

**CITY COUNCIL RESOLUTION NO. 7836**  
**HOUSING AUTHORITY RESOLUTION NO. 2018-01-HA**

**CITY OF SOUTH GATE**  
**LOS ANGELES COUNTY, CALIFORNIA**

**JOINT RESOLUTION OF THE CITY COUNCIL OF THE CITY OF  
SOUTH GATE, CALIFORNIA, AND THE SOUTH GATE HOUSING  
AUTHORITY APPROVING THE PURCHASE AND SALE OF 9019  
LONG BEACH BOULEVARD (APN 6204-025-039) BETWEEN THE  
SOUTH GATE HOUSING AUTHORITY AND JON UNGVARI AND  
SUSAN UNGVARI, TRUSTEES OF THE UNGVARI FAMILY TRUST**

**WHEREAS**, the Community Development Commission of the City of South Gate (“CDC”) previously was a public body, corporate and politic formed, organized, existing and exercising its powers pursuant to Section 34100, et seq., of the California Health and Safety Code, and exercised the powers, authority, functions, jurisdiction of a Community Redevelopment Agency formed, organized, existing and exercising its powers pursuant to the California Community Redevelopment Law, Health and Safety Code (HSC), Section 33000, et seq., and specifically formed by the City Council (“City Council”) of the City of South Gate (“City”); and

**WHEREAS**, as of February 1, 2012, the former CDC was dissolved pursuant to the Dissolution Law, HSC Sections 34170 and 34191.6; and

**WHEREAS**, pursuant to HSC Section 34176, the South Gate Housing Authority (“Housing Authority”) elected to become the housing successor to the former CDC, receiving housing assets rights, powers, duties, and obligations from the CDC, including six real properties acquired for future affordable housing purposes; and

**WHEREAS**, HSC Section 33334.16 provides that within five years from the date a property is acquired with Low & Moderate Income Housing Funds, activities must be initiated consistent with the development of the property for affordable housing purposes, or the property must be sold and sales proceeds shall be deposited into the Low & Moderate Income Housing Fund (now the Low & Moderate-Income Housing Asset Fund established pursuant to HSC 34176(d)); and

**WHEREAS**, HSC Section 33334.16 further states that the legislative body may extend the aforementioned property development or deadline for one additional period not to exceed five years; and

**WHEREAS**, the Housing Authority, in its capacity as housing successor to the former CDC, extended to April 1, 2023, the deadline for property development of all real properties transferred from the former CDC including the properties commonly known as 9001 and 9015 Long Beach Boulevard (“Housing Authority 9001-9015 Property”); and

**WHEREAS**, HSC Section 34315 permits housing authorities to acquire real or personal property for affordable housing development, including by eminent domain if necessary; and

**WHEREAS**, the Housing Authority has determined that assembly of additional property would facilitate the feasible and timely development of the Housing Authority 9001-9015 Property; and

**WHEREAS**, on September 25, 2018, staff received direction to transmit an offer to purchase, under the threat of eminent domain, if necessary, the property commonly known as 9019 Long Beach Boulevard (APN 6204-025-039) ("9019 Property") from the current owners, Jon Ungvari and Susan Ungvari, Trustees of the Ungvari Family Trust ("Sellers"); and

**WHEREAS**, staff believes that ownership of the 9019 Property adjacent to the Housing Authority 9001-9015 Property provides the Housing Authority with the strongest position to ensure that the eventual development of these properties is consistent with its mission to provide safe, decent and sanitary housing conditions for very low-income families and to manage resources efficiently; and

**WHEREAS**, attached to this Resolution is the proposed Purchase and Sale Agreement ("PSA") setting forth the terms and conditions of the Housing Authority's purchase of the 9019 Property that staff has negotiated with the Sellers; and

**WHEREAS**, under the PSA, the Housing Authority will acquire the 9019 Property for a purchase price of \$960,000, the reasonableness of which is supported by information provided in the respective Agenda Bill for this Resolution; and

**WHEREAS**, the Housing Authority's obligation to purchase the 9019 Property is expressly conditioned on its approval of all matters disclosed by the Sellers, the condition of the title to the 9019 Property, the physical and environmental condition of the property, and all economic, financial and accounting matters related to or affecting the 9019 Property or its value; and

**WHEREAS**, as no specific project for the 9019 Property is being proposed or approved at this time, the acquisition of the property is not a project pursuant to the California Environmental Quality Act (Public Resources Code Section 21000 *et seq.*; "CEQA"); environmental review pursuant to CEQA will be required prior to the approval of any agreement providing for the sale and development of the property;

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF SOUTH GATE AND THE SOUTH GATE HOUSING AUTHORITY DOES HEREBY RESOLVE AS FOLLOWS:**

**SECTION 1.** The foregoing recitals are true and correct and constitute a substantive part of this Resolution.

**SECTION 2.** The City Council and the Housing Authority each hereby approve the terms and conditions of the PSA for the purchase of the 9019 Property in substantially the form attached hereto as Attachment 1, which is fully incorporated by this reference.

**SECTION 3.** The City Council and the Housing Authority each hereby authorize the City Clerk/Housing Authority Recording Secretary to execute and attest the PSA for the purchase of the 9019 Property with such revisions as the Executive Director and the Housing Authority Legal Counsel deem appropriate. The Executive Director and his authorized designees are further authorized to take such actions as may be necessary or appropriate to implement the PSA, including executing further instruments and agreements, issuing warrants, and taking other

appropriate actions to perform the obligations and exercise the rights of the Housing Authority under the PSA. A copy of the PSA when fully executed shall be placed on file in the office of the City Clerk/Housing Authority Recording Secretary.

**SECTION 4.** The City Council and the Housing Authority each hereby appropriate \$985,000 from the restricted fund balance of the Low & Moderate Income Housing Asset Fund for the purchase of said 9019 Property and associated relocation costs.

**SECTION 5.** The City Clerk/Housing Authority Recording Secretary shall certify to the adoption of this Resolution which shall be effective upon its adoption.

**PASSED, APPROVED and ADOPTED** this 11<sup>th</sup> day of **December 2018**.

**CITY OF SOUTH GATE:  
SOUTH GATE HOUSING AUTHORITY:**

  
\_\_\_\_\_  
María Belén Bernal, Mayor/ Chairperson

**ATTEST:**

  
\_\_\_\_\_  
Carmen Avalos, City Clerk/Recording Secretary  
(SEAL)

**APPROVED AS TO FORM:**

  
\_\_\_\_\_  
Raul F. Salinas, City Attorney/Legal Counsel  
City of South Gate  
South Gate Housing Authority

## PURCHASE AND SALE AGREEMENT

This PURCHASE AND SALE AGREEMENT (this "Agreement") is made as of the 11<sup>th</sup> day of December, 2018 (the "Effective Date"), between JON UNGVARI and SUSAN UNGVARI, TRUSTEES OF THE UNGVARI FAMILY TRUST ("Seller") and the SOUTH GATE HOUSING AUTHORITY, a public body, corporate and politic ("Buyer").

### RECITALS

A. Seller is the owner of certain real property located in the City of South Gate, County of Los Angeles, State of California, consisting of an approximately 0.29-acre parcel of land, Assessor's Parcel Number 6204-025-039, which is more particularly described in Exhibit A attached hereto (the "Land").

B. The Land is improved by a single-story building commonly known as 9019 Long Beach Boulevard, South Gate, California (the "Building"), containing approximately 651 square feet, together with the related improvements, appurtenances, and certain related intangible property. There is one tenant currently occupying the Building.

C. Seller acknowledges that Buyer is a public agency and that, under threat of eminent domain, Buyer desires to purchase the Property, including the Land and the Building, and Seller agrees to sell the Property to Buyer as specifically described below.

### AGREEMENTS

#### ARTICLE 1

#### AGREEMENT OF SALE

1.1. Purchase and Sale. For good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, Seller agrees to sell and Buyer agrees to purchase all Property described below in Section 1.2, under the terms and conditions of this Agreement.

1.2. Description of the Property. The property to be sold and purchased under this Agreement consists of the following (collectively, the "Property"):

1.2.1. Land. The Land described in Recital A.

1.2.2. Appurtenances. All privileges, rights, easements appurtenant to the Land, including without limitation all minerals, oil, gas, and other hydrocarbon substances on and under the Land; all development rights, air rights, water, water rights, and water stock relating to the Land; all right, title, and interest of Seller in and to any streets, alleys, passages, water and sewer taps, sanitary or storm drain capacity or reservations and rights under utility agreements, and other easements and other rights-of-way included in, adjacent to, or used in connection with the beneficial use and enjoyment of the Land (collectively, the "Appurtenances").

