



October 23, 2023

**TO:** CADA Board of Directors

**SUBJECT:** **October 27, 2023 Board Meeting**  
**AGENDA ITEM 7**

**THE TERRACES (1609 O Street) Purchase and Sale Agreement and Loan Assignment Assumption and Release Agreement**

**CONTACT:** Danielle Foster, Executive Director

**RECOMMENDED ACTION:**

Staff is recommending the Board approve the attached resolution (Attachment 1), authorizing the Executive Director, or her designee, to execute the Purchase and Sale Agreement for the Terraces (Attachment 2) and the Assignment, Assumption and Release Agreement for the Sacramento Housing and Redevelopment Agency (SHRA) loan (Attachment 3), and release \$825,000 to the owners of the Terraces into escrow as part of the ownership transfer once all conditions are met and with the necessary budget amendment for these funds to be incorporated into CADA's mid-year budget action in December.

**BACKGROUND**

For the last few years, CADA has been working with the 16<sup>th</sup> and O Street Limited Partners to identify options for the sale and/or debt structuring of the Terraces at Capitol Park. Through those conversations, CADA completed its due diligence to determine that acquisition of the property improvements and lease for the Terraces aligns with the needs and objectives of all parties, including SHRA, as the partnering public agency who wanted to ensure diligent maintenance and operations of this 59-unit affordable housing development. The project was originally built in 1992 and primarily serves senior residents at 55 years or older. This site provides 296 square-foot studio units at very-low income (40% of Area Median Income) rents within CADA's Capitol Project Area.

Existing debt on the property includes a small private bank loan of approximately \$10,000 that will be fully repaid through escrow and an SHRA loan of approximately \$1,351,071 in principle with over \$1,200,000 of interest accrued. The loan came due in June and CADA staff has been working with SHRA on the process for assuming the loan and requesting loan restructuring to gain interest forgiveness from the City Council once the property transfer occurs. While CADA intends to fully repay the principle of this loan, forgiveness of its interest is necessary for the feasibility of this acquisition and future project operations.

The property under The Terraces is owned by the State of California and leased to CADA at no cost. CADA then leases the land to The Terraces property for approximately \$53,268 per year. The site is zoned R-5 (multi-family residential) and is approximately 25,600 square feet. Overall

that property displays normal wear and tear and has been kept up well. There was dry rot on the facade of the improvements that was repaired by the owners over the summer and is no longer of issue in the transaction.

## **ANALYSIS**

Staff is recommending acquisition of this property that is providing affordable housing within the CADA Capitol Project Area. The project, on average, has monthly operating expenses of \$25,850 monthly and monthly operating revenue around \$31,921 per month. While the replacement reserves will be disbursed to the existing owners upon sale, staff believes that through this monthly revenue at the project, CADA can rebuild project reserves in time for upcoming capital needs at the site like exterior painting and roof replacement, now that the dry rot issue has been addressed. Adequate project revenue is subject to the interest waiver request through SHRA being supported by SHRA staff and approved by Council. For that reason, CADA staff will not close escrow until SHRA verbally confirms its support of this request and confirms that it will recommend to the City Council that the forgiveness of the accrued interest on the loan be approved. Because the closing on the property will occur prior to the City Council deciding on the interest waiver, it is not guaranteed that a waiver will be granted. Presuming the loan forgiveness is approved, and utilizing existing CADA Capitol Area revenues, acquisition of this property is feasible, carries out CADA objectives of ensuring maintenance and affordability of the existing housing stock, and supports CADA's work within the Capitol Project Area.

## **FINANCIAL IMPACT**

Acquisition of The Terraces includes the following financial components:

1. CADA will purchase the Terraces from 16<sup>th</sup> and O Street, LP for \$825,000
2. CADA will Assume the current Sacramento Housing and Redevelopment Agency Loan of \$1,351,071 and the additional accrued interest of approximately \$1,200,000, with CADA's pending request for interest waiver. CADA will repay the SHRA Loan principle subsequent to purchase.
3. The Partnership will pay in full their private bank loan totaling approximately \$10,000.
4. The Partnership completed the necessary work for the repair and replacement of the dry rot damaged corridor balcony beams, costing approximately \$45,000.
5. The Partnership will retain the project's reserve account of approximately \$80,000.

