6 % of the Purchase Price to be divided equally between Seller's Broker and Buyer's Broker. This Agreement shall serve as an irrevocable instruction to Escrow Holder to pay such Brokerage Fee to Brokers out of the proceeds accruing to the account of Seller at the Closing.

27.3 Seller acknowledges receipt of a copy hereof and authorizes Brokers to deliver a signed copy to Buyer.

NOTE: A PROPERTY INFORMATION SHEET IS REQUIRED TO BE DELIVERED TO BUYER BY SELLER UNDER THIS AGREEMENT.

BROKER:

Colliers International

Attn: Heath Charamuga / Jim Dennis
Title: _____
Address: 301 University Ave., #100
Sacramento, CA 95825
Telephone: (916) 929-5999
Facsimile: (916) 649-0001
Email: heath.charamuga@colliers.com
Federal ID No.: _____

Broker/Agent DRE License #: 01189551

SELLER:

Housing Authority of the City of
Sacramento

By: _____
Date: _____
Name Printed: _____
Title: _____
Telephone: (____) _____
Facsimile: (____) _____
Email: _____

By: _____
Date: _____
Name Printed: _____
Title: _____
Address: 801 12th Street
Sacramento, CA 95814
Telephone: (____) _____
Facsimile: (____) _____
Email: _____
Federal ID No.: _____

NOTICE: These forms are often modified to meet changing requirements of law and industry needs. Always write or call to make sure you are utilizing the most current form: AIR Commercial Real Estate Association, 800 W 6th Street, Suite 800, Los Angeles, CA 90017. Telephone No. (213) 687-8777. Fax No.: (213) 687-8616.

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Addendum to:
Real Property Purchase Agreement & Deposit Receipt

The following is an Addendum to the attached Real Property Purchase Agreement & Deposit Receipt "Agreement" wherein First Responder EMS-Sacramento, Inc. and/or Assignee is referred to as "Buyer" and Housing Authority of the City of Sacramento referred to as "Seller" dated May 29, 2013 for the sale of the real property located at 320 Commerce Circle, in the City of Sacramento, California referred to as "Property".

26.3 No Reliance on Documents. Except as expressly set forth in this Agreement, Seller makes no representation or warranty as to the truth, accuracy or completeness of any materials, data or information delivered by Seller to Purchaser in connection with the transaction contemplated hereby. Purchaser acknowledges and agrees that all materials, data and information delivered by Seller to Purchaser in connection with the transaction contemplated hereby are provided to Purchaser as a convenience only and that any reliance on or use of such materials, data or information by Purchaser shall be at the sole risk of Purchaser, except as otherwise expressly stated herein. Without limiting the generality of the foregoing provisions, Purchaser acknowledges and agrees that (a) any environmental or other report with respect to the Property which is delivered by Seller to Purchaser shall be for general informational purposes only, (b) Purchaser shall not have any right to rely on any such report delivered by Seller to Purchaser, but rather will rely on its own inspections and investigations of the Property and any reports commissioned by Purchaser with respect thereto, and (c) neither Seller (or Seller' officers, directors, shareholders, employees and agents, and further including the officers, directors, shareholders, employees and agents of the Regional Council of Rural Counties, and other affiliated or member agencies of Seller) shall have any liability to Purchaser for any inaccuracy in or omission from any such report.

26.4 Purchaser's Release.

A. Release of Seller. Except as provided in Section 7.2 above, upon Closing, and without the execution of any further agreement, Purchaser hereby releases and forever discharges Seller and Seller' officers, directors, shareholders, employees and agents, and further including the officers, directors, shareholders, employees and agents of the Sacramento Housing and Redevelopment Agency, and other affiliated and member agencies of Seller and their respective predecessors, successors and assigns, from any and all claims and causes of action of any kind, whether known or unknown, suspected or unsuspected, actual or potential, existing now or in the future, arising out of or relating in any way to any condition (including any environmental conditions or hazards) on, under, or around the Property, or from the air, soil, groundwater or surface water at or beneath the Property.

B. Release under Civil Code Section 1542. Purchaser expressly waives the benefits of Section 1542 of the California Civil Code which provides as follows:

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

Purchaser hereby specifically acknowledges that Purchaser has carefully reviewed this provision and discussed its significance with legal counsel and acknowledges that this provision is a material part of the Agreement. This release shall inure to the benefit of and be binding upon Seller's and Purchaser's respective successors, assigns and transferees. The foregoing release shall exclude those losses, liabilities, damages, costs or expenses, and claims therefor, arising from or attributable to (a) a material matter known to Seller and (1) not disclosed to Purchaser or (2) not discovered by Purchaser prior to the Closing; (b) any breach by Seller of its express representations, warranties, or covenants under this Agreement; (c) fraud; (d) material misrepresentation, or (e) any violations of any laws, regulations, codes or ordinances applicable to the Property caused by Seller.

26.5 Indemnification for Hazardous Substances. Buyer shall indemnify, protect and defend Seller, its officers, directors, council members and supervisors, employees, advisory committee members, and agents, and hold them harmless from any and all liability, costs, fees, fines, penalties and claims (including without limitation court, mediation or arbitration costs, attorneys' fees, witnesses' fees, and investigation fees) related to the existence or discharge of Hazardous Substances on the Property that were not on the Property prior to Seller's transfer of possession of the Property to Buyer.

Seller shall indemnify, protect and defend Buyer, its officers, directors, employees, and agents, and hold them harmless from any and all liability, costs, fees, penalties and claims (including without limitation court, mediation or arbitration costs, attorneys' fees, witnesses' fees, and investigation fees) related to

Hazardous Substances discharged on the Property during Seller's ownership of the Property or related to the removal or discharge of Hazardous Substances by Seller or its employees, agents or contractors.

The obligations under this indemnity shall survive the Closing.

"Hazardous Substances" as used in this Agreement shall include, without limitation to, all substances, wastes and materials designated or defined as hazardous or toxic pursuant to any of the following statutes, as they may be amended or superseded, from time to time: the Clean Water Act (33 U.S.C. §1321 et seq.); the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (42 U.S.C. §9601 et seq.); the Resource Conservation and Recovery Act (42 U.S.C. §6901 et seq.); the United States Department of Transportation Hazardous Materials Table (49 CFR § 172.101); the Environmental Protection Agency list of hazardous materials (40 CFR Part 302) and California Health and Safety Code §§Sections 25115, 25117, 25122.7, 25140 (Hazardous Waste Control Law), 25316 (Carpenter-Presley-Tanner Hazardous Substances Account Act), 25501 (Hazardous Materials Release Response Final Plans and Inventory) and 25281 (Underground Storage of Hazardous Substances); all applicable local regulations; and all rules and regulations promulgated pursuant to said laws.

26.6 Effect and Survival of Disclaimers: Seller and Purchase acknowledge that the Purchase Price to be paid to Seller for the Property takes into account that the Property is being sold subject to the provisions of this Section 26. Seller and Purchaser agree that the provisions of this Section 26 shall survive Closing.

26.7. Governing Board Approval: The term of the Sale and finance require approval of Seller's governing board. Seller shall have 30 days from mutual acceptance to approve or disapprove the buyers financials.

28.1 Due Diligence Insurance Coverage. Prior to any entry onto the Property, Purchaser shall furnish to Seller, at Purchaser's expense, satisfactory certificates of insurance policies listing Seller as an additional insured and meeting the requirements set forth below.

<u>Type of Coverage</u>	<u>Limit of Liability</u>
Worker's Compensation	Statutory
Employer's Liability	\$1,000,000
General Liability	\$1,200,00 per occurrence \$2,000,000 aggregate
Automobile Liability	\$1,000,000 per accident

Purchaser agrees to maintain those coverages throughout the term of this Agreement. Any coverage written on an "occurrence" basis shall be kept in force during the term of this Agreement. Any coverage written on a "claims made" basis shall be kept in force, whether by renewal or the purchase of an extended reporting period, for a minimum of one (1) year following the termination of this Agreement. Nothing herein contained shall in any way limit Purchaser's liability under this Agreement or otherwise.

Purchaser shall indemnify and defend Seller (and Seller' officers, directors, shareholders, employees and agents, and further including the officers, directors, shareholders, employees and agents of the Housing Authority of the City of Sacramento (collectively, "Seller Parties")) against and hold Seller harmless from all claims, demands, liabilities, losses, damages, costs and expenses (including reasonable attorneys' fees and disbursements) for injury to any person or damage to any property arising out of or resulting from the inspection of the Property by Purchaser or its agents, and notwithstanding anything to the contrary in this Agreement, such obligation to indemnify and hold harmless Seller shall survive Closing and the termination of this Agreement, but shall not include any pre-existing conditions or any conditions uncovered during Purchaser's investigation of the Property.