1.2.3. Improvements. The Building described in Recital B and all other buildings, structures, fences, parking areas, or improvements located upon the Land or upon the Improvements, including fixtures, systems, and equipment attached to the Land or Improvements and used in connection with the operation or occupancy of the Land and Improvements (such as heating and air-conditioning systems, refrigeration, ventilation, garbage disposal, or utility conduits) (collectively, the "Improvements").

1.2.4 Excluded Personal Property. The Property shall not include the personal property listed on Exhibit D attached hereto, the List of Excluded Personal Property, which shall be the property of Seller and shall be removed from the Property prior to Closing.

1.3. Definitions. As used in this Agreement, the following terms have the following meanings:

“Additional Encumbrances” is defined in Section 3.4.4 of this Agreement.

“Appurtenances” is defined in Section 1.2.2 of this Agreement.

“Assignment” is defined in Section 7.3.2 of this Agreement.

“Broker” is defined in Section 7.9 of this Agreement.

“Building” is defined in Recital B of this Agreement.

“Business day” is defined in Section 10.6 of this Agreement.

“Buyer’s Closing Conditions” is defined in Section 6.1 of this Agreement.

“Buyer’s Election Notice” is defined in Section 3.4.3 of this Agreement.

“Buyer’s Title Notice” is defined in Section 3.4.1 of this Agreement.

“Buyer’s Representatives” is defined in Section 3.6.2 of this Agreement.

“Closing” is defined in Section 7.2.1 of this Agreement.

“Closing Date” is defined in Section 7.2.2 of this Agreement.

“Condemnation” is defined in Section 8.1 of this Agreement.

“Contingency” and “Contingencies” are defined in Section 3.7 of this Agreement.

“Contingency Date” is defined in Section 3.2 of this Agreement.

“Deed” is defined in Section 6.1.1 of this Agreement.

“Deposit” is defined in Section 2.2.1 of this Agreement.

“Due Diligence” is defined in Section 3.6.1 of this Agreement.

“Effective Date” is defined in the opening paragraph of this Agreement.

“Escrow” is defined in Section 2.2.1 of this Agreement.

“Escrow Holder” is defined in Section 2.2.1 of this Agreement.

“Escrow Opening Date” is defined in Section 7.1 of this Agreement.

“Hazardous Materials Laws” is defined in Section 5.1.10 of this Agreement.

“Improvements” is defined in Section 1.2.3 of this Agreement.

“Indemnifying Party” is defined in Section 7.9 of this Agreement.

“Land” is defined in Recital A of this Agreement.

“Nonforeign Certification” is defined in Section 7.3.3 of this Agreement.

“Nonindemnifying Party” is defined in Section 7.9 of this Agreement.

“Permitted Exceptions” is defined in Section 3.4.1 of this Agreement.

“Preliminary Documents” is defined in Section 3.1 of this Agreement.

“Preliminary Document Date” is defined in Section 3.1 of this Agreement.

“Preliminary Report” is defined in Section 3.1.1 of this Agreement.

“Property” is defined in Section 1.2 of this Agreement.

“Purchase Price” is defined in Section 2.1 of this Agreement.

“Seller’s Closing Conditions” is defined in Section 6.2 of this Agreement.

“Seller’s Title Notice” is defined in Section 3.4.2 of this Agreement.

“Title Company” is defined in Section 3.1.1 of this Agreement.

“Title Objections” is defined in Section 3.4.1 of this Agreement.

“Title Policy” is defined in Section 6.1.1 of this Agreement.

## ARTICLE 2

### PURCHASE PRICE

2.1. Amount. The full purchase price (“Purchase Price”) for the Property is NINE HUNDRED SIXTY THOUSAND DOLLARS (\$960,000), and is payable in accordance with this Article 2.

2.2. Deposit.

2.2.1. Deposit. Within seven (7) business days after the Escrow Opening Date, as a deposit against the Purchase Price, Buyer must deposit TWENTY EIGHT THOUSAND DOLLARS (\$28,000) (“Deposit”) into an escrow (“Escrow”) to be opened with First American Title Insurance Company, 777 South Figueroa Street, Suite 400, Los Angeles, California 90017, Telephone: (213) 271-1720, Attention: Sarah Aguayo, Email: [saguayo@firstam.com](mailto:saguayo@firstam.com) (“Escrow Holder”).

2.2.2. Requirements for Deposit. Buyer may make the Deposit in cash, or by check payable to the Escrow Holder, or by electronic transfer of federal funds. The Escrow Holder will hold the Deposit in an escrow account at a bank and invested in investments approved by Buyer, with interest accruing for the benefit of Buyer. On the Closing Date

(defined in Section 7.2.2), the entire amount of the Deposit shall be credited against the Purchase Price. If this Agreement terminates for any reason other than Buyer's default, the Escrow Holder must refund the Deposit to Buyer.

2.3. Payment of Balance. Buyer agrees to pay, or cause to be paid, the balance of the Purchase Price to Seller through the Escrow by depositing cash or a certified or cashier's check payable to the Escrow Holder, or by electronic transfer of federal funds, which must be delivered to the Escrow Holder at least one (1) business day before the Closing Date (defined in Section 7.2.2).

### ARTICLE 3

#### BUYER'S CONTINGENCIES

3.1. Seller's Delivery of Documents. Seller shall deliver to Buyer all documents listed below (collectively, "Preliminary Documents") not later than ten (10) business days after the Escrow Opening Date ("Preliminary Document Date"). Failure by Seller to deliver the Preliminary Documents by the Preliminary Document Date will extend the Contingency Date (as defined in Section 3.2) by one (1) business day for every one (1) business day thereafter that the last such Preliminary Document is delivered.

3.1.1. Preliminary Report. A preliminary report ("Preliminary Report") dated no earlier than thirty (30) days before the Effective Date covering the Property and issued by First American Title Insurance Company, 777 S. Figueroa Street, Suite 400, Los Angeles, California 90017 ("Title Company"), together with a legible copy (as reasonably obtainable) of all exceptions to title shown in the Preliminary Report, including each document, map, and survey referred to in the Preliminary Report.

3.1.2. Surveys. Any survey of the Property in Seller's possession or control.

3.1.3. Agreements. Copies of all unrecorded leases, rental agreements, tenant rolls, written easements, covenants, restrictions, agreements, service contracts, and other documents that affect the Property and that will continue to affect the Property after Closing.

3.1.4. Licenses and Permits. Copies of any governmental licenses, permits, or certificates issued in connection with construction or occupancy of the Improvements, including without limitation building permits, certificates of completion, certificates of occupancy, and environmental permits and licenses, that are in Seller's possession or control.

3.1.5. Plans. Copies of any existing construction drawings, as-built plans, and specifications for the Property that are in Seller's possession or control.

3.1.6. Materials Related to Condition of the Property. Any environmental impact reports, "Phase I" or "Phase II" reports, or environmental site assessments concerning hazardous materials on the Property, complaints or notices of the presence of hazardous materials on the Property, geological surveys, soil tests, engineering reports, inspection results, complaints, or notices received from any person or governmental agency regarding the safety of the Property, to the extent such documents are in Sellers' possession or control.

3.1.7. Excluded Records. The Preliminary Documents will not include any books, records, documents, or information on the corporate, financial, and accounting records of the operations of Seller as an entity (as opposed to records concerning the Property), regarding offers or inquiries made by third parties concerning the purchase of some or all of the Property or appraisals of the value of the Property that are attorney-client communications of Seller, that are

Seller's attorney's work product, or that are not in the possession of Seller or persons under Seller's control.

3.2. Buyer's Approval of Preliminary Documents. Buyer's obligation to purchase the Property is expressly conditioned on its approval, in its sole discretion, of the matters disclosed in the Preliminary Documents. Buyer will have until the date that is seventy-five (75) business days after the Preliminary Document Date ("Contingency Date") to review the Preliminary Documents and to decide whether to approve the matters disclosed in the Preliminary Documents. On or before the Contingency Date, Buyer will deliver written notice to Seller either accepting the matters disclosed in the Preliminary Documents or terminating this Agreement. If Buyer fails to give such notice on or before the Contingency Date, Buyer will be deemed to have elected to terminate this Agreement.