CADA has the necessary resources for acquisition of this property and it will be a positive investment for future operations. Staff will return with the necessary budget amendment for the funding above as part of the mid-year budget discussion in December.

## **POLICY**

Maintenance of this housing through a direct ownership interest supports CADA's work in building and serving a vibrant Capitol Neighborhood. Having a variety of housing types and affordability levels within the Downtown benefits the commercial and residential stability of downtown and furthers the community health by broadening the available range of household types and income levels that the housing is able to serve.

## **STRATEGIC PLAN**

This project fulfills the following components of the CADA Strategic Plan: fiscal responsibility, collaboration, urban development leadership, creativity and community stewardship in this investment in affordable housing.

## **ENVIRONMENTAL IMPACT**

This action is exempt under the California Environmental Quality Act (CEQA) as it involves only the provision of funding and acquisition of an existing project.

## **CONTRACT AWARD CONSIDERATIONS**

Not applicable.

Attachments:

1. Resolution
2. Purchase and Sale Agreement
3. SHRA Loan Assignment, Assumption and Release Agreement

**RESOLUTION NO. 23 - 48**

October 27, 2023

Adopted by the Capitol Area Development Authority

**RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE  
A PURCHASE AND SALE AGREEMENT AND CORRESPONDING LOAN ASSIGNMENT,  
ASSUMPTION AND RELEASE AGREEMENT FOR ACQUISITION OF THE 59-UNIT  
TERRACES AT CAPITOL PARK DEVELOPMENT AT 1609 O STREET**

**WHEREAS**, the development at 1609 O Street is comprised of 59 affordable housing units and needs debt restructuring with the Sacramento Housing and Redevelopment Agency (SHRA) loan currently due;

**WHEREAS**, the owners of the 16<sup>th</sup> and O Street, LP, the owner partnership at the Terraces, are retiring and are currently selling the property improvements and assignment of the land lease;

**WHEREAS**, the Terraces is within CADA's Capitol Area Plan Project Area and site ownership and stewardship aligns with CADA's original work and mission within the Capitol Area of maintaining housing, particularly affordable housing;

**WHEREAS**, CADA has the resources to purchase the Terraces at Capitol Park for \$825,000, and assume the loan with SHRA in the amount of \$1,351,071, with accrued interest of approximately \$1,200,000, for restructuring; and

**WHEREAS**, the Terraces owners recently had dry rot repairs completed and the site improvements otherwise appear to be within normal wear and tear for housing of this age.

**NOW, THEREFORE, BE IT RESOLVED**, by the Board of Directors of the Capitol Area Development Authority that:

1. The Executive Director of CADA, or her designee, is authorized to take any and all actions on behalf of CADA to acquire the Terraces at Capitol Park and execute the necessary documents related to this action, with changes, insertions, revisions, or corrections as shall be approved by CADA legal counsel, including:
  - a. Execution of the attached Purchase and Sale Agreement with the owners of the Terraces, in substantial conformance with the enclosed document.
  - b. Execution of the attached Assignment, Assumption and Release Agreement with SHRA in substantial conformance with the enclosed document, subject to SHRA's stated verbal support for recommending waiver of the loan's interest balance for post-closing City Council action.
  - c. Once all other conditions are met, staff is authorized to release through escrow, the purchase price, in the amount of \$825,000, to the owners of the Terraces as part of the ownership transfer, with the necessary budget amendment for these funds to be incorporated into CADA's mid-year budget action in December.

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Ann Bailey, Chair

ATTEST:

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Tara Gandara  
Secretary to the Board of Directors

Attachments:  
The Terraces Purchase and Sale Agreement  
SHRA Assignment, Assumption and Release Agreement

**PURCHASE AND SALE AGREEMENT**  
(1609-1623 O Street)

This Purchase and Sale Agreement (this "Agreement") is made as of \_\_\_\_\_, 2023 (the "Effective Date"), by and between **Sixteenth and O Street**, a California limited partnership ("Seller"), and **Capitol Area Development Authority**, a California joint powers agency ("Purchaser" or "Authority"). Seller and Purchaser may herein be referred to individually as a "party" and collectively as the "parties."