Buyer:
First Responder-EMS Sacramento, Inc.
A California Corporation

Seller:
Housing Authority of the City of Sacramento

By: _____

By: _____

Title: _____

Title: _____

Dated: _____

Dated: _____

**DRAFT
EXHIBIT B**

**ACQUISITION LOAN AGREEMENT
(SELLER CARRY-BACK LOAN WITH A BALLOON PAYMENT)
320 COMMERCE CIRCLE
SACRAMENTO, CALIFORNIA**

ARTICLE I TERMS AND DEFINITIONS:

“EFFECTIVE DATE”	Which is the date as of which this Loan Agreement shall be effective.
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LENDER AND BORROWER HAVE ENTERED THIS LOAN AGREEMENT AS OF THE EFFECTIVE DATE. This Loan Agreement includes Article II Loan Provisions and the attachments and Exhibits listed below, all of which are incorporated in this Loan Agreement by this reference. The capitalized terms in this Loan Agreement shall have the meanings assigned in Article I Terms and Definitions and as defined in Article II Loan Provisions. (Terms being defined are indicated by quotation marks. If an item in this Article 1 table is marked “None, Not Applicable, N/A or equivalent or is left blank, that defined term is not applicable to this Loan or the referenced item is not required or is not included in this Loan, as the context may indicate.) The Lender is making the Loan pursuant to the terms and conditions of this Loan Agreement.

NOW, THEREFORE, in consideration of their mutual promises, the parties agree as follows:

A. “Loan Information” The general loan provisions of the Loan	
“LENDER”	The following public agency that is making the Loan, and whose legal status and address are:
Name	Housing Authority of the City of Sacramento
Legal Status	A public body, corporate and politic
Principal Address	801 12th Street, City of Sacramento, Sacramento County, California 95814
“BORROWER”	The borrower of the Loan funds whose name, legal status and address are:
Name	First Responder-EMS Sacramento, Inc.,
Legal Status	A California corporation
Principal Address	
“LOAN”	The Loan made by this Loan Agreement.
“LOAN COMMITMENT”	Lender’s loan commitment, made by letter dated as of
“LOAN PROGRAM”	Lender’s Loan Program, commonly known as
“LOAN AMOUNT”	One Million and Fifty Thousand Dollars (\$1,050,000)
“INTEREST RATE”	The interest rate is 4.50% per year compounded annually.
“MATURITY DATE”	The last day of the 120th calendar month following the Effective Date.
“PAYMENT START DATE”	
“PAYMENT SCHEDULE”	The unpaid balance of the Note is due and payable on the Maturity Date, including without limitation all unpaid principal, interest, fees and charges.
“BORROWER EQUITY”	\$450,000
	Which is the minimum amount of cash or cash equivalent (excluding land equity or other non-cash investment in the Project) that Borrower is investing in the Project.
“SPECIAL TERMS”	This Loan requires a balloon payment at the end of the 120th month. The loan and its monthly payments from Month 1 to Month 120 shall include principal and interest in the amount of 6,642.82 per month and are based upon a twenty (20) year amortization schedule. Amount of Balloon Payment: \$643,364.45, which includes the final interest payment of \$2,403.60 and the remaining principal balance of \$630,960.85. Balloon Payment Due: August 1, 2023

B. “Collateral” The Collateral securing repayment of the Loan, which Collateral consists of the following	
“PROPERTY”	The following described real property, which is security for the Loan:

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EXHIBIT B**

Address	320 Commerce Circle, Sacramento, California
Assessor's Parcel Number	275-0251-017
"Legal Description"	The Property is situated in the State of California, County of Sacramento, and is more particularly described in Exhibit: Legal Description attached and incorporated by reference.
Borrower's Title Interest	Borrower has fee interest in the Property or, if the Additional Escrow Instructions so indicate, Borrower will acquire fee interest in the Property at Close of Escrow.

C. "ESCROW INFORMATION":		
"Title Company" and "Escrow Agent"	Placer Title Company	Which is the title company that will issue the Title Policy and that will act as Escrow Agent for the Escrow
"Escrow"	The escrow with Escrow Agent	
"Closing Date"		Which is the date for close of the Escrow, as it may be extended

D. "LIST OF EXHIBITS" (The following are attached and incorporated in this Loan Agreement):	
EXHIBIT	DEFINED TERM
<u>Exhibit 1: Legal Description</u>	"Legal Description"
<u>Exhibit 2: Note Form</u>	"Note"
<u>Exhibit 3: Trust Deed Form</u>	"Trust Deed"
<u>Exhibit 4: Escrow Instructions</u>	"Escrow Instructions"

E. "20 YEAR AMORTIZATION" TABLE This loan has a Balloon Payment Due at the end of the 120th Month from the Effective Date and the monthly payments are based upon the following 20 year amortization:

Amortization Schedule					
Month	Date	Payment	Interest	Principal	Balance
	7/1/2013	-	-	-	\$ 1,050,000.00
1	8/1/2013	6,642.82	3,937.50	2,705.32	1,047,294.68
2	9/1/2013	6,642.82	3,927.36	2,715.46	1,044,579.22
3	10/1/2013	6,642.82	3,917.17	2,725.65	1,041,853.57
4	11/1/2013	6,642.82	3,906.95	2,735.87	1,039,117.70
5	12/1/2013	6,642.82	3,896.69	2,746.13	1,036,371.57
6	1/1/2014	6,642.82	3,886.39	2,756.43	1,033,615.14
7	2/1/2014	6,642.82	3,876.06	2,766.76	1,030,848.38
8	3/1/2014	6,642.82	3,865.68	2,777.14	1,028,071.24
9	4/1/2014	6,642.82	3,855.27	2,787.55	1,025,283.69
10	5/1/2014	6,642.82	3,844.81	2,798.01	1,022,485.68
11	6/1/2014	6,642.82	3,834.32	2,808.50	1,019,677.18
12	7/1/2014	6,642.82	3,823.79	2,819.03	1,016,858.15
13	8/1/2014	6,642.82	3,813.22	2,829.60	1,014,028.55
14	9/1/2014	6,642.82	3,802.61	2,840.21	1,011,188.34
15	10/1/2014	6,642.82	3,791.96	2,850.86	1,008,337.48
16	11/1/2014	6,642.82	3,781.27	2,861.55	1,005,475.93
17	12/1/2014	6,642.82	3,770.53	2,872.29	1,002,603.64
18	1/1/2015	6,642.82	3,759.76	2,883.06	999,720.58
19	2/1/2015	6,642.82	3,748.95	2,893.87	996,826.71
20	3/1/2015	6,642.82	3,738.10	2,904.72	993,921.99
21	4/1/2015	6,642.82	3,727.21	2,915.61	991,006.38