3.3. Intentionally Omitted.

3.4. Approval of Title. Buyer's obligation to purchase the Property is expressly conditioned on Buyer's approval, in its sole discretion, of the condition of title of the Property in accordance with the following procedure:

3.4.1. Permitted Exceptions. The following exceptions shown on the Preliminary Report are permitted ("Permitted Exceptions"): (a) exceptions for a lien for local real estate taxes and assessments not yet due or payable; (b) the standard preprinted exceptions and exclusions of the Title Company; (c) any other exception shown on the Preliminary Report, other than exceptions for monetary liens, which Buyer does not object to by written notice to Seller on or before the Contingency Date ("Buyer's Title Notice"), or as otherwise provided in this Section 3.4. All exceptions on the Preliminary Report other than the Permitted Exceptions will be "Title Objections." If Buyer fails to deliver Buyer's Title Notice within the time specified in this Section 3.4, Buyer will be deemed to have objected to each title exception shown in the Preliminary Report that is not otherwise a Permitted Exception.

3.4.2. Title Objections. With respect to any Title Objection, Seller will have ten (10) days after delivery of Buyer's Title Notice to give notice to Buyer in writing ("Seller's Title Notice"), stating either (a) the manner in which Seller will remove or cure such Title Objection or (b) that Seller will not remove or cure such Title Objection. If Seller fails to deliver Seller's Title Notice within the time specified in this Section 3.4, Seller will be deemed to have elected not to remove or cure such Title Objection. Despite the foregoing, Seller agrees to remove all liens securing the payment of money that encumber the Property.

3.4.3. Seller Elects Not to Cure. If Seller elects not to cure or remove a Title Objection (or is deemed to have so elected), then Buyer, not later than two (2) business days prior to the Closing Date, shall deliver a written notice to Seller ("Buyer's Election Notice") of Buyer's election either to (a) proceed with the purchase of the Property, waive such Title Objection, and accept the exception shown in the Preliminary Report as a Permitted Exception, or (b) terminate this Agreement. If Buyer fails to deliver Buyer's Election Notice within the time specified in this Section 3.4, Buyer will be deemed to have elected to terminate this Agreement.

3.4.4. Additional Encumbrances. If any encumbrance or other exception to title arises or is discovered after the delivery of the Preliminary Report ("Additional Encumbrance"), the party discovering such Additional Encumbrance must promptly give written notice to the other. No later than five (5) business days after delivery of the notice of such Additional Encumbrance, Buyer will deliver a new Buyer's Title Notice to Seller specifying whether the Additional Encumbrance is a Title Objection or a Permitted Exception. If Buyer objects to the Additional Encumbrance, the parties will proceed in the same manner as set forth above for Title

Objections arising from the Preliminary Report. If Buyer fails to deliver Buyer's Election Notice within the time specified in this Section 3.4, Buyer will be deemed to have elected to terminate this Agreement.

3.4.5. Seller's Failure to Remove Title Objection. If Seller is obligated or elects to cure or remove a Title Objection and fails to do so least three (3) business days before the Closing Date, or fails to show that it will be able to do so on Closing, then Seller will be in default under this Agreement, and Buyer will have all its rights and remedies provided by this Agreement.

3.5 Intentionally Omitted.

3.6. Review of Preliminary Documents and Physical Condition.

3.6.1. Due Diligence. Buyer's obligation to purchase the Property is expressly conditioned on its approval, in its sole discretion, of the condition of the Property and all other matters concerning the Property, including without limitation economic, financial, and accounting matters relating to or affecting the Property or its value, and the physical and environmental condition of the Property. Buyer will have until the Contingency Date to conduct such investigations as Buyer may choose ("Due Diligence") to determine, in its sole discretion, whether this contingency is met. On or before the Contingency Date, Buyer will deliver written notice to Seller accepting the Property or terminating this Agreement. If Buyer fails to give such notice on or before the Contingency Date, Buyer will be deemed to have elected to terminate this Agreement.

3.6.2. Access to Property. As part of its Due Diligence, Buyer may investigate economic, financial, and accounting matters relating to or affecting the Property or its value, and conduct inspections, tests, and studies with respect to the physical and environmental condition of the Property. Buyer and Buyer's consultants, agents, engineers, inspectors, contractors, and employees ("Buyer's Representatives") must be given reasonable access to the Property during regular business hours for the purpose of performing such Due Diligence. Buyer will undertake the Due Diligence at its sole cost and expense. Buyer will indemnify and hold Seller harmless from all claims (including claims of lien for work or labor performed or materials or supplies furnished), demands, liabilities, losses, damages, costs, fees, and expenses, including Seller's reasonable attorneys' fees, costs, and expenses, arising from the acts or activities of Buyer or Buyer's Representatives while conducting any investigation on or about the Property during or arising in connection with Buyer's physical inspections of the Property. Buyer will conduct its inspections with due regard to the rights and operations of existing occupants, and will use reasonable care and make reasonable accommodations to avoid any damage or interruption to the existing occupants. Buyer will repair any damage caused by its inspections. Notwithstanding anything hereunder to the contrary, in no event shall Buyer be liable to Seller for (i) any injury or damage to, or interference with, Seller's business (including, but not limited to, loss of profits, loss of rents or other revenues, loss of business opportunity, loss of goodwill or loss of use) or (ii) any other consequential or special damages.

3.7. Termination for Failure of a Contingency. If this Agreement is terminated or deemed to be terminated for failure of any of Sections 3.1 through 3.6, inclusive, of this Article 3 (each, a "Contingency"; together, the "Contingencies"), then immediately on written notice from Buyer, Escrow Holder must refund the Deposit to Buyer without offset for any charges or claims. Any cancellation fee or other costs of the Escrow Holder or the Title Company resulting from this termination for failure of a Contingency will be borne equally by Seller and Buyer, and each party must pay its own expenses.

#### ARTICLE 4

## SELLER'S PRE-CLOSING COVENANTS

4.1. No Amendments or Agreements. On or after the Effective Date, Seller will not (a) amend or waive any right under any Preliminary Document or (b) enter into any lease or other agreement of any type affecting the Property that would survive the Closing Date, without Buyer's prior written consent. Before the Contingency Date, Buyer may not unreasonably withhold its consent under this Section 4.1; after the Contingency Date, however, Buyer will have sole discretion in all such matters.

4.2. Insurance. Through the Closing Date, Seller must maintain or cause to be maintained in full force and effect comprehensive general liability casualty and other insurance on the Property in an amount equal to the full replacement cost of the Improvements.

4.3. Maintenance and Operation. Seller, at its sole cost and expense, must operate the Property in substantially the same manner as it has operated the Property before the Effective Date and must use reasonable efforts to maintain and keep the Property such that on the Closing Date the Property is in at least as good condition and repair as on the Effective Date, reasonable wear and tear excepted. Seller will not give its permission or consent for any material alterations to the Property by a tenant, and will not itself make any material alterations, without Buyer's prior written consent.

4.4. Mechanics' Liens. On or before the Closing, Seller must (a) pay for all materials, supplies, and work provided or ordered for the Property for which a labor, materialman's, or mechanics' lien may be claimed under applicable law (other than any such matters that are the responsibility of Buyer) and (b) if required by the Title Company, provide the Title Company with such indemnifications or security as it may require to insure title to the Property at the Closing without exception for any unrecorded labor, materialmen's, or mechanics' claim of lien other than such matters as may result from Buyer's activities.

4.5. Existing Financing. Seller must not permit any default, or any event that could give rise to a default with lapse of time or notice, to occur under any existing loan secured by the Property or other financing encumbering the Property.

4.6. Access to Property. Buyer and Buyer's representatives, agents, and designees will have the right at all reasonable times until Closing to enter the Property as provided in Section 3.6.2.

4.7. Notification. Seller will promptly notify Buyer of any material change in any condition with respect to the Property or of any material event or circumstance that makes any representation or warranty of Seller under this Agreement untrue or misleading.

4.8. Service Contracts. Seller covenants and agrees that before the Closing Date it will terminate all service contracts related to the Property.

## ARTICLE 5

### REPRESENTATIONS AND WARRANTIES

5.1. Seller's Representations and Warranties. Seller hereby represents and warrants that each of the following is true as of the Effective Date and the Closing Date:

5.1.1. Documents. All Preliminary Documents delivered to Buyer under Section 3.1, and all other documents delivered to Buyer by or on behalf of Seller, are true, correct, and complete copies of what they purport to be.

5.1.2. Litigation. There is no pending private or governmental litigation by any governmental authority or person against Seller relating to the Property the adverse determination of which would, in itself or in combination with any other pending or threatened litigation, result in a material adverse change in the Property or its operation or that challenges the validity of or otherwise materially adversely affects the transactions contemplated by this Agreement. Seller has not been advised in writing of a threat to institute such litigation.

5.1.3. Other Proceedings. Seller does not know of any attachments, execution proceedings, assignments for the benefit of creditors, insolvency, bankruptcy, reorganization, or other proceedings that are pending against Seller or Seller's interest in the Property, nor are any such proceedings contemplated by Seller. Seller has not been advised in writing of a threat of any such proceeding.