**RECITALS**

A. On or about December 1, 1992, the State of California ("State") and Authority entered into a State Lease, recorded December 11, 1992 in the Official Records of Sacramento County at Book 921211, Page 1173 (the "State Lease") pursuant to which Authority leases from the State that certain real property located at 1609-1623 O Street, City of Sacramento ("City"), County of Sacramento ("County"), California, APN 006-0233-026, as legally described in **Exhibit A**, attached hereto and incorporated herein (the "Land").

B. On or about December 1, 1992, Authority and Seller entered into a Development Ground Lease for the lease and development of the Land, as amended by that certain First Amendment to Development Ground Lease recorded January 11, 1994, in Book 940111, Page 1832 of the Official Records of Sacramento County (collectively, the "Ground Lease"). The Land was improved by Seller with an apartment complex commonly known as "The Terraces at Capitol Park."

C. The parties now desire for Authority to purchase all of Seller's leasehold interest in the Land, including, without limitation, all of Seller's right, title and interest in and to the apartment complex and related improvements, together with all personal property used in connection therewith, and to assign all of Seller's right, title, and interest in and to the Ground Lease to Purchaser upon the consummation of such sale, all on the terms and conditions set forth herein.

**NOW, THEREFORE**, in consideration of the mutual promises and agreements set forth below, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties covenant and agree as follows:

**AGREEMENT**

1. **Purchase and Sale; Property Included and Excluded.** Subject to the terms and conditions of this Agreement, Seller hereby agrees to sell and convey to Purchaser, and Purchaser hereby agrees to purchase from Seller, all of Seller's right, title and interest in and to the following Property (as defined below), such sale to be effective as of the Closing Date (as defined in Section 4 herein), subject to the terms and conditions set forth herein. The term "Property," as used herein, means, collectively:

1.1 (a) Seller's leasehold interest in the Land pursuant to the Ground Lease, (b) Seller's interest in that certain 60-unit apartment complex commonly known as "The Terraces at Capitol Park", together with all fixtures and other improvements related thereto and constructed by or on behalf of Seller on the Land (collectively, the "Improvements") (Seller's leasehold interest in the Land and the Improvements being sometimes collectively referred to herein as the "Real Property"), (c) those items of equipment, supplies, furniture and personal property owned by

Seller which are used in connection with the maintenance and operation of the Real Property, to the extent agreed to herein (the "Personal Property"); and (d) all rights, privileges and appurtenances, including, without limitation, development rights, rights-of-way, licenses and other appurtenances, to the extent owned by Seller and used in connection with the beneficial use and enjoyment of the Real Property (the "Appurtenances");

1.2 All right, title and interest of Seller, as landlord, under all leases, tenancies or other occupancy arrangements affecting any portion of the Real Property, as amended (the "Leases," and each a "Lease"), and all unused deposits existing as of the Closing Date and prepaid rents related thereto applicable to periods after the Closing Date (subject to the proration provisions of this Agreement);

1.3 All right, title and interest of Seller in and to all service contracts for the repair or maintenance of, or the provision of services to, the Real Property or the Personal Property, including, but not limited to, maintenance contracts, management contracts, and other service contracts relating to the Real Property which Purchaser approves and elects to assume and to the extent assignable and agreed to herein (the "Contracts"), provided, however in the event there is an assignment or transfer fee in connection with the transfer of any such Contracts, such fees shall be paid by and be the sole responsibility of Purchaser;

1.4 To the extent assignable, all right, title and interest of Seller in and to all unexpired assignable warranties and guaranties relating to the Real Property or the Personal Property (the "Warranties"), provided, however in the event there is an assignment or transfer fee in connection with the transfer of any such Warranties, such fees shall be paid by and be the sole responsibility of Purchaser;

1.5 All right, title and interest of Seller in and to all assignable governmental permits, licenses, certificates and authorizations relating to the use, occupancy or operation of the Real Property or the Personal Property (the "Permits"), provided, however in the event there is an assignment or transfer fee in connection with the transfer of any such Permits, such fees shall be paid by and be the sole responsibility of Purchaser; and

1.6 To the extent assignable, all intangible property now owned or hereafter acquired by Seller in connection with the Real Property, the Improvements or the Personal Property owned by Seller and used in connection with the use and operation of the Improvements, including, without limitation, all warranties or guarantees received by Seller from any contractors, subcontractors, suppliers or materialmen in connection with any construction, repairs or alteration of the Improvements, all of Seller's right, title, and interest in all plans, specifications, construction drawings, project files, architect's agreements, consulting agreements, service agreements, maintenance agreements, permits, licenses, entitlements, development rights, and other similar rights relating to the use and operation of the Real Property (but excluding all trade names, trademarks, logos, copyrights relating to the ownership or operation of Seller's business) (collectively, the "Intangible Personal Property"), provided, however in the event there is an assignment or transfer fee in connection with the transfer of any such Intangible Personal Property, such fees shall be paid by and be the sole responsibility of Purchaser.