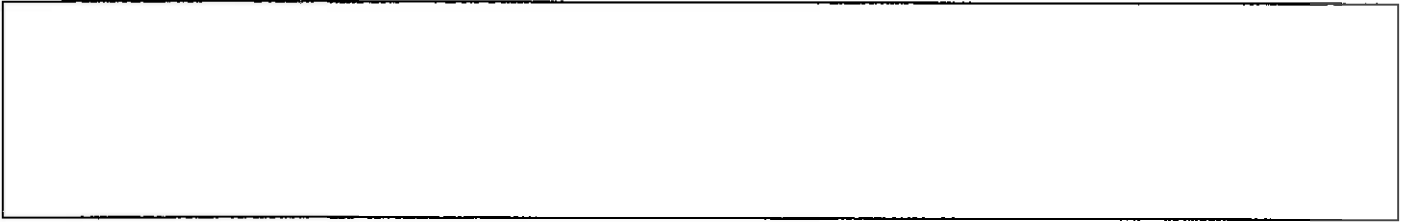
**DRAFT
EXHIBIT B**

22	5/1/2015	6,642.82	3,716.27	2,926.55	988,079.83
23	6/1/2015	6,642.82	3,705.30	2,937.52	985,142.31
24	7/1/2015	6,642.82	3,694.28	2,948.54	982,193.77
25	8/1/2015	6,642.82	3,683.23	2,959.59	979,234.18
26	9/1/2015	6,642.82	3,672.13	2,970.69	976,263.49
27	10/1/2015	6,642.82	3,660.99	2,981.83	973,281.66
28	11/1/2015	6,642.82	3,649.81	2,993.01	970,288.65
29	12/1/2015	6,642.82	3,638.58	3,004.24	967,284.41
30	1/1/2016	6,642.82	3,627.32	3,015.50	964,268.91
31	2/1/2016	6,642.82	3,616.01	3,026.81	961,242.10
32	3/1/2016	6,642.82	3,604.66	3,038.16	958,203.94
33	4/1/2016	6,642.82	3,593.26	3,049.56	955,154.38
34	5/1/2016	6,642.82	3,581.83	3,060.99	952,093.39
35	6/1/2016	6,642.82	3,570.35	3,072.47	949,020.92
36	7/1/2016	6,642.82	3,558.83	3,083.99	945,936.93
37	8/1/2016	6,642.82	3,547.26	3,095.56	942,841.37
38	9/1/2016	6,642.82	3,535.66	3,107.16	939,734.21
39	10/1/2016	6,642.82	3,524.00	3,118.82	936,615.39
40	11/1/2016	6,642.82	3,512.31	3,130.51	933,484.88
41	12/1/2016	6,642.82	3,500.57	3,142.25	930,342.63
42	1/1/2017	6,642.82	3,488.78	3,154.04	927,188.59
43	2/1/2017	6,642.82	3,476.96	3,165.86	924,022.73
44	3/1/2017	6,642.82	3,465.09	3,177.73	920,845.00
45	4/1/2017	6,642.82	3,453.17	3,189.65	917,655.35
46	5/1/2017	6,642.82	3,441.21	3,201.61	914,453.74
47	6/1/2017	6,642.82	3,429.20	3,213.62	911,240.12
48	7/1/2017	6,642.82	3,417.15	3,225.67	908,014.45
49	8/1/2017	6,642.82	3,405.05	3,237.77	904,776.68
50	9/1/2017	6,642.82	3,392.91	3,249.91	901,526.77
51	10/1/2017	6,642.82	3,380.73	3,262.09	898,264.68
52	11/1/2017	6,642.82	3,368.49	3,274.33	894,990.35
53	12/1/2017	6,642.82	3,356.21	3,286.61	891,703.74
54	1/1/2018	6,642.82	3,343.89	3,298.93	888,404.81
55	2/1/2018	6,642.82	3,331.52	3,311.30	885,093.51
56	3/1/2018	6,642.82	3,319.10	3,323.72	881,769.79
57	4/1/2018	6,642.82	3,306.64	3,336.18	878,433.61
58	5/1/2018	6,642.82	3,294.13	3,348.69	875,084.92
59	6/1/2018	6,642.82	3,281.57	3,361.25	871,723.67
60	7/1/2018	6,642.82	3,268.96	3,373.86	868,349.81
61	8/1/2018	6,642.82	3,256.31	3,386.51	864,963.30
62	9/1/2018	6,642.82	3,243.61	3,399.21	861,564.09
63	10/1/2018	6,642.82	3,230.87	3,411.95	858,152.14
64	11/1/2018	6,642.82	3,218.07	3,424.75	854,727.39
65	12/1/2018	6,642.82	3,205.23	3,437.59	851,289.80
66	1/1/2019	6,642.82	3,192.34	3,450.48	847,839.32
67	2/1/2019	6,642.82	3,179.40	3,463.42	844,375.90
68	3/1/2019	6,642.82	3,166.41	3,476.41	840,899.49
69	4/1/2019	6,642.82	3,153.37	3,489.45	837,410.04
70	5/1/2019	6,642.82	3,140.29	3,502.53	833,907.51
71	6/1/2019	6,642.82	3,127.15	3,515.67	830,391.84

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EXHIBIT B**

72	7/1/2019	6,642.82	3,113.97	3,528.85	826,862.99
73	8/1/2019	6,642.82	3,100.74	3,542.08	823,320.91
74	9/1/2019	6,642.82	3,087.45	3,555.37	819,765.54
75	10/1/2019	6,642.82	3,074.12	3,568.70	816,196.84
76	11/1/2019	6,642.82	3,060.74	3,582.08	812,614.76
77	12/1/2019	6,642.82	3,047.31	3,595.51	809,019.25
78	1/1/2020	6,642.82	3,033.82	3,609.00	805,410.25
79	2/1/2020	6,642.82	3,020.29	3,622.53	801,787.72
80	3/1/2020	6,642.82	3,006.70	3,636.12	798,151.60
81	4/1/2020	6,642.82	2,993.07	3,649.75	794,501.85
82	5/1/2020	6,642.82	2,979.38	3,663.44	790,838.41
83	6/1/2020	6,642.82	2,965.64	3,677.18	787,161.23
84	7/1/2020	6,642.82	2,951.85	3,690.97	783,470.26
85	8/1/2020	6,642.82	2,938.01	3,704.81	779,765.45
86	9/1/2020	6,642.82	2,924.12	3,718.70	776,046.75
87	10/1/2020	6,642.82	2,910.18	3,732.64	772,314.11
88	11/1/2020	6,642.82	2,896.18	3,746.64	768,567.47
89	12/1/2020	6,642.82	2,882.13	3,760.69	764,806.78
90	1/1/2021	6,642.82	2,868.03	3,774.79	761,031.99
91	2/1/2021	6,642.82	2,853.87	3,788.95	757,243.04
92	3/1/2021	6,642.82	2,839.66	3,803.16	753,439.88
93	4/1/2021	6,642.82	2,825.40	3,817.42	749,622.46
94	5/1/2021	6,642.82	2,811.08	3,831.74	745,790.72
95	6/1/2021	6,642.82	2,796.72	3,846.10	741,944.62
96	7/1/2021	6,642.82	2,782.29	3,860.53	738,084.09
97	8/1/2021	6,642.82	2,767.82	3,875.00	734,209.09
98	9/1/2021	6,642.82	2,753.28	3,889.54	730,319.55
99	10/1/2021	6,642.82	2,738.70	3,904.12	726,415.43
100	11/1/2021	6,642.82	2,724.06	3,918.76	722,496.67
101	12/1/2021	6,642.82	2,709.36	3,933.46	718,563.21
102	1/1/2022	6,642.82	2,694.61	3,948.21	714,615.00
103	2/1/2022	6,642.82	2,679.81	3,963.01	710,651.99
104	3/1/2022	6,642.82	2,664.94	3,977.88	706,674.11
105	4/1/2022	6,642.82	2,650.03	3,992.79	702,681.32
106	5/1/2022	6,642.82	2,635.05	4,007.77	698,673.55
107	6/1/2022	6,642.82	2,620.03	4,022.79	694,650.76
108	7/1/2022	6,642.82	2,604.94	4,037.88	690,612.88
109	8/1/2022	6,642.82	2,589.80	4,053.02	686,559.86
110	9/1/2022	6,642.82	2,574.60	4,068.22	682,491.64
111	10/1/2022	6,642.82	2,559.34	4,083.48	678,408.16
112	11/1/2022	6,642.82	2,544.03	4,098.79	674,309.37
113	12/1/2022	6,642.82	2,528.66	4,114.16	670,195.21
114	1/1/2023	6,642.82	2,513.23	4,129.59	666,065.62
115	2/1/2023	6,642.82	2,497.75	4,145.07	661,920.55
116	3/1/2023	6,642.82	2,482.20	4,160.62	657,759.93
117	4/1/2023	6,642.82	2,466.60	4,176.22	653,583.71
118	5/1/2023	6,642.82	2,450.94	4,191.88	649,391.83
119	6/1/2023	6,642.82	2,435.22	4,207.60	645,184.23
120	7/1/2023	6,642.82	2,419.44	4,223.38	640,960.85
121	8/1/2023	643,364.45	2,403.60	640,960.85	0.00

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EXHIBIT B**



THE PARTIES HAVE EXECUTED THIS LOAN AGREEMENT in Sacramento, California as of the date first written above.

**BORROWER : FIRST RESPONDER-EMS
SACRAMENTO, INC., a California corporation**

**AGENCY: HOUSING AUTHORITY OF THE CITY OF
SACRAMENTO, a public body, corporate and politic**

By: _____
Its: _____

By: _____
LaShelle Dozier, Executive Director

Approved as to form:

Approved as to form:

Borrower Counsel

Agency Counsel

ARTICLE II LOAN PROVISIONS

LENDER AND BORROWER HAVE ENTERED THIS LOAN AGREEMENT AS OF THE EFFECTIVE DATE. The capitalized terms in this Loan Agreement shall have the meanings assigned in Article I General Terms and as defined in Section 1 of this Article II Loan Provisions. (Terms being defined are indicated by quotation marks.) The Lender is making the Loan pursuant to the Loan Commitment and the terms and conditions of this Loan Agreement.

NOW, THEREFORE, in consideration of their mutual promises, the parties agree as follows:

1. **DEFINITIONS.** Terms not defined in Article I and II of this Loan Agreement shall have the definitions assigned in the Trust Deed. If a definition in Article I refers to an Exhibit that is a document form, the attached document is a true and correct copy of the document referenced. As used in this Loan Agreement, the following terms shall have the following meanings:

1.1. "Business Day" means regularly scheduled business day of the Sacramento Housing and Redevelopment Agency. Whenever any payment to be made under this Loan Agreement is due on a day other than a Business Day, it may be made on the next succeeding Business Day, and the resulting extension of time will be included in the computation of payment of interest.

1.2. "Close of Escrow" means the fulfillment of the Escrow terms and conclusion of the Escrow, including, without limitation, the execution of unexecuted documents, the recordation of documents specified for recording, the issuance of title insurance policies, the payment of fees and the delivery of funds and documents as directed in the escrow instructions for the Escrow. The Close of Escrow shall occur on the Closing Date.

1.3. "Default Rate" is the maximum legal interest rate.

1.4. "Escrow" is the escrow with Title Company for the closing of the Loan.

1.5. "Escrow Instructions" means the Escrow Instructions for the Escrow signed by each of the parties to this Loan Agreement.

DRAFT EXHIBIT B

1.6. "Event of Default" is breach of or default in a party's obligations under this Loan Agreement, the Trust Deed, the Note and any other instrument that is incorporated in this Loan Agreement or that otherwise secures the repayment of the Loan beyond any applicable notice and cure periods.

1.7. "Financial Statements" means the certified financial statements of Borrower (and any other persons on whose financial capacity the Lender has relied in making this Loan) as may be required by Lender from time to time, including operating statements, balance sheets, and any other financial reports and information that Lender may require.