5.1.4. Governmental Action. Seller has no knowledge of, nor has Seller received written notice of, any plan, study, or effort by any agency or party that in any way would materially affect the use of the Property or any portion of it for its current use, or of any intended public improvements that would result in any charge being levied against, or any lien assessed on, the Property. Seller has no knowledge of any existing, proposed, or contemplated plan to widen, modify, or realign any street or highway contiguous to the Property.

5.1.5. Condemnation. Seller has received no notice of any currently pending or contemplated special assessments or proceedings to condemn or demolish the Property or any part of it or any proceedings to declare the Property or any part of it a nuisance.

5.1.6. Utilities. All water, sewer, gas, electric, telephone, drainage facilities, and all other utilities required by law or by the normal operation of the Property are adequate to service the Property.

5.1.7. Development Rights. Neither Seller nor any previous owner of the Property has, except by operation of law, sold, transferred, conveyed, or entered into any agreement regarding "air rights," "excess floor area ratio," or other development rights or restrictions relating to the Property, except as otherwise expressly set forth in the Preliminary Report.

5.1.8. Due Authorization. This Agreement and the performance of Seller's obligations under it and all documents executed by Seller that are to be delivered to Buyer at the Closing are, or on the Closing Date will be, duly authorized, executed, and delivered by Seller and are, or at the Closing Date will be, legal, valid, and binding obligations of Seller, and do not, and on the Closing Date will not, violate any provision of any agreement or judicial order to which Seller is a party or to which Seller or the Property is subject. No consent of any partner, shareholder, creditor, investor, lender, judicial or administrative body, government agency, or other party is required for Seller to enter into and/or to perform Seller's obligations under this Agreement, except as has already been obtained.

5.1.9. Title to the Property. Seller has good and marketable title to the Property subject to exceptions of record and as may be disclosed by an inspection of the Property. To the best of Seller's knowledge, there are no unrecorded or undisclosed legal or equitable interest in the Property owned or claimed by anyone other than Seller. Seller represents and warrants that no one will, at the Closing, have any right to possession of the Property, except as otherwise agreed to in writing to Buyer. There are no unsatisfied mechanics' or materialmen's lien rights on the Property. No assessment lien or bond encumbers the Property, and, to the best of Seller's knowledge, no governmental authority has undertaken any action that could give rise to an assessment lien affecting the Property.

5.1.10. Hazardous Wastes. Seller has disclosed to Buyer, on or before the Preliminary Document Date, any previous written professional reports described in Section 3.1.6. In addition, Seller represents and warrants to Buyer, that (i) to Seller's current actual knowledge without investigation, as of the Effective Date, the Property is in compliance with all Hazardous Materials Laws and (ii) Seller has no current actual knowledge of any claim having been made by any governmental agency that a violation of the Hazardous Materials Laws exists with regard to the Property of the Effective Date. Without limiting the foregoing, Buyer may make its own investigation of compliance with or violation of any federal, state, or local law, ordinance, or regulation relating to industrial hygiene or to the environmental conditions on, under, or about the Property, including but not limited to soil and groundwater conditions, and environmental, health, or safety hazards on, under, or about the Property, including but not limited to soil and groundwater conditions and/or any underground tank, and/or whether any person has used, generated, manufactured, treated, stored, placed, deposited, or disposed of on, under, or about the Property or transported to or from the Property any flammable explosives, radioactive materials, hazardous wastes, toxic substances, or related materials ("Hazardous Materials"), which for purposes of this Agreement include, but are not limited to, substances defined as "hazardous substances," "hazardous materials," "toxic substances" or "hazardous wastes" in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (42 United States Code §9601 *et seq.*); the Hazardous Materials Transportation Safety and Security Reauthorization Act (49 United States Code §5101 *et seq.*); the Resource Conservation and Recovery Act (42 United States Code §6901 *et seq.*); substances defined as "hazardous wastes" in California Health and Safety Code §25117 or as "hazardous substances" in California Health and Safety Code §25316; and chemicals known to cause cancer or reproductive toxicity as published in the Safe Drinking Water and Toxic Enforcement Act of 1986 (California Health and Safety Code §25249.5 *et seq.*); and in the regulations adopted and publications promulgated under each of the aforesaid laws (collectively, the "Hazardous Materials Laws"). Except as to disclosure of prior written professional reports as described in Section 3.1.6 and except for Seller's representations and warranties herein, the Property shall be taken by Buyer in its AS-IS condition in regard to Hazardous Materials and all matters described above in this Section.

5.1.11. Foreign Person. Seller is not a foreign person and is a "United States Person" as such term is defined in §7701(a)(30) of the Internal Revenue Code of 1986, as amended.

5.1.12 Effect of Representations and Warranties. Each representation and warranty made by Seller in this Article 5 (a) is material and being relied on by Buyer, (b) is true in all respects as of the Effective Date, (c) must be true in all respects on the Closing Date, and (d) will survive the Closing, except as otherwise provided in this Agreement.

5.2. Buyer's Representations and Warranties. Buyer hereby warrants and represents that each of the following is true as of the Effective Date and the Closing Date:

5.2.1. Due Authorization. This Agreement and the performance of Buyer's obligations under it and all the documents executed by Buyer that are to be delivered to Seller at the Closing on the Closing Date will be duly authorized, executed, and delivered by Buyer and at the Closing Date will be, legal, valid, and binding obligations of Buyer, and on the Closing Date will not violate any provisions of any agreement or judicial order to which Buyer is a party or to which Buyer is subject. No consent of any other party is required for Buyer to enter into or to perform Buyer's obligations under this Agreement, except as has already been obtained.

5.3. Effect of Representations and Warranties. Each representation and warranty made by Buyer in this Article 5 (a) is material and being relied on by Seller, (b) is true in all

respects as of the Effective Date, (c) must be true in all respects on the Closing Date, and (d) will survive the Closing, except as otherwise provided in this Agreement.

5.4. [Intentionally Omitted.]

5.5. "As Is" Purchase. EXCEPT AS OTHERWISE PROVIDED IN THIS AGREEMENT, BUYER HAS AGREED TO AND DOES PURCHASE THE PROPERTY AND ACCEPT POSSESSION OF THE PROPERTY ON THE CLOSING DATE ON AN "AS IS" BASIS.

5.6. Intentionally Omitted.

## ARTICLE 6

### CLOSING CONDITIONS

6.1. Buyer's Closing Conditions. All obligations of Buyer under this Agreement are subject to the fulfillment, determined in Buyer's sole and absolute discretion, before or at the Closing, of each of the following conditions ("Buyer's Closing Conditions"). Buyer's Closing Conditions are solely for Buyer's benefit and any or all of Buyer's Closing Conditions may be waived in writing by Buyer in whole or in part without prior notice.

6.1.1. Title. It is a Buyer's Closing Condition that, on the Closing Date, Seller convey to Buyer marketable and insurable title to the Property by execution and delivery of a grant deed in the form attached to this Agreement as Exhibit B ("Deed") and cause to be delivered to Buyer from the Title Company an ALTA Owner's Extended Coverage Policy of Title Insurance with liability in the full amount of the Purchase Price, insuring title to the Property to be vested in Buyer, subject only to the Permitted Exceptions ("Title Policy"). The Title Policy must also include such special endorsements or guaranties as Buyer may request and the Title Company agrees to provide, which special endorsements or guaranties shall be at Buyer's sole cost and expense. Seller must deliver to the Title Company such instruments, documents, releases, and agreements and must perform such other acts as Title Company may reasonably require in order to issue the Title Policy.

6.1.2. Liens. Buyer must have received a certified report, with copies of all documents, satisfactory to Buyer and Buyer's counsel, from the Title Company or a reputable lien search company indicating that there are no personal property liens of record on file with the Secretary of State of California, other than those that will be discharged at the Closing, as of a date no more than ten (10) business days before the Closing Date, and a confirmation dated no more than three (3) business days before the Closing Date that no further liens have been filed since the date of the certified report.

6.1.3. Seller's Representations, Warranties, and Covenants. The representations and warranties of Seller in this Agreement must be true in all material respects on and as of the Closing Date with the same effect as if such representations and warranties had been made on and as of the Closing Date. Seller must have performed and complied with all covenants, agreements, and conditions required by this Agreement to be performed or complied with by it before or on the Closing Date.

6.1.4. Closing Documents. Seller must have delivered to Escrow the documents and funds it is required to deliver through Escrow at Closing.