Except as specifically and expressly provided for herein, Purchaser is not purchasing from Seller and Seller is not selling to Purchaser any cash, reserve accounts, deposit accounts, accounts receivable, checks or drafts in collection, or accrued rights to payment, claims, causes of action or settlements owed to Seller as of the Closing, or to be credited to Seller at Closing as hereinafter provided, nor to any of Seller's rights to proceeds of the foregoing.

2. Purchase Price. The purchase price ("Purchase Price") for the Property shall be comprised of the Cash Component (as defined below) and the Loan Assumption Component (as defined below) and shall be an amount equal to the sum of: (i) the Cash Component; and (ii) the Payment Obligations (as defined below) due and owing as of the Closing that are assumed by Purchaser in connection with the Loan Assumption Component. The Purchase Price shall be paid by Purchaser to Seller as described below in this Section 2.

2.1 Cash Component. The cash component of the Purchase Price to be paid by Purchaser at Closing shall be Eight Hundred Twenty-Five Thousand Dollars (\$825,000) (the "Cash Component"), payable in immediately available cash funds to Escrow Holder, and plus or minus any adjustment for prorations in accordance with this Agreement (the "Closing Balance").

2.2 Loan Assumption Component. As the loan assumption component of the Purchase Price (the "Loan Assumption Component"), Seller shall assign to Purchaser, and Purchaser shall assume, pursuant to Approved Loan Assumption Documents (as defined below), all of Seller's obligations under and in connection with that certain Construction Note Secured by Deed of Trust in the principal amount of \$1,351,071, dated December 11, 1992, between Seller and the Redevelopment Agency of the City of Sacramento ("Original Lender"), as amended by that certain Promissory Note Modification Agreement, dated October 6, 1993 (collectively, the "Promissory Note"), as secured by that certain Deed of Trust and Assignment of Rents dated December 11, 1992, recorded with the Sacramento County Recorder December 11, 1992 at Book 921211, Page 1178, as amended by that certain First Amendment to Deed of Trust and Assignment of Rents dated October 6, 1993, recorded with the Sacramento County Recorder October 18, 1993 at Book 931018, Page 1921 (collectively, the "Deed of Trust"). The obligations assigned by Seller and assumed by Purchaser under the Promissory Note, as secured by the Deed of Trust, shall include, without limitation, all payment obligations related to any and all outstanding principal and interest due and owing thereunder from time-to-time (collectively, "Payment Obligations").

"Approved Loan Assumption Documents," as that term is used in this Agreement, shall mean loan assignment and assumption documents (pursuant to which Seller assigns to Purchaser and Purchaser assumes all of Seller's obligations under and in connection with the Promissory Note and Deed of Trust, including, without limitation, all Payment Obligations) that: (i) are acceptable in form and content to Seller and Purchaser, in their commercially reasonable discretion; (ii) are consented to in writing by the Sacramento Housing and Redevelopment Agency ("SHRA"), the successor to the Original Lender, or otherwise include SHRA as a counterparty; and (iii) include SHRA's affirmative release of Seller from any and all obligations and/or liability under the Promissory Note and Deed of Trust.

3. Escrow. Within two (2) business days following the full execution of this Agreement, an escrow ("Escrow") shall be opened with Placer Title Company, located at 301 University Avenue, Suite 120, Sacramento, California ("Escrow Holder" or "Title Company"), by Seller delivering a copy of this fully executed Agreement to Escrow Holder. This Agreement shall, to the extent possible, act as Escrow instructions. The parties agree to execute all further Escrow instructions reasonably required by Escrow Holder, which further instructions shall be consistent with this Agreement. Escrow holder, by acceptance of any funds deposited by Purchaser hereunder, agrees to hold such funds and disburse the same only in accordance with the terms and conditions of this Agreement.