1.8. "Fixtures" means all fixtures located on or within the Property or now or later installed in or used in connection with any of the Property, including, as applicable and without limitation, all partitions, screens, awnings, motors, engines, boilers, furnaces, pipes, plumbing, elevators, cleaning and sprinkler systems, fire extinguishing apparatus and equipment, water tanks, heating, ventilating, air conditioning and air cooling equipment, built-in refrigerators, and gas and electric machinery, appurtenances, and equipment, whether or not permanently affixed to the Project.

1.9. "Governmental Authority" means the United States of America, the State of California, the County of Sacramento, the City of Sacramento or any other political subdivision, agency, department, commission, board, bureau, or instrumentality of any of them.

1.10. "Governmental Requirement" means any law, ordinance, order, rule, regulation, plan, ruling, determination or requirement of a Governmental Authority.

1.11. "Loan" is the loan from Lender to Borrower made pursuant to this Loan Agreement.

1.12. "Loan Agreement" means this Loan Agreement including Article I and II, all Exhibits attached to this Loan Agreement (which are incorporated in this Loan Agreement by this reference) and the Loan Documents which are not otherwise included in this definition.

1.13. "Loan Documents" means the Note, this Loan Agreement, the Security Documents, and all other documents (including guaranties) evidencing, securing, or relating to the Loan.

1.14. "Loan Maturity Date" means the date on which the entire unpaid balance of the Loan, including principal and interest, is due and payable.

1.15. "Personalty" means, whether or not listed as Additional Collateral, all of Borrower's interest in all accounts, contract rights, and general intangibles (specifically including any insurance proceeds and condemnation awards) arising out of the ownership or operation of the Property, and all furniture, furnishings, equipment, machinery, materials and supplies, leasehold interests in personal property, and all other personal property (other than Fixtures) of Borrower now or later located about the Property, together with all present and future attachments, accessions, replacements, substitutions, and additions, and the cash and noncash proceeds.

1.16. "Potential Default" means an event that would constitute an Event of Default but for any requirement of notice to be given or period of grace or time to elapse.

1.17. "Security Documents" means the Trust Deed, together with all other documents entered into between Borrower and Lender or by Borrower in favor of, or for the benefit of, Lender that recite that they are to secure the Loan.

1.18. "Title Policy" means the title insurance policies to be issued in connection with this Loan, as further defined in the Escrow Instructions.

2. BORROWER'S REPRESENTATIONS AND WARRANTIES. As a material inducement to Lender to enter into this Loan Agreement and to make the Loan to Borrower, Borrower unconditionally, and each signatory who signs on its behalf, to the extent of their actual knowledge, represents and warrants to Lender, as of the Close of Escrow, as follows:

2.1. BORROWER'S POWERS. Borrower has full power and authority to execute this Loan Agreement, the Note, the Trust Deed, and all of the other Loan Documents, to undertake and consummate the contemplated transactions, and to pay, perform, and observe all of the conditions, covenants, agreements, and obligations.

DRAFT EXHIBIT B

2.2. BINDING OBLIGATION. This Loan Agreement, the Note, the Trust Deed, and each of the other Loan Documents each constitutes a legal and binding obligation of, and are valid and enforceable against, each party other than Lender, in accordance with the terms of each.

2.3. LITIGATION. There are no actions, suits, or proceedings pending or, to the best knowledge of Borrower, threatened against or affecting Borrower, the Property, or any part of it, or involving the validity or enforceability of the Trust Deed, the priority of the lien, or the validity or enforceability of any of the other Loan Documents, at law or in equity, or before or by any Governmental Authority. Borrower is not in default with respect to any order, writ, injunction, decree, or demand of any court or other Governmental Authority.

2.4. NO VIOLATION. The consummation of the transactions covered by this Loan Agreement and the payment and performance of all of the obligations in the Loan Documents, will not result in any breach of, or constitute a default under, any mortgage, deed of trust, lease, contract, loan or credit agreement, corporate charter, bylaws, partnership agreement, trust agreement, or other instrument to which the Borrower or any of its general partners is a party or by which it or they or the Property may be bound or affected.

2.5. NO DEFAULT. There is no Event of Default or Potential Default on the part of Borrower.

2.6. TITLE TO PROPERTY. Borrower will be the sole legal and beneficial owner of the Property, which is free of all claims, liens, and encumbrances other than those shown in the Title Policy.

2.7. NO UNAPPROVED LOANS. Borrower has not received financing for either the acquisition of the Property, the use and operation of the Property, or the permanent financing of the Property except as has been fully disclosed to and approved by Lender in writing.

2.8. TITLE OF PERSONALTY. All Personalty is vested solely in Borrower, free of all claims, liens, and encumbrances, and the security interest of Lender in the Personalty is a valid lien.

2.9. TAXES PAID. Borrower has filed all required Federal, State, County, and City tax returns and has paid all taxes due and owing. Borrower knows of no basis for additional assessments with respect to any taxes, other than the lien of taxes not yet due.

2.10. ACCURACY. All applications, financial statements, reports, documents, instruments, information, and forms of evidence delivered to Lender concerning the Loan or required by this Loan Agreement or any of the other Loan Documents are accurate, correct, and sufficiently complete to give Lender true and accurate knowledge of their subject matter, and do not contain any untrue statement of a material fact or omit any material fact necessary to make them not misleading.

3. LOAN. Lender agrees to lend to Borrower, and Borrower agrees to borrow from Lender, the Loan Amount, to finance the purposes and uses and subject to the terms, conditions, representations, warranties, and covenants, all as stated in this Loan Agreement.

3.1. PRINCIPAL AMOUNT. The principal amount of the Loan shall be the Loan Amount.

3.2. USE OF LOAN FUNDS. Loan funds shall be used only for acquisition financing and for other purposes specified in the Loan Agreement.

3.3. LOAN TERMS. The Loan is made pursuant to the Loan Program and is subject to the laws, rules and regulations of the Loan Program. Lender agrees to disburse the Loan Proceeds in the manner and subject to the limitations stated in this Loan Agreement. Interest, at the Interest Rate, shall accrue on each disbursement of Loan Proceeds commencing on the date on which each such disbursement is made. Repayment of the loan shall be made, in payments of principal and interest, in lawful tender of the United States, in accordance with the Payment Schedule.

3.4. LATE PAYMENT CHARGE. A late charge of six percent (6%) shall be payable with respect to any payment of principal, interest or other charges, not made within ten (10) days after it is due.

DRAFT EXHIBIT B

3.5. NOTE AND SECURITY DOCUMENTS. The Loan is evidenced by the Note executed by Borrower in favor of Lender and delivered to Lender upon Close of Escrow. Repayment of the Note is secured by the Trust Deed covering the Property. Borrower shall execute, as Trustor, the Trust Deed in favor of the Title Company as Trustee in trust for the benefit of Lender and deliver it to Escrow for recordation. The Loan is also secured by the Additional Collateral, if any, as evidenced by the applicable Security Documents.

3.6. DUE ON SALE. In the event that Borrower sells or transfers title to the Property or any portion thereof, then Lender may, at Lender's sole discretion and option, require the unpaid balance of the Note to be paid in full.

4. PERFORMANCE CONDITIONS. The following are conditions precedent to performance under this Loan Agreement:

4.1. CONDITION OF TITLE. Lender shall cause Escrow Agent to issue to Borrower (with a copy to Lender) the Preliminary Report, together with copies of all documents relating to title exceptions referred to in the Preliminary Report. At Close of Escrow, Lender's Trust Deed shall be a valid lien against the Property securing the Loan and subject to no exceptions to title (of record or off record) other than the exceptions listed in the "Conditions of Title" in the Escrow Instructions.

4.2. CONDITIONS TO LENDER'S PERFORMANCE. Lender's obligation to perform under this Loan Agreement is subject to all of the following conditions: (a) Borrower has performed all of its obligations then to be performed pursuant to this Loan Agreement; (b) Borrower has met the Additional Conditions to Close of Escrow and applicable Special Provisions, if any; (c) the closing conditions as defined in the Escrow Instructions have been fulfilled as of Close of Escrow; (d) Borrower's representations and warranties in this Loan Agreement are true and correct as of the Close of Escrow, and (e) the Agreement continues to be in full force and effect, no default on the part of Borrower has occurred under the Loan Agreement, and no event has occurred that, with the giving of notice or the passage of time, will constitute a default by Borrower under the Loan Agreement..

4.3. CONDITIONS TO BORROWER'S PERFORMANCE. Unless waived by Lender, Borrower's obligation to perform under this Loan Agreement is subject to satisfaction of all of the following conditions: (a) Lender has performed all of its obligations then to be performed pursuant to this Loan Agreement; (b) the closing conditions as defined in the Escrow Instructions have been fulfilled as of Close of Escrow; (c) Lender has met the Additional Conditions to Close of Escrow and applicable Special Provisions, if any; (d) Lender's representations and warranties in this Loan Agreement are correct as of the date of this Loan Agreement and as of the Close of Escrow; and (e) the Loan Agreement continues to be in full force and effect, no default on the part of Lender has occurred under the Loan Agreement, and no event has occurred that, with the giving of notice or the passage of time, will constitute a default by Lender under the Loan Agreement.