6.1.5. Hazardous Material. Buyer's approval of the results of its environmental assessment that the Property is free of Hazardous Materials of the Closing Date.

6.1.6 Approval of Governing Board. The governing board of Buyer, at a public hearing duly noticed and held, has approved the form, terms and conditions of this Agreement and has authorized or ratified the execution and delivery of this Agreement.

6.2. Seller's Closing Conditions. Seller's obligation to sell the Property is expressly conditioned on the fulfillment of each condition precedent at or before the Closing ("Seller's Closing Conditions"). Seller's Closing Conditions are solely for Seller's benefit and any of Seller's Closing Conditions may be waived in writing by Seller in whole or in part without prior notice.

6.2.1. Approval of Contingencies. It is a Seller's Closing Condition that Buyer must have acknowledged its approval or waiver of all Contingencies as required under Article 3.

6.2.2. Purchase Price. Buyer must have delivered the Purchase Price to Escrow.

6.2.3. Delivery of Closing Documents and Funds. Buyer must have delivered to Escrow the documents and funds specified in Section 7.4.

6.2.4. Buyer's Representations, Warranties, and Covenants. The representations and warranties of Buyer in this Agreement must be true in all material respects on and as of the Closing Date with the same effect as if such representations and warranties had been made on and as of the Closing Date. Buyer must have performed and complied with all covenants, agreements, and conditions required by this Agreement to be performed or complied with by it before or on the Closing Date.

6.3. Termination for Failure of a Condition. If Buyer's Closing Conditions or Seller's Closing Conditions, as the case may be, have not been previously approved or waived, this Agreement may be terminated by the party in whose favor the Closing Condition runs by written notice to the other. If this Agreement is so terminated, the parties will have no further obligation or liability under this Agreement, except as provided in Article 9 and this Section 6.3. Subject to Buyer's obligations and covenants under Section 6.2 and subject to Article 9, on such termination, Escrow Holder must return the Deposit to Buyer, except any portion that has become nonrefundable pursuant to Section 2.2.2. Any cancellation fee or other costs of the Escrow Holder and Title Company will be borne equally by Seller and Buyer and each party will pay its own expenses. Except to the extent this Agreement provides for their survival after Closing, Closing waives all Buyer's Closing Conditions and all Seller's Closing Conditions.

## ARTICLE 7

### CLOSING

7.1. Escrow. The Escrow will be opened with the Escrow Holder within five (5) business days after the Effective Date ("Escrow Opening Date"). Buyer and Seller will, promptly on the Escrow Holder's request, execute such additional Escrow instructions as are reasonably required to consummate the transaction contemplated by this Agreement and are not inconsistent with this Agreement.

7.2. Closing Definitions.

7.2.1. Definition. The "Closing" means the exchange of money and documents as described in this Article 7, and will be deemed to have occurred when Seller's Deed to Buyer has been recorded, the Escrow Holder holds and can record and deliver the remaining documents described in this Article 7, the Title Company is irrevocably and unconditionally committed to

issue the Title Policy, and Buyer has delivered the Purchase Price in immediately available funds to Escrow Holder.

7.2.2. Closing Date. Seller and Buyer agree that the Closing will occur on the "Closing Date." The Closing Date will be the first business day following the date that is one hundred twenty (120) days after the Escrow Opening Date. Any earlier date for Closing will only be by written agreement of both parties. The Closing will be at the offices of Escrow Holder or such other place as the parties may agree.

7.3. Seller's Deposit of Documents and Funds. Seller must deposit into Escrow the following documents duly executed by Seller in form and substance reasonably satisfactory to Buyer:

7.3.1. Deed. The duly executed and acknowledged Deed conveying the Property to Buyer subject only to the Permitted Exceptions;

7.3.2. Assignment. A duly executed assignment ("Assignment"), in the form attached to this Agreement as Exhibit C, assigning to Buyer Seller's interest in all intangible assets of the Property, and in such service contracts and other agreements as Buyer elects to assume;

7.3.3. Nonforeign Certification. Certificates required by Section 1445 of the Internal Revenue Code of 1986, and the California Revenue and Taxation Code Section 18662, executed by Seller and in a form satisfactory to Buyer (Nonforeign Certification), to relieve Buyer of any potential transferee's withholding liability under such statutes;

7.3.4. Seller's Proof of Power and Authority. Such proof of Seller's authority and authorization to enter into and perform under this Agreement, and such proof of power and authority of the individuals executing or delivering any instruments, documents, or certificates on behalf of Seller to act for and bind Seller as may reasonably be required by Escrow Holder; and

7.3.5. Additional Documents. Such additional documents, including written Escrow instructions consistent with this Agreement, as may be necessary or desirable to convey the Property in accordance with this Agreement.

7.4. Buyer's Deposit of Documents and Funds. Buyer must deposit into Escrow the following funds and documents duly executed by Buyer in form and substance reasonably satisfactory to Seller:

7.4.1. Purchase Price. The Purchase Price in accordance with Article 2, plus or minus prorations as provided in Section 7.7;

7.4.2. Assignment. A duly executed Assignment (Exhibit C), by which Buyer assumes Seller's interest in all intangible assets of the Property, and such service contracts and other agreements as Buyer elects to assume;

7.4.3. Buyer's Proof of Power and Authority. Such proof of Buyer's authority and authorization to enter into and perform under this Agreement, and such proof of power and authority of the individuals executing or delivering any instruments, documents, or certificates on behalf of Buyer to act for and bind Buyer, as may reasonably be required by the Escrow Holder; and

7.4.4. Conveyance Documents. Such documents, including written Escrow instructions consistent with this Agreement, as may be necessary or desirable for conveyance of the Property in accordance with this Agreement.

7.5. Closing. When the Escrow Holder receives all documents and funds identified in Sections 7.3 and 7.4, and the Title Company is ready, willing, and able to issue the Title Policy, then, and only then, the Escrow Holder will close Escrow by:

7.5.1. Recording the Deed;

7.5.2. Issuing the Title Policy to Buyer;

7.5.3. Delivering to Buyer the Assignment, the Nonforeign Certification, copies of all recorded documents related to the transfer or encumbering of the Property, and a copy of Seller's Escrow instructions;

7.5.4. Paying the Purchase Price to Seller, plus or minus proration under Section 7.7; and

7.5.5. Thereafter, Escrow Holder will deliver signed closing statements showing all receipts and disbursements to Buyer and Seller and will file with the Internal Revenue Service (with copies to Buyer and Seller) the reporting statement required under Internal Revenue Code Section 6045(e).

7.6. Intentionally Omitted.

7.7. Prorations. All receipts and disbursements of the Property will be prorated as of 11:59 p.m. on the day immediately preceding the Closing Date and the Purchase Price will be adjusted on the following basis:

7.7.1. Property Taxes. All real and personal property ad valorem taxes and special assessments, if any, whether payable in installments or not, including without limitation all supplemental taxes attributable to the period before the Closing Date for the calendar year in which the Closing occurs will be prorated to the Closing Date, based on the latest available tax rate and assessed valuation.

7.7.2. Utility Charges. Charges for utilities, including water, sewer, electric, and gas, will be prorated within thirty (30) days after the Closing Date based on the then most recent bills for such services. Seller must pay for all utility services to the Property for all periods before the Closing and Buyer must pay for all utility services to the Property for the Closing Date and all periods thereafter.

7.8. Closing Costs. Closing costs will be allocated as follows:

7.8.1. Seller will pay all costs associated with removing any debt encumbering the Property;

7.8.2. Escrow costs will be shared equally by Seller and Buyer;

7.8.3. Seller will pay the cost of the Title Policy;

7.8.4. Buyer will pay the cost of recording the Deed;

7.8.5. Buyer will pay any sales tax; and

7.8.6. The documentary transfer tax and any municipal transfer tax will be paid in accordance with the custom and practice in Los Angeles County.

7.9. Broker's Commission; Indemnity. Under separate agreement, Seller must pay Del Sol Investment Group ("Broker") for its services as broker in this transaction. Neither party has had any contact or dealings regarding the Property, or any communication in connection with the subject matter of this transaction, through any licensed real estate broker or person, other than the Broker, who can claim a commission or finder's fee as a procuring cause of the sale contemplated in this Agreement. If any other broker or finder perfects a claim for a commission or finder's fee based on any contract, dealings, or communication with a party ("Indemnifying Party"), then the Indemnifying Party must indemnify, defend, and hold the other party ("Nonindemnifying Party") harmless from all costs and expenses (including reasonable attorney fees and costs of defense) incurred by the Nonindemnifying Party in connection with such claim.