4.4. ESCROW. The parties shall open the Escrow promptly after the Effective Date. Escrow shall close as provided in the Escrow Instructions on or before the Closing Date.

4.5. COMMISSIONS. Lender is not responsible, by this Loan Agreement or otherwise, to pay commissions in relation to this transaction.

5. ADDITIONAL SECURITY INSTRUMENTS. Upon request by Lender, Borrower shall execute and deliver to Lender a security instrument in favor of Lender naming as secured property all contracts related to the Property and all other property of any kind owned by Borrower and used primarily in connection with the Property. Lender may require such instrument at any time, and from time to time may require additions of new contracts and other property. Borrower irrevocably assigns to Lender, effective upon Lender's written demand, as security for the due performance of this Loan Agreement all of its right, title, and interest in the Assigned Documents.

6. DEFAULTS

6.1. EVENTS OF DEFAULT. Subject to the notice and cure provisions set forth in Section 16 of the Trust Deed, at the option of Lender, each of the following events will constitute a default (each an "Event of Default"):

6.1.1. The occurrence of an Event of Default under the Trust Deed.

DRAFT EXHIBIT B

6.1.2. Borrower's failure to comply with any Governmental Requirements; provided, however that Borrower's right to challenge the Governmental Requirements is not abridged.

6.1.3. Borrower's failure to keep in full force any permit, license, consent, or approval with respect to the occupancy or use of the Property, unless Borrower has renewed the same or otherwise cured the lapse prior to Lender's issuance of a notice of the default.

6.1.4. The filing of any lien against the Property, if the claim of lien continues for sixty (60) days without discharge, satisfaction, or the making of provision for payment (including bonding) to the satisfaction of Lender.

6.1.5. The attachment, levy, execution, or other judicial seizure of any portion of the Property, or any substantial portion of the other assets of Borrower, that is not released, expunged, bonded, discharged, or dismissed within thirty (30) days after the attachment, levy, execution, or seizure.

7. REMEDIES

7.1. **OPTION TO ACT.** Subject to the notice and cure provisions of Section 16 of the Trust Deed, on the occurrence of any Event of Default, in addition to its other rights in this Loan Agreement or in any of the other Loan Documents, at law, or in equity, Lender may, without prior demand, exercise any one or more of the following rights and remedies:

7.1.1. Declare the Note and all other sums owing to Lender with respect to the other Loan Documents immediately due.

7.1.2. Make any disbursements after the happening of any one or more of the Events of Default, without waiving its right to demand payment of the Note and all other sums owing to Lender with respect to the other Loan Documents or any other rights or remedies and without liability to make any other or further disbursements, regardless of Lender's previous exercise of any rights and remedies.

7.1.3. Proceed as authorized at law or in equity with respect to the Event of Default, and in connection with that, remain entitled to exercise all other rights and remedies described in this Loan Agreement or the Trust Deed.

7.1.4. Recover its funds expended in exercising or enforcing any of its rights or remedies under any of the Loan Documents, together with interest at the Default Rate from the date the funds were spent until repaid which amounts will be deemed secured by the Trust Deed.

7.2. **RIGHTS CUMULATIVE, NO WAIVER.** All of Lender's rights and remedies provided in this Loan Agreement or in any of the other Loan Documents are cumulative and may be exercised by Lender at any time. Lender's exercise of any right or remedy will not constitute a cure of any Event of Default unless all sums then due to Lender under the Loan Documents are repaid and Borrower has cured all other Events of Default. No waiver will be implied from Lender's failure to take, or delay in taking, any action concerning any Event of Default or from any previous waiver of any similar or unrelated Event of Default. Any waiver under any of the Loan Documents must be in writing and will be limited to its specific terms.

7.3. **DISCLAIMER.** Whether Lender elects to employ any of the remedies available to it in connection with an Event of Default, Lender will not be liable for the failure to protect the Property; the payment of any expense incurred in connection with the exercise of any remedy available to Lender; or the performance or nonperformance of any obligation of Borrower.

8. **FIRE, HAZARD AND EXTENDED COVERAGE INSURANCE.** For the duration of Loan Agreement, Borrower shall obtain and maintain fire and hazard insurance to the full insurable value of the Property with endorsements of extended coverage, vandalism, and malicious mischief, and with such other endorsements and in such amounts as the Agency may reasonably require to protect the Property. In the event of damage to the Property and subject to the requirements of Lender, Borrower shall use the proceeds of such insurance to reconstruct the Property and the public improvements.

DRAFT EXHIBIT B

8.1. INSURANCE PROVISIONS. Each policy of insurance required under this Loan Agreement shall be obtained from a provider licensed to do business in California and having a current Best's Insurance Guide rating of A-VII or better, or such other equivalent rating, as may reasonably be approved by Agency's legal counsel. Each policy shall bear an endorsement precluding cancellation or termination of the policy or reduction in coverage unless the Agency has been given written notice of such intended action at least thirty (30) days prior to its effective date.

8.2. FAILURE TO MAINTAIN. If Borrower fails to obtain or maintain, or cause to be obtained and maintained, any insurance required by this Loan Agreement, the Lender, after providing Borrower with not less than 7 days notice, Agency shall have the right to purchase the insurance on Borrower's behalf, and Borrower shall promptly reimburse the full cost of such insurance to the Agency. If Borrower fails to reimburse the Agency for insurance, the amount of unpaid reimbursement shall bear interest, at the maximum rate permissible under the law, until paid.

9. MISCELLANEOUS.

9.1. NONRECOURSE. Notwithstanding any provision of this Loan Agreement or any document evidencing or securing this Loan, Borrower, and Borrower's principals, partners, agent, officer, and successors in interest shall not be personally liable for the payment of the Loan or any obligation of the Loan, Lender's sole recourse shall be against the Property.

9.2. NATURE OF REPRESENTATIONS AND WARRANTIES. Borrower certifies to Lender that all representations and warranties made in this Loan Agreement and all other Loan Documents are true and correct in all material respects and do not contain any untrue statement of a material fact or omit any material fact necessary to make the representations and warranties not misleading. All representations and warranties will remain true and correct in all material respects and will survive so long as any of Borrower's obligations have not been satisfied or the Loan or any part of it remains outstanding, and for any applicable statute of limitations period. Each request by Borrower for a disbursement will constitute an affirmation that all representations and warranties remain true and correct as of the date of that request. Each representation and warranty made in this Loan Agreement, in any other Loan Documents, and in any other document delivered to Lender by Borrower, will be deemed to have been relied on by Lender, regardless of any investigation, inspection, or inquiry made by Lender or any related disbursement made by Lender. The representations and warranties that are made to the best knowledge of Borrower have been made after diligent inquiry calculated to ascertain the truth and accuracy of the subject matter of each representation and warranty.

9.3. FINANCIAL STATEMENTS. Borrower shall provide certified Financial Statements to Lenders, as and when reasonably requested to assure the good status of the Loan and the Property.

9.4. NO WAIVER. No failure or delay on the part of Lender in exercising any right or remedy under the Loan Documents will operate as a waiver nor will Lender be estopped to exercise any right or remedy at any future time because of any such failure or delay. No express waiver will affect any matter other than the matter expressly waived and that waiver will be operative only for the time and to the extent stated. Waivers of any covenant, term, or condition in this Loan Agreement will not be construed to waive any subsequent breach of the same covenant, term, or condition.

9.5. NO THIRD PARTIES BENEFITED. This Loan Agreement is made and entered into for the sole protection and benefit of the parties and their permitted successors and assigns, and no other Person will have any right of action or any rights to funds at any time on deposit in the Construction Account or the Impound Account, if established.

9.6. NOTICES. Borrower irrevocably appoints Lender as its agent (the agency being coupled with an interest) to file for record any notices of completion, cessation of labor, or any other notice that Lender deems necessary or desirable to protect its interests under this Loan Agreement or under the Loan Documents. All notices to be given under this Loan Agreement shall be in writing and sent to the addresses stated above, as well as to those Parties listed in the definition of "Additional Notices" in the Trust Deed by one or more of the following methods. Lender shall give copies of notices required to be delivered to Borrower to those Parties listed in the definition of "Additional Notices" in the Trust Deed provided, however that Borrower acknowledges that such notice is an accommodation and the failure of the Lender to properly deliver any such notice shall not give rise to any claims or defenses of Borrower or any third party.

(a) Certified mail, return receipt requested, in which case notice shall be deemed delivered three (3) business days after deposit, postage prepaid in the United States Mail;

DRAFT EXHIBIT B

(b) A nationally recognized overnight courier, by priority overnight service, in which case notice shall be deemed delivered one (1) business day after deposit with that courier;

(c) Hand delivery with signed receipt for delivery from a person at the place of business of the receiving party and authorized to accept delivery for the receiving party, in which case notice shall be deemed delivered upon receipt, or

Teletcopy, if a copy of the notice is also sent the same day by United States Certified Mail, in which case notice shall be deemed delivered one (1) business day after transmittal by teletcopier, provided that a transmission report is automatically generated by the teletcopier reflecting the accurate transmission of the notices to receiving party at the "Fax Number" given in the Escrow Instructions or to such other address as Borrower or Agency may respectively designate by written notice to the other.

9.7. ACTIONS. Lender will have the right to commence, appear in, or defend any action or proceeding purporting to affect the rights, duties, or liabilities of the parties, or the disbursement of any funds under this Loan Agreement. In connection with that, Lender may incur and pay costs and expenses, including, without limitation, reasonable attorney fees. Borrower agrees to pay to Lender on demand all these expenses, and Lender is authorized to disburse funds from the Construction Account for that purpose. This Section does not apply to actions or proceedings between the parties.

9.8. ASSIGNMENT PROHIBITED. Borrower shall not assign this Loan Agreement or any interest it may have in the monies due or, except as otherwise provided, convey or encumber the Property or any Personalty or Fixtures now or later on the Property without the prior written consent of Lender. Lender may at any time assign the Loan Documents to any affiliate of Lender or to a national bank or other equivalent lender, and the assignee will assume the obligations of Lender, and Lender will have no further obligation of any nature. In that case, the provisions of this Loan Agreement will continue to apply to the Loan, and the assignee will be substituted in the place and stead of Lender, with all rights, obligations, and remedies of Lender, including, without limitation, the right to further assign the Loan Documents. In addition, Lender may at any time assign a participation in the Loan to any other party, provided that Lender continues to be primarily obligated under this Loan Agreement.

9.9. PREPAYMENT. Borrower may prepay the Loan only on and subject to the terms and conditions in the Note. Borrower shall have no rights to receive, and under no circumstances will Borrower receive repayment of any fees, if any, previously paid to Lender.

9.10. BORROWER, LENDER RELATIONSHIP. The relationship between Borrower and Lender is, and will at all times remain, solely that of borrower and lender, and Lender neither undertakes nor assumes any responsibility for or duty to Borrower.

9.11. CONTROLLING LAW; VENUE. The Loan Documents will be governed by and construed in accordance with California law. The venue for any legal action or proceeding will be in the County of Sacramento, California

9.12. CONSENTS AND APPROVALS. All consents and approvals by Lender required or permitted by any provision of this Loan Agreement will be in writing, and Lender shall not unreasonably delay in reviewing and approving or disapproving any consents and waivers. Lender's consent to or approval of any act by Borrower requiring further consent or approval will not be deemed to waive or render unnecessary the consent or approval to or of any subsequent similar act.

9.13. SURVIVAL OF WARRANTIES AND COVENANTS. The warranties, representations, conditions, covenants, and agreements in this Loan Agreement and in the other Loan Documents will survive the making of the Loan and the execution and delivery of the Note and will continue in full force until the Indebtedness has been paid in full. Nothing in this Section is intended to limit any other provision of the Loan Documents that by their stated terms survive the repayment of the Indebtedness or the termination of any Loan Document.

9.14. RECORDING AND FILING. Borrower, at its expense, will cause the Security Documents and all supplements to be recorded and filed and re-recorded and re-filed in any manner and in any places as Lender will reasonably request, and will pay all recording, filing, re-recording, and re-filing taxes, fees, and other charges.

DRAFT EXHIBIT B

9.15. LOAN EXPENSES. Borrower agrees to pay on demand all out-of-pocket costs and expenses reasonably incurred by Lender including, without limitation, the fees and disbursements of Lender's outside counsel, in connection with: (i) the administration of the Loan, including, without limitation, all approvals or consents given or contemplated to be given under the Loan Documents, all amendments to the Loan Documents entered into by Lender or requested by any Loan Party, and all title insurance policies and endorsements required by Lender, and (ii) the enforcement of any rights or remedies under the Loan Documents, whether any action or proceeding is commenced, or the protection of the security, or interests of Lender under the Loan Documents. All costs and expenses, together with interest at Loan rate, will form a part of the indebtedness and will be secured by the Security Documents.

9.16. NO REPRESENTATIONS BY LENDER. By accepting or approving anything required to be observed, performed, or fulfilled, or to be given to Lender pursuant to this Loan Agreement or pursuant to the Loan Documents, including, but not limited to, any officer's certificate, balance sheet, statement of income and expense, or other Financial Statement, survey, appraisal, or insurance policy, Lender will not be deemed to have warranted or represented the sufficiency, legality, effectiveness, or legal effect of it or of any particular term, provision, or condition of it, and any acceptance or approval will not be or constitute any warranty or representation by Lender.

9.17. AMENDMENT. The Loan Documents and the terms of each of them may not be modified, waived, discharged, or terminated except by a written instrument signed by the party against whom enforcement of the modification, waiver, discharge, or termination is asserted.

9.18. TERMINATION. Except as otherwise provided in the Loan Documents, all rights and obligations under this Loan Agreement will terminate except as to any accrued obligations effective on the payment of all Indebtedness owing by Borrower to Lender.

9.19. COUNTERPARTS. The Loan Documents may be executed in any number of counterparts and by different parties in separate counterparts, each of which when executed and delivered will be deemed an original and all of which counterparts taken together will constitute one and the same instrument.

9.20. SEVERABILITY. If any term, provision, covenant, or condition or any application is held by a court of competent jurisdiction to be invalid, void, or unenforceable, all terms, provisions, covenants, and conditions and all applications not held invalid, void, or unenforceable will continue in full force and will in no way be affected, impaired, or invalidated.

9.21. CAPTIONS. All Article and Section headings in the Loan Documents are inserted for convenience of reference only and do not constitute a part of the Loan Documents for any other purpose.

9.22. INDEMNITY. Except for claims due to Lender's sole negligence or willful misconduct, Borrower agrees to defend, indemnify, and hold Lender harmless from all losses, damages, liabilities, claims, actions, judgments, costs, and reasonable attorney fees that Lender may reasonably incur as a direct or indirect consequence of the making of the Loan, Borrower's failure to perform any obligations as and when required by this Loan Agreement or any of the other Loan Documents, the failure at any time of any of Borrower's representations or warranties to be true and correct, or any act or omission by Borrower, any contractor, subcontractor, engineer, architect, or other Person with respect to the Property, or any portion of it. Borrower will pay immediately on Lender's demand any amounts owing under this indemnity, together with interest at the lesser of the Default Rate or the maximum rate permitted by law from the date Lender makes a payment or incurs a loss. Borrower's duty to indemnify Lender will survive the release and cancellation of the Note and the reconveyance or partial reconveyance of the Trust Deed.

9.23. FURTHER ASSURANCES. At Lender's request and at Borrower's expense, Borrower will execute, acknowledge, and deliver all other instruments and perform all other acts necessary, desirable, or proper to carry out the purposes of the Loan Documents or to perfect and preserve any liens created by the Loan Documents.

9.24. DISCLOSURE OF INFORMATION. If Lender elects to sell the Loan, Lender may forward to the buyer of the Loan all documents and information related to the Loan in Lender's possession, including without limitation all Financial Statements, whether furnished by Borrower or otherwise.

DRAFT
EXHIBIT B

9.25. **LENDER'S AGENTS.** Lender may designate agents or independent contractors to exercise any of Lender's rights under the Loan Documents. Any reference to Lender in any of the Loan Documents will include Lender's employees, agents, and independent contractors.

9.26. **INTEGRATION AND INTERPRETATION.** The Loan Documents contain or expressly incorporate by reference the entire agreement between Lender and Borrower with respect to the covered matters and supersede all prior negotiations. Any reference to the Property in any of the Loan Documents will include all or any portion of them. Any reference to the Loan Documents themselves in any of the Loan Documents will include all amendments, renewals, or extensions approved by Lender.

9.27. **NUMBER, IDENTITY AND GENDER.** When the context and construction so require, all words used in the singular will be deemed to have been used in the plural and vice versa. Person means any natural person, corporation, firm, partnership, association, trust, government, governmental agency, or any other entity, whether acting in an individual, fiduciary, or other capacity. When the context and construction so require, all words which indicate a gender will be deemed to have been used to indicate the gender as indicated by the context.

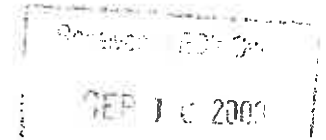


OFFICE OF PUBLIC AND INDIAN HOUSING
REAL ESTATE ASSESSMENT CENTER

Attachment 2

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410-5000

SEP 08 2009



Ms. LaShelle Dozier
Executive Director
Sacramento Housing and Redevelopment Agency
P.O. Box 1834
Sacramento, CA 95812-1834

Subject: Request for Disposition of Non-Dwelling Real Property, 320 Commerce Circle,
Sacramento, CA CA30-9005-002

Dear Ms. Dozier:

Your letter of April 15, 2009 addressed to Mr. Stephen Schneller, subject as above, has been referred to this office for response.

This office has reviewed the record provided by the Sacramento Housing and Redevelopment Authority (SHRA), requesting to release the subject property from the Declaration of Trust without respect to Notice PIH 2008-17 or the regulations at 24 CFR 85.31(c)(2).