7.10. Possession. Seller will deliver exclusive right of possession of the Property to Buyer on the Closing Date, free of the interest of any tenants under the Leases and free of any parties in possession.

## ARTICLE 8

### RISK OF LOSS

8.1. Condemnation. If before the Closing Date any action or proceeding is commenced by a party other than Buyer for the condemnation or exercise of the rights of eminent domain of the Property or any portion of it, or if Seller is notified by the duly authorized officer of a duly empowered condemning authority (other than Buyer) of the intent to commence such action or proceeding ("Condemnation") and if such Condemnation would materially and adversely affect the use or operation of the Property, have the effect of decreasing the square footage of the Improvements, or reduce or eliminate access to the Property, then Buyer may either (a) terminate this Agreement or (b) proceed with the Closing without modifying the terms of this Agreement and without reducing the Purchase Price, on the condition that Seller must assign and turn over, and Buyer will be entitled to keep, all awards for the Condemnation that accrue to Seller. In regard to condemnation by any person other than the Buyer or agencies of the Buyer, Seller may not negotiate, resist, or stipulate to any Condemnation without Buyer's written consent. Seller must notify Buyer of any notice of Condemnation of all or any portion of the Property within five (5) days after the receipt of the notice of Condemnation, and Buyer must exercise its option(s) as provided in this Section 8.1 within fifteen (15) days after receipt of such notice. If necessary, the Closing Date will be extended to give Buyer the full 15-day period to make such election.

8.2. Damage and Destruction. If before the Closing Date any damage or destruction of the Property, or any portion of it, will have occurred, Seller shall be entitled to retain all insurance proceeds or other benefits accruing thereby, and Buyer shall nonetheless proceed to Closing at the agreed Purchase Price.

## ARTICLE 9

### REMEDIES FOR DEFAULT

9.1. Buyer's Default. Buyer will be deemed to be in default under this Agreement (a) if Buyer fails, for any reason other than Seller's default under this Agreement or the failure of a condition precedent to Buyer's obligation to perform under this Agreement, to meet, comply with, or perform any covenant, agreement, or obligation required on its part within the time

limits and in the manner required in this Agreement, or (b) if a material breach of any representation or warranty (made by Buyer) has occurred by reason of Buyer's actual fraud or intentional misrepresentation; provided, however, that, except for a default by Buyer's failure to deposit into Escrow all funds and/or documents required to permit the Closing to occur on the Closing Date, which default shall require no notice, no such default will be deemed to have occurred unless and until Seller has given Buyer written notice of the default, describing the nature of the default, and Buyer has failed to cure such default within ten (10) business days after the receipt of such notice (but in any event before the Closing Date, unless such default occurs after Closing).

9.2. REMEDIES FOR BUYER'S DEFAULT. IF THE CLOSING FAILS TO OCCUR BECAUSE OF BUYER'S DEFAULT UNDER THE TERMS OF THIS AGREEMENT IF SUCH DEFAULT IS NOT CURED BY BUYER WITHIN SEVEN BUSINESS DAYS FOLLOWING RECEIPT OF WRITTEN NOTICE TO PERFORM FROM SELLER, BUYER WILL BE RESPONSIBLE FOR ALL CANCELLATION CHARGES REQUIRED TO BE PAID TO ESCROW HOLDER AND ANY ESCROW CHARGES. IN ADDITION, THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES WILL TERMINATE AND THE AMOUNT OF THE DEPOSIT WILL BE IMMEDIATELY DELIVERED BY ESCROW HOLDER TO SELLER ON SELLER'S REQUEST. THAT AMOUNT WILL BE DEEMED LIQUIDATED DAMAGES FOR BUYER'S NONPERFORMANCE AS SELLER'S SOLE AND EXCLUSIVE REMEDY AGAINST BUYER (INCLUDING, WITHOUT LIMITATION, SELLER'S RIGHTS TO SEEK SPECIFIC PERFORMANCE OF THIS AGREEMENT AND TO RECEIVE DAMAGES) FOR BUYER'S FAILURE TO PURCHASE THE PROPERTY, WHICH SUM WILL BE PRESUMED TO BE A REASONABLE ESTIMATE OF THE AMOUNT OF ACTUAL DAMAGES SUSTAINED BY SELLER BECAUSE OF BUYER'S BREACH OF ITS OBLIGATION TO PURCHASE THE PROPERTY. FROM THE NATURE OF THIS TRANSACTION, IT IS IMPRACTICABLE AND EXTREMELY DIFFICULT TO FIX THE ACTUAL DAMAGES THAT SELLER WOULD SUSTAIN IF BUYER BREACHES SUCH OBLIGATION. THE IMPRACTICABILITY AND DIFFICULTY OF FIXING ACTUAL DAMAGES IS CAUSED BY, WITHOUT LIMITATION, THE FACT THAT THE PROPERTY IS UNIQUE. GIVEN THE FOREGOING FACTS, AMONG OTHERS, BUYER AND SELLER AGREE THAT LIQUIDATED DAMAGES ARE PARTICULARLY APPROPRIATE FOR THIS TRANSACTION AND AGREE THAT SAID LIQUIDATED DAMAGES MUST BE PAID IN THE EVENT OF BUYER'S BREACH OF ITS OBLIGATION TO PURCHASE THE PROPERTY, DESPITE ANY WORDS OR CHARACTERIZATIONS PREVIOUSLY USED OR CONTAINED IN THIS AGREEMENT IMPLYING ANY CONTRARY INTENT. THE PAYMENT OF SUCH AMOUNT AS LIQUIDATED DAMAGES IS NOT INTENDED AS A FORFEITURE OR PENALTY WITHIN THE MEANING OF CALIFORNIA CIVIL CODE SECTION 3275 OR 3369 BUT IS INTENDED TO CONSTITUTE LIQUIDATED DAMAGES TO SELLER UNDER CALIFORNIA CIVIL CODE SECTIONS 1671, 1676, AND 1677. NOTHING IN THIS AGREEMENT WILL, HOWEVER, BE DEEMED TO LIMIT BUYER'S LIABILITY TO SELLER FOR DAMAGES FOR BREACH OF BUYER'S INDEMNITY OBLIGATIONS UNDER SECTION 3.6.2.

WE ACKNOWLEDGE AND AGREE TO THIS LIQUIDATED DAMAGES PROVISION:

SELLER'S INITIALS: \_\_\_\_\_

BUYER'S INITIALS: \_\_\_\_\_

9.3. Seller's Default. Seller will be deemed to be in default under this Agreement (a) if Seller fails, for any reason other than Buyer's default under this Agreement or the failure of a

condition precedent to Seller's obligation to perform under this Agreement, to meet, comply with, or perform any covenant, agreement, or obligation required on its part within the time limits and in the manner required in this Agreement, or (b) if a material breach of any representation or warranty (made by Seller) has occurred because of Seller's actual fraud or intentional misrepresentation; provided, however, that, except for a default by Seller's failure to deposit into Escrow all funds and/or documents required to permit the Closing to occur on the Closing Date, which default shall require no notice, no such default will be deemed to have occurred unless and until Buyer has given Seller written notice of the default, describing its nature, and Seller has failed to cure such default within ten (10) days after receipt of such notice (but in any event before the Closing Date, unless such default occurs after Closing).

9.4. Remedies for Seller's Default. If Seller defaults in its obligations under this Agreement to sell the Property to Buyer on the Closing Date through no fault of Buyer, and such default prevents Closing, then Buyer shall have the right to specific performance of this Agreement or the right to recover the Deposit and terminate this Agreement without further claims. If such default does not prevent Closing, then Buyer may either proceed with Closing and waive the default or terminate this Agreement and recover the Deposit as its sole remedy.

## ARTICLE 10

### GENERAL

10.1. Notices. Any notices relating to this Agreement must be given in writing and will be deemed sufficiently given and served for all purposes when delivered personally, by generally recognized overnight courier service, by facsimile (provided that sender retains a printed confirmation of delivery to the facsimile number provided below), or by email (provided Seller has proof of sending), addressed or sent as follows:

SELLER: Jon Ungvari and Susan Ungvari  
618 N. Bedford Drive  
Beverly Hills, CA 90210  
Email: [ungvari@sbcglobal.net](mailto:ungvari@sbcglobal.net)

With a copy to

Del Sol Investment Group  
Attn: Cesar Arias  
10913 LA Reina Avenue  
Downey, CA 90241  
Email: [cesar2469@gmail.com](mailto:cesar2469@gmail.com)

BUYER: SOUTH GATE HOUSING AUTHORITY  
8650 California Avenue  
South Gate, CA 90280  
Attn: Joe Perez, Director of Community Development  
Email: [jperez@sogate.org](mailto:jperez@sogate.org)

With a copy to:

South Gate Housing Authority  
8650 California Avenue

South Gate, CA 90280  
Attn: Raul F. Salinas, Legal Counsel  
Email: rsalinas@sogate.org

and to

AlvaradoSmith  
Attn: Jerry J. Ruiz  
633 W. Fifth Street, Suite 900  
Los Angeles, CA 90071  
Email: jruiz@alvaradosmith.com

ESCROW HOLDER: First American Title  
777 S. Figueroa Street, Suite 400  
Los Angeles, CA 900017  
Attn: Sarah Aguayo  
Email: saguayo@firstam.com

Either party may change its address or any part thereof by written notice to the other given in the manner set forth above.

10.2. Entire Agreement. This Agreement and all exhibits referred to in this Agreement constitute the complete, exclusive, and final statement of the terms of the agreement with respect to the sale of the Property between Buyer and Seller and may not be contradicted by evidence of any prior or contemporaneous agreement. This Agreement specifically supersedes any prior written or oral agreements between the parties. The language in all parts of this Agreement will be construed as a whole in accordance with its fair meaning and without regard to California Civil Code Section 1654 or similar statutes. Neither party has been induced to enter into this Agreement by, and neither party is relying on, any representation or warranty outside those expressly set forth in this Agreement.

10.3. Amendments and Waivers. No addition to or modification of this Agreement will be effective unless it is made in writing and signed by the party against whom the addition or modification is sought to be enforced. The party benefited by any condition or obligation may waive the same, but such waiver will not be enforceable by another party unless it is made in writing and signed by the waiving party.

10.4. Invalidity of Provision. If any provision of this Agreement as applied to either party or to any circumstance is adjudged by a court of competent jurisdiction to be void or unenforceable for any reason, this fact will in no way affect (to the maximum extent permissible by law) any other provision of this Agreement, the application of any such provision under circumstances different from those adjudicated by the court, or the validity or enforceability of this Agreement as a whole.

10.5. No Merger. This Agreement, each provision of it, and all warranties and representations in this Agreement will survive the Closing and will not merge in any instrument conveying title to Buyer. All representations, warranties, agreements, and obligations of the parties will, despite any investigation made by any party to this Agreement, survive Closing, and the same will inure to the benefit of and be binding on the parties' respective successors and assigns.

10.6. References. Unless otherwise indicated, (a) all article and section references are to the articles and sections of this Agreement, and (b) except where otherwise stated, all references to days are to calendar days. Whenever under the terms of this Agreement the time

for performance of a covenant or condition falls on a Saturday, Sunday, or California state holiday, such time for performance will be extended to the next business day. "Business day" means a day other than Friday, Saturday, Sunday, and California state holidays. The headings used in this Agreement are provided for convenience only and this Agreement will be interpreted without reference to any headings. The date of this Agreement is for reference purposes only and is not necessarily the date on which it was entered into.

10.7. Governing Law. This Agreement will be governed by the laws of the State of California applicable to contracts made by residents of the State of California and to be performed in California.

10.8. Time. Time is of the essence in the performance of the parties' respective obligations under this Agreement.

10.9. Attorneys' Fees. In the event of any action or proceeding to enforce a term or condition of this Agreement, any alleged disputes, breaches, defaults, or misrepresentations in connection with any provision of this Agreement or any action or proceeding in any way arising from this Agreement, including any interpleader of the Deposit by the Escrow Holder, the prevailing party in such action, or the nondismissing party when the dismissal occurs other than by a settlement, will be entitled to recover its reasonable costs and expenses, including without limitation reasonable attorneys' fees and costs of defense paid or incurred in good faith. The "prevailing party," for purposes of this Agreement, will be deemed to be that party who obtains substantially the result sought, whether by settlement, dismissal, or judgment.

10.10. Assignment. This Agreement will inure to the benefit of and be binding on the parties to this Agreement and their respective successors and assigns. Buyer will have the right to assign all or any portion of its interest in this Agreement, provided that Buyer gives written notice of such assignment to Seller before the Closing Date.

10.11. No Third Party Beneficiaries. Nothing in this Agreement, express or implied, is intended to confer any rights or remedies under or by reason of this Agreement on any person other than the parties to it and their respective permitted successors and assigns, nor is anything in this Agreement intended to relieve or discharge any obligation of any third person to any party to this Agreement or give any third person any right of subrogation or action over against any party to this Agreement.

10.12. Remedies Cumulative. The remedies set forth in this Agreement are cumulative and not exclusive to any other legal or equitable remedy available to a party.

10.13. Counterparts. This Agreement may be executed in one or more counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument. Executed copies of this Agreement sent by facsimile or transmitted electronically in either Tagged Image Format Files ("TIFF") or Portable Document Format ("PDF") or by DocuSign or other electronic document or signature (each "eSignature") that complies with the U.S. Electronic Signatures in Global and National Commerce Act (ESIGN) and the Uniform Electronic Transactions Act (UETA), each of which of the foregoing shall be treated as originals, fully binding and with full legal force and effect, and the parties waive any rights they may have to object to such treatment. Any party delivering an executed counterpart of this Agreement by facsimile, TIFF, PDF, or eSignature also shall deliver a manually executed counterpart of this Agreement, but the failure to deliver a manually-executed counterpart shall not affect the validity, enforceability, and binding effect of this Agreement.

10.14. Tax-Deferred Exchange. Seller may use the proceeds from the sale of the Property to effect one (or more) tax-deferred exchange(s) under Internal Revenue Code Section

1031. Buyer agrees to accommodate Seller in effecting such tax-deferred exchange. Seller will have the right, expressly reserved here, to elect such tax-deferred exchange at any time before the Closing Date. Seller and Buyer agree, however, that consummation of the purchase and sale of Property under this Agreement is not conditioned on such exchange. If Seller elects to make a tax-deferred exchange, Buyer agrees to execute such additional escrow instructions, deeds, documents, agreements, or instruments to effect this exchange, provided that Buyer must incur no additional costs, expenses, or liabilities in this transaction as a result of or in connection with this exchange. Seller agrees to hold Buyer harmless of any liability, damages, or costs, including reasonable attorney fees, that may arise from Buyer's participation in such exchange.

10.15. Interpretation. Throughout this Agreement: (a) the plural and singular numbers will each be considered to include the other; (b) the masculine, feminine, and neuter genders will each be considered to include the others; (c) "shall," "will," "must," "agrees," and "covenants" are each mandatory; (d) "may" is permissive; (e) "or" is not exclusive; and (f) "includes" and "including" are not limiting.

[signatures of the parties on following page]



**CONSENT OF ESCROW HOLDER**

First American Title Insurance Company (Escrow Holder) accepts the foregoing Purchase and Sale Agreement and Joint Escrow Instructions as escrow instructions, agrees to act as escrow holder and agrees to be bound by their provisions applicable to it as Escrow Holder.

Date: \_\_\_\_\_

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

## TABLE OF EXHIBITS

Exhibit A	Description of Property
Exhibit B	Form of Grant Deed
Exhibit C	Form of Assignment
Exhibit D	List of Excluded Personal Property

EXHIBIT A

DESCRIPTION OF PROPERTY – 9019 LONG BEACH BOULEVARD, SOUTH GATE

The land referred to in this Commitment is situated in the City of South Gate, County of Los Angeles, State of California, and is described as follows:

PARCEL 1:

LOT 345 OF TRACT NO. 3477, IN THE CITY OF SOUTH GATE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 38, PAGES 11 AND 12 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL 2:

THAT PORTION OF LOT 322 OF TRACT NO. 3477, IN THE CITY OF SOUTH GATE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 38, PAGES 11 AND 12 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHEAST CORNER OF SAID LOT; THENCE NORTHWESTERLY ALONG THE EAST LINE OF SAID LOT 30 FEET; THENCE WEST PARALLEL WITH THE SOUTH LINE OF SAID LOT 133.25 FEET; THENCE SOUTH PARALLEL WITH THE WEST LINE OF SAID LOT, 24.33 FEET, MORE OR LESS, TO A POINT IN THE SOUTH LINE OF SAID LOT; THENCE EAST ALONG SAID SOUTH LINE 150 FEET TO THE POINT OF BEGINNING.