The SHRA purchased the property in 1988 using local funds. Anticipatory to using Comprehensive Grant Program (CGP) funds to improve the property, it was placed under a Declaration of Trust (DOT) in 1995. However, no CGP or other Federal funds were used to improve the property. In 1998 the SHRA pledged the property as security for a Section 108 Contract for Loan Guarantee Assistance.

Both the guidance in Notice PIH 2008-17 and the provisions of 24 CFR 85.31(c)(2) assume that public housing funds have been used to acquire, construct, maintain, or improve a property. None of those conditions apply to the subject property. Further, the DOT was placed on the property anticipating using public housing funds to improve it, which never happened. Absent the expenditure of public housing funds on the structure, there is and has been no reason for the DOT to exist, since it serves no programmatic purpose. The SHRA's pledging of the property as loan security has no bearing on the applicability of either Notice PIH 2008-17 or 24 CFR 85.31(c)(2).

HUD will release the subject property from the DOT without applying the procedures of Notice PIH 2008-17 or satisfying the requirements of 24 CFR 85.31(c)(2).

If you have any questions, please contact Gregory Byrne by email at:
Gregory.A.Byrne@HUD.GOV

Sincerely,

A handwritten signature in black ink that reads "J. David Reeves". The signature is written in a cursive style with a large initial "J" and a long, sweeping underline.

J. David Reeves
Deputy Assistant Secretary

Attachment 3



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, D.C. 20410-7000

OFFICE OF THE ASSISTANT SECRETARY
FOR COMMUNITY PLANNING AND DEVELOPMENT

Michael Voss
Agency Counsel
Sacramento Housing and Redevelopment Agency
City of Sacramento
801 12th Street
Sacramento, CA 95814

MAR 21 2011

RE: Sacramento Housing and Redevelopment Agency
Request for Reconveyance of Collateral
Section 108 Loan Guarantee, B-97-MC-06-0003 - \$5,445,000

Received in the Legal Department

MAR 29 2011

Sacramento Housing & Redevelopment Agency

Dear Mr. Voss:

This letter responds to your request for release of certain collateral securing the Section 108 loan guarantee assistance for the Del Paso Nuevo Homeownership Zone project of the Sacramento Housing and Redevelopment Agency (SHRA). Your letter of February 7, 2011, amended an earlier request submitted to the Department of Housing and Urban Development (HUD) by LaShelle Dozier on April 15, 2009.

HUD and SHRA executed a Contract for Loan Guarantee Assistance dated September 3, 1998 (the Contract). Attachment 3 of the Contract provided a detailed listing of the real estate collateral securing payment and performance under the Contract, the original note, and any subsequent notes issued pursuant to the loan guarantee commitment dated September 26, 1997.

On February 2, 2001, in response to a request from SHRA and in order to further the development of the Del Paso Nuevo project, HUD released liens on a portion of the original collateral and agreed to a substitution of alternative real estate collateral. HUD agreed to and SHRA accepted a revised Attachment 3 to the Contract, which identified real property in the original Attachment 3 that continued to serve as collateral, as well as newly substituted collateral.

My office and our Office of General Counsel reviewed your letter, release forms, appraisals of collateral, and other documentation supporting your request. Based on the information provided, we find the proposed releases acceptable and not inconsistent with the project as initially approved by HUD. Therefore, the Releases of Deed of Trust have been signed on behalf of the Secretary and are enclosed. We amended revised Attachment 3 to reflect the agreed-upon real property that will continue to serve as collateral.


The enclosed revised Attachment 3 makes two changes. First, it eliminates 320 Commerce Circle from the list of collateral. Second, it corrects the Assessor's Parcel Number (APN) for two of

Attachment 3

the Del Paso Nuevo properties, which were listed incorrectly in the revised Attachment 3 dated February 2, 2001. Except for these changes reflected in the newly revised Attachment 3, all collateral and all other terms and conditions and obligations set forth in the Contract remain unchanged. Your acceptance of this letter indicates your approval of the revised Attachment 3. Please attach revised Attachment 3 to your copy of the Contract.

If you have any further questions related to this project, please contact Paul Webster at 202.708.1871 or Jason Triplett at 202.402.4837.

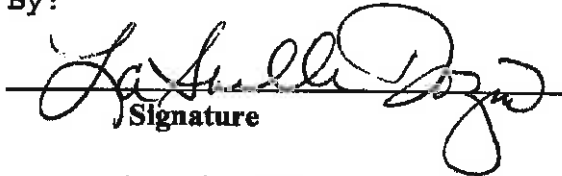
Sincerely,



Yolanda Chávez
Deputy Assistant Secretary for Grant Programs

Enclosures

Accepted:
Sacramento Housing and Redevelopment Agency
By:




Signature

Executive Director

Title

Date

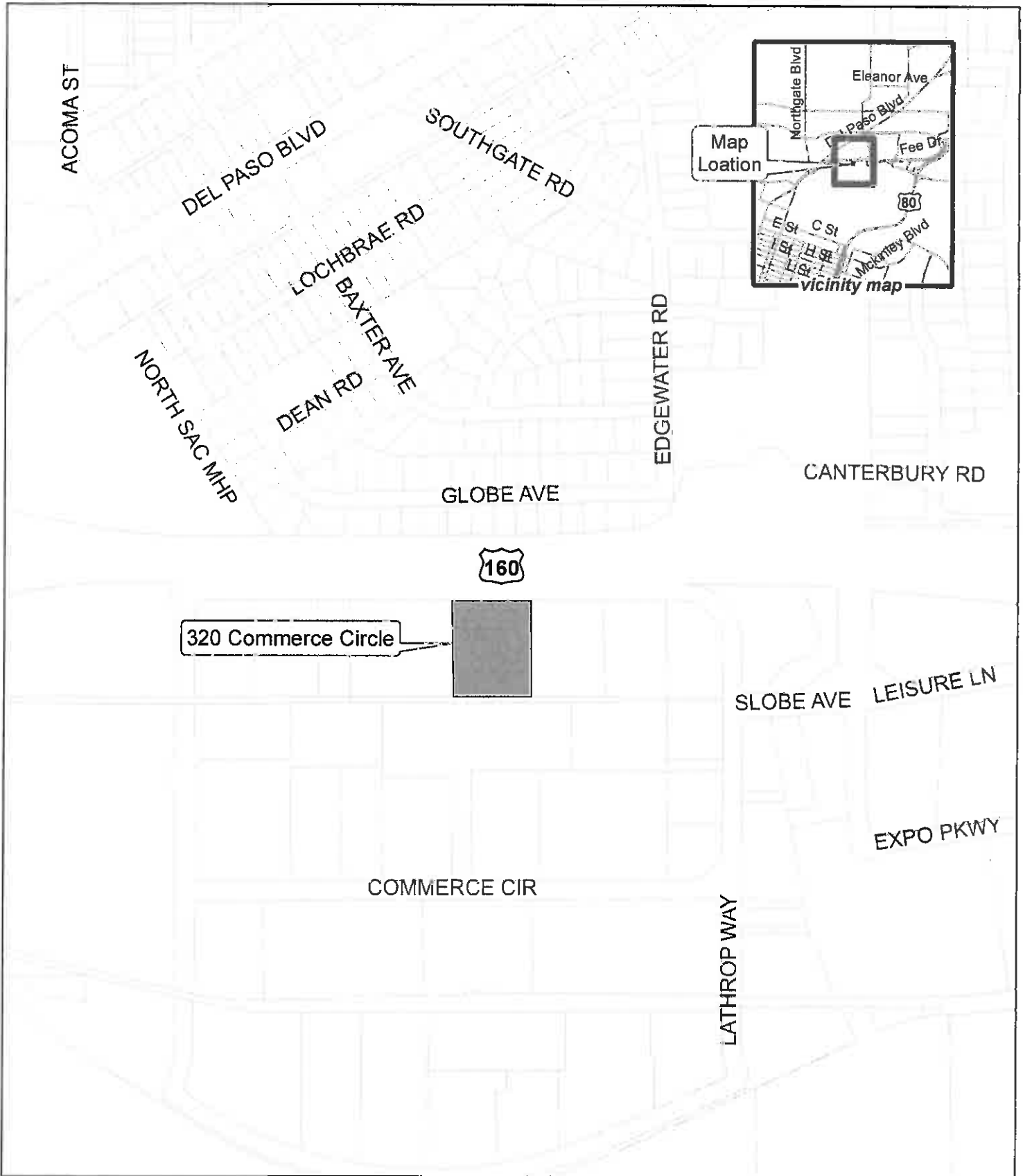
Approved as to form:



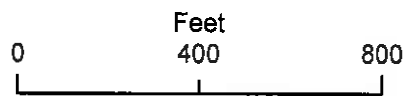
Agency Counsel



320 Commerce Circle



 320 Commerce Circle Parcel





June 19, 2013

Sacramento Housing and Redevelopment Commission
Sacramento, California

Honorable Members in Session:

SUBJECT Fiber optic cable Installation between 801 12th Street and 630 I Street
Offices

RECOMMENDATION

Staff recommends adoption of the attached resolution which authorizes the Executive Director, or her designee, to sole source and enter into a contract with Integrity Data and Fiber, Inc. to install conduit and fiber to be spliced into the City's existing Fiber Optic System at the junction points of 12th and I Streets and 7th Street south of the intersection of 7th and I Streets. Staff also recommends authorization for the Executive Director or her designee to enter into a service contract with the City of Sacramento for 10-years to share the fiber optic system.

CONTACT PERSONS

Jim Shields, Director of Administration, 916-440-1319
Ann Roland, IT Manager, 916-440-1372

BACKGROUND

The Housing Authority of the County of Sacramento Housing Choice Voucher (HCV) Program administrative offices are now located at 630 I Street which is currently connected to the SHRA 801 12th Street administrative offices via four bundled T1 data circuits. These four T1 circuits do not provide adequate support for the volume of data being generated between the two locations.

The City has a Fiber Optic System located underground in City conduits. Staff is proposing to share fiber optic network system with the City to provide connectivity as the number of additional T1 circuits needed to provide better through-put are cost prohibitive over the long term in comparison to utilizing the connection provided by the City's Fiber Optic System. The City's system runs in very close proximity to the SHRA 801 12th Street and 630 I Street locations thereby providing SHRA with an opportunity to cost effectively provide end to end fiber connectivity to these two locations.

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Sacramento Housing and Redevelopment Commission
June 19, 2013
Page 2

Cooperation between SHRA and the City to install a shared fiber optic network service will provide the following elements:

- Benefit each party and provide improved access to information through their respective networks;
- Contribute to the SHRA's high-speed interconnections among our facilities, the County of Sacramento and the City;
- Provide continued annual access to this shared fiber optic network at an extremely low cost as compared with a commercial service provider.

The City of Sacramento requires that all fiber splicing to their existing fiber trunk be performed by a City approved contractor in order to protect the existing critical data services and to minimize network outages. Integrity Data and Fiber, Inc.(IDF), the City approved contractor, is knowledgeable about the City infrastructure and installation requirements, and about standards and procedures for taking down cables that carry critical data from City departments such as police, fire, parking and revenue. Staff is proposing that IDF install the required conduit and fiber strands from the SHRA data center located at 801 12th Street to the 630 I Street location in order to minimize the risk of interruption in service for City departments. IDF will also install a barrel vault over the City's duct structure. City IT Staff will supervise the splicing of new strands into their existing Fiber Optic System. IDF was one of only two qualified contractors to respond to the City's solicitation for this service in 2006 and 2011, they have priced this service very competitively, and no outages or issues have occurred due to their work.

FINANCIAL CONSIDERATIONS

The one time installation cost to SHRA for Integrity Data and Fiber to bring the fiber to both ends, connect to the City Fiber Optic System, and for mapping and verification of utility services, permit fees, and splicing to the two junction points is \$89,825. This one time cost was included in the SHRA 2013 operating budget. SHRA and the City will enter into an annual standard service agreement not to exceed 10 years to share the fiber optic system with SHRA not to exceed \$1,000 per year. Replacing the existing T1 lines with fiber optics will result in an annual savings of \$6,000. Connectivity between the two SHRA locations will increase immediately from 6MB to 1GB (166 times faster than today). 630 I Street staff should experience an immediate and significant improvement which will be equivalent to the 100MB per second speed that staff located at the 801 12th Street headquarters experience today.

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Sacramento Housing and Redevelopment Commission
June 19, 2013
Page 3

POLICY CONSIDERATIONS

The recommended actions are consistent with the Agency's previously approved procurement policy and its requirements for sole sourcing the proposed activity.

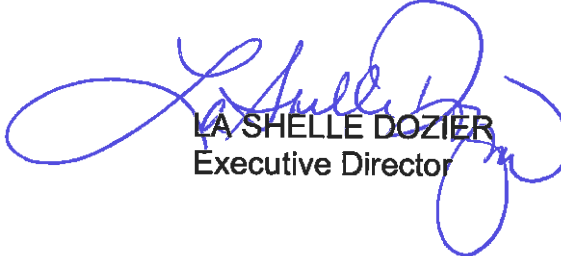
ENVIRONMENTAL REVIEW

The proposed project consists of a minor alteration of an existing facility and is therefore categorically exempt from California Environmental Quality Act (CEQA) per CEQA Guidelines section 15301(a)(b) and (c). The National Environmental Policy Act (NEPA) is not applicable.

M/WBE and SECTION 3 CONSIDERATIONS

The activities recommended in this staff report do not involve federal funding; therefore, there are no M/WBE or Section 3 requirements.

Respectfully submitted,



LA SHELLE DOZIER
Executive Director

RESOLUTION NO. SHRC-_____

ADOPTED BY THE SACRAMENTO HOUSING AND REDEVELOPMENT COMMISSION UNDER THE AUTHORITY DELEGATED TO THE COMMISSION PURSUANT TO CALIFORNIA HEALTH AND SAFETY CODE, SECTION 33202 BY RESOLUTION NO. RA 81-083 ADOPTED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO ON OCTOBER 20, 1981, AND BY RESOLUTION NO. RA-83 ADOPTED BY THE REDEVELOPMENT AGENCY OF THE COUNTY OF SACRAMENTO ON OCTOBER 27, 1981, AND PURSUANT TO CALIFORNIA HEALTH AND SAFETY CODE SECTION 34292 BY RESOLUTION NO. HA 81-098 ADOPTED BY THE HOUSING AUTHORITY OF THE CITY OF SACRAMENTO ON OCTOBER 20, 1981, AND BY RESOLUTION NO. HA-1497 ADOPTED BY THE HOUSING AUTHORITY OF THE COUNTY OF SACRAMENTO ON OCTOBER 27, 1981.

ON DATE OF

June 19, 2013

FIBER INSTALLATION BETWEEN 801 12TH STREET AND 630 I STREET OFFICES

WHEREAS, the Housing Authority of the County of Sacramento Housing Choice Voucher (HCV) Program administrative offices are now located at 630 I Street which is currently connected to the administrative office located at 801 12th Street via four bundled T1 data circuits. These four T1 circuits do not provide adequate support for the volume of data being generated between the two locations. The number of additional T1 circuits to provide better through-put are cost prohibitive over the long term in comparison to the proposed fiber optic connection to the City's Fiber Optic System.

WHEREAS, the City has constructed within its jurisdictional boundaries a Fiber Optic System located underground in City conduits. The City's Fiber Optic System runs in very close proximity to the Sacramento Housing and Redevelopment Agency (SHRA) 801 12th Street and 630 I Street locations thereby providing SHRA with an opportunity to cost effectively provide end to end fiber connectivity to these two locations.

WHEREAS, cooperation between SHRA and the City to install a shared fiber optic network service will:

- Benefit each party and provide improved access to information through their respective networks;
- Contribute to the SHRA's high-speed interconnections among our facilities, the County of Sacramento and the City;
- Provide continued annual access to this shared fiber optic network at an extremely low cost as compared with a commercial service provider.

WHEREAS, the proposed project consists of a minor alteration of an existing facility and is therefore categorically exempt from California Environmental Quality Act (CEQA) per CEQA Guidelines section 15301(a)(b) and (c). review under the National Environmental Policy Act (NEPA) is not required.

WHEREAS, twenty four hour per day access by some City departments to this section of the City Fiber Optic System is critical. Therefore, the City is requiring SHRA to hire Integrity Data and Fiber, Inc. to provide the service to bore and install the required conduit and 2 fiber strands from the SHRA data center located at 801 12th Street into the traffic signal box located on the corner of 12th and I Streets in order to minimize the risk of interruption in service. Integrity Data and Fiber, Inc., will also install a barrel vault over the City's duct structure located on the west side of 7th and I Streets and run 2 fiber strands through an existing conduit into the SHRA data center located at 630 I Street. The City IT Staff will supervise the splicing of new strands into their exiting Fiber Optic System.

WHEREAS, the one-time cost to SHRA for Integrity Data and Fiber to bring the fiber to both ends to connect to the City Fiber Optic System and for mapping and verification of utility services, permit fees, and splicing to the two junction points is \$89,825.00. These costs are included in the current operating budget.

WHEREAS, the City and SHRA will enter into a standard annual service agreement not to exceed 10 years to share the fiber optic system not to exceed \$1,000.00 per year.

NOW, THEREFORE, BE IT RESOLVED BY THE SACRAMENTO HOUSING AND REDEVELOPMENT COMMISSION:

Section 1: All evidence presented having been duly considered, the findings, including environmental findings and the necessity of sole sourcing the work regarding this action, are approved.

Section 2: The Executive Director, or her designee, is authorized to amend the SHRA budget to fund this Project.

Section 3: The Executive Director, or her designee, is authorized to sole source and hire Integrity Data and Fiber, Inc. to install conduit and fiber to be spliced into the City's existing Fiber Optic System at the junction points of 12th and I Streets and 7th Street.

Section 4: The Executive Director, or her designee, is authorized to sign an annual service agreement, not to exceed ten years, to share the fiber optic system at a cost not to exceed \$1,000.00 per year.

CHAIR

ATTEST:

CLERK