APN: 6204-025-039

EXHIBIT B  
FORM OF GRANT DEED

**RECORDING REQUESTED BY:**

Housing Authority of the City of South Gate,  
A public body, corporate and public

**AND WHEN RECORDED MAIL TO:**

Housing Authority of the City of South Gate  
8650 California Avenue  
South Gate, CA 90280

No fee for recording pursuant to  
Government Code Section 27383

APN 6204-025-039

SPACE ABOVE FOR RECORDER'S USE ONLY

**SOUTH GATE HOUSING AUTHORITY**

**GRANT DEED  
(City of South Gate)**

FOR VALUABLE CONSIDERATION, the receipt of which is hereby acknowledged, **JON UNGVARI AND SUSAN UNGVARI, TRUSTEES OF THE UNGVARI FAMILY TRUST** (the "Grantor"), hereby grants and conveys to the **HOUSING AUTHORITY OF THE CITY OF SOUTH GATE**, a public body, corporate and politic (the "Grantee"), all of that certain real property legally described in EXHIBIT A attached to and by this reference incorporated into this Grant Deed (the "Property"), subject to all easements, rights-of-way, covenants, conditions, restrictions, reservations, and all other matters of record running with the land.

IN WITNESS WHEREOF, the Agency has caused this Grant Deed to be executed by its authorized representative(s) on this \_\_\_\_ day of \_\_\_\_\_.

**GRANTOR:**

JON UNGVARI AND SUSAN UNGVARI,  
TRUSTEES OF THE UNGVARI FAMILY  
TRUST

By: \_\_\_\_\_  
Susan Ungvari, Trustee

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

**CERTIFICATE OF ACCEPTANCE OF GRANT DEED  
(South Gate Housing Authority)**

This is to certify that the interest in real property conveyed by the grant deed dated \_\_\_\_\_, 2019 from the Jon Ungvari and Susan Ungvari, Trustees of the Ungvari Family Trust, as Grantor, to the South Gate Housing Authority, a public body, corporate and politic, as Grantee, is hereby accepted by the undersigned officer on behalf of the South Gate Housing Authority pursuant to authority conferred by Resolution \_\_\_\_\_ of the South Gate Housing Authority adopted on \_\_\_\_\_, and the Grantee consents to recordation thereof by its duly authorized officer.

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

\_\_\_\_\_  
Title: Executive Director

EXHIBIT B  
FORM OF GRANT DEED  
**ACKNOWLEDGMENT**

State of California

County of Los Angeles

On \_\_\_\_\_, before me, \_\_\_\_\_,  
personally appeared \_\_\_\_\_ who proved to me on the basis  
of satisfactory evidence to be the person whose name is subscribed to the within instrument and  
acknowledged to me that he executed the same in his authorized capacity, and that by his  
signature on the instrument the person or the entity upon behalf of which the person acted,  
executed the instrument.

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

WITNESS my hand and official seal.

\_\_\_\_\_  
Signature

EXHIBIT C  
FORM OF ASSIGNMENT

RECORDING REQUESTED BY AND  
WHEN RECORDED MAIL TO:

Housing Authority of the City of South Gate  
8650 California Avenue  
South Gate, CA 90280

No fee for recording pursuant to  
Government Code Section 27383

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SPACE ABOVE THIS LINE FOR RECORDER'S USE

ASSIGNMENT OF LEASES

THIS ASSIGNMENT OF LEASES ("Assignment") is executed as of this \_\_\_\_ day of \_\_\_\_\_, 20\_\_ (the "Effective Date") by and between \_\_\_\_\_, a \_\_\_\_\_ ("Assignor"), and SOUTH GATE HOUSING AUTHORITY, a California municipal corporation ("Assignee").

Recitals

A. Assignor, as owner of the real property and the improvements on it (collectively, the "Property"), located in the City of South Gate, County of Los Angeles, California, and more thoroughly described in Attachment No. 1 attached hereto and incorporated herein by this reference, is the landlord under the leases that cover portions of the Property and which are described in Attachment No. 2 attached hereto and incorporated herein by this reference (the "Leases").

B. Substantially concurrently herewith, Assignor has conveyed to Assignee by grant deed the Property in accordance with the terms of a Purchase and Sale Agreement (the "PSA") entered into as of \_\_\_\_\_, \_\_ 20\_\_, by the Assignor and Assignee.

C. Pursuant to the terms of Article 7.3 of the PSA, Assignor is required to assign to Assignee, and Assignee is required to assume, all of the Assignor's right, title, and interest in and to the Leases, all on the terms and conditions set forth below.

Agreements

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual covenants and conditions contained in them, the parties agree as follows:

1. Assignment. Assignor hereby (a) assigns, transfers, and conveys to Assignee all of Assignor's rights, titles, and interests accruing on and after the Effective Date in and to all of the Leases and (b) delegates to Assignee all of Assignor's duties and obligations under the Leases accruing on and after the Effective Date.

2. Assumption. Assignee hereby accepts the foregoing transfer and assignment and Assignee hereby assumes all of Assignor's duties and obligations under the Leases accruing on and after the Effective Date and agrees faithfully to perform and observe all of such duties and obligations.

3. Indemnity. Assignor hereby agrees to indemnify, defend and hold harmless Assignee from any breach of the Leases first arising on or prior to the Effective Date of this Assignment. Assignee hereby agrees to indemnify, defend and hold Assignor harmless from any breach of the Leases first arising after the Effective Date of this Agreement.

4. Warranties of Assignor. Assignor warrants, represents and covenants to Assignee, to the best of Assignor's knowledge, as to each Lease, as follows:

a. There are and will be no oral or written agreements with respect to any Lease allowing the tenant any reduction, abatement, concession, allowance or subsidy of rent under its Lease or allowing the payment of any portion of the rent in any form other than in cash except as may be fully noted on the rent roll delivered to Assignee, or as stated in a written Lease supplied to Assignee before Closing, or as stated in any Estoppel Certificate delivered to Assignee before Closing;

b. No rentals or other payments for periods in excess of one month have been received under any Lease except as reflected on the rent roll;

c. Assignor is not in violation of any Lease;

d. Except as set forth in any written Lease supplied to Assignee before Closing, there is no prohibition set forth in any Lease with respect to Assignor's assignment of such Lease; and

e. No brokerage or leasing commission or other compensation will be due and payable to any person, firm, corporation, or other entity with respect to or on account of any such Lease (Assignor shall fully pay any such commissions or compensation as they come due, and Assignor shall indemnify, defend, and hold Assignee harmless from any and all such commissions or compensation).

5. Successors and Assigns. This Assignment shall be binding on and inure to the benefit of the parties hereto and their respective successors and permitted assigns.

6. No Partnership. None of the terms and conditions of this Assignment shall create a partnership between or among the parties to this Assignment and their respective businesses or otherwise, nor shall it cause them to be considered joint venturers or members of any joint enterprise. This Assignment is not intended, nor shall it be construed, to create any third-party beneficiary rights in any person who is not a party to this Assignment, including without any limitation any tenant under a Lease.

7. Attorney Fees. If a dispute arises concerning the performance of the obligations under this Assignment or the meaning or interpretation of any provision of this Assignment, the party not prevailing in the dispute shall pay any and all costs and expenses incurred by the other party in establishing its rights under this assignment, including, without limitation, court costs and reasonable attorney fees.

8. Counterparts. This Assignment may be executed in several counterparts, each of which shall be fully effective as an original and all of which together shall constitute one and the same instrument.

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

ASSIGNOR: \_\_\_\_\_  
\_\_\_\_\_

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

ASSIGNEE: SOUTH GATE HOUSING  
AUTHORITY, a California municipal  
corporation

By: \_\_\_\_\_  
María Belén Bernal, Mayor/ Chairperson

EXHIBIT D  
LIST OF EXCLUDED PERSONAL PROPERTY  
9019 LONG BEACH BOULEVARD, SOUTH GATE

No excluded personal property

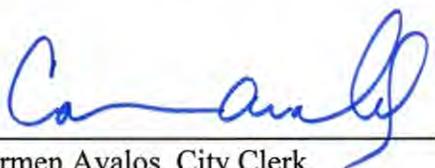
**RESOLUTION CERTIFICATION PAGE**

**STATE OF CALIFORNIA        )**  
**COUNTY OF LOS ANGELES    )     SS**  
**CITY OF SOUTH GATE         )**

I, Carmen Avalos, City Clerk of the City of South Gate, California, hereby certify that the whole number of Members of the City Council of said City is five; that Resolution No. 7836 was adopted by the City Council at their Joint Special Meeting held on December 11, 2018 by the following vote:

Ayes:            Council Members:    Bernal, Diaz, Davila and Rios  
Noes:            Council Members:    None  
Absent:          Council Members:    Morales  
Abstain:         Council Members:    None

Witness my hand and the seal of said City on December 19, 2018.

  
\_\_\_\_\_  
Carmen Avalos, City Clerk  
City of South Gate, California