4. Closing. The "Closing Date" is defined to be the date that the Purchase Price is paid/satisfied and the Ground Lease Assignment and Assumption Agreement, in the form attached hereto and incorporated herein as **Exhibit B**, between Seller and Purchaser (and



acknowledged and consented to by SHRA), is recorded in the Office of the Sacramento County Recorder (the "Assignment"), which, subject to the terms of this Agreement, shall occur within ten (10) calendar days after the end of the Feasibility Period (as defined in Section 6.2 herein), or other date mutually agreed by the parties in writing. "Closing" is defined to be payment/delivery of the Purchase Price and the recordation of the Assignment. Notwithstanding anything to the contrary set forth above, Seller shall have the right, but not the obligation, to extend the Closing Date from time to time for such periods as Seller (in Seller's sole and absolute discretion) deems necessary, up to a maximum of an additional thirty (30) days in the aggregate, which right shall be in addition to, and not in lieu of, any other express rights of Seller under this Agreement to extend the Closing or the Closing Date.

5. Title. Purchaser has obtained that certain Preliminary Report (Placer Title Company Order No. P-598359; dated June 12, 2023 at 7:30AM) covering the legal parcel(s) containing the Real Property issued by Escrow Holder (the "Preliminary Report"), along with legible copies or links thereto of all recorded documents shown as exceptions to title in the Preliminary Report. Purchaser hereby approves the following exceptions to title shown on the Preliminary Report: Exceptions 1-10 to the extent such taxes, assessments, and unpaid amounts are non-delinquent, and Exceptions 11-16, 18, 19, 21, 22 and all Automatically Approved Exceptions (as defined below). Seller agrees that Seller will work with the Title Company to cause Exceptions 17, 20, 23 and 24 (as shown in the Preliminary Report) to be removed and or released at or prior to the Closing. With respect to any new exceptions to title shown on any subsequent or supplemental title reports for the Real Property that are not shown in the Preliminary Report and that are not Automatically Approved Exceptions, Purchaser shall approve or disapprove any such new exceptions in writing within two (2) business days after receipt of such reports and copies of all recorded documents related to such new exceptions. Purchaser's failure to timely disapprove any such new exceptions shall be deemed Purchaser's approval of the same. If Purchaser timely disapproves any such new exceptions and Seller (within (5) days after receipt of Purchaser's written notice of disapproval) does not agree in writing to remove such disapproved new exceptions on or prior to the Closing, Purchaser, as its sole and exclusive remedy, shall have the choice of: (i) terminating this Agreement and the Escrow, in which event neither Seller nor Purchaser shall have any further rights or obligations under this Agreement except as to provisions of this Agreement which expressly survive termination of the Agreement; or (ii) waiving such objection and completing the purchase called for in this Agreement (in which case such disapproved new exceptions shall be deemed approved and permitted exceptions for all purposes).

"Automatically Approved Exceptions" means any one or more of the following: (i) the lien of non-delinquent real property taxes and assessments; (ii) the Leases, Promissory Note and Deed of Trust; (iii) matters disclosed to Purchaser in writing prior to delivery of the Feasibility Approval Notice and approved by Purchaser in writing (other than those exceptions which Seller affirmatively agreed in writing to remove on or before the Closing, if any); and (iv) matters caused or created by Purchaser or its agents, employees, contractors or consultants (collectively, the "Automatically Approved Exceptions").

6. Property Inspection and Contingency Periods.

6.1 Property Documents. Within five (5) business days following the Effective Date, Seller shall (to the extent not already delivered to or otherwise received by Purchaser) deliver or have delivered to Purchaser, at Seller's sole cost, or otherwise make available for Purchaser's review and copying at the offices of Seller's property manager (during normal business hours and upon not less than 48 hours prior written notice), copies of the following documents, to the extent in Seller's actual possession, concerning the Real Property (collectively, the "Property Documents"):

a. studies, land surveys, soils reports, licenses, maintenance contracts, utility contracts, management contracts, service contracts, warranties, ADA compliance reports, plans and specifications for the Improvements, copies of all building permits, certificates of occupancy and all other governmental licenses and permits for the Improvements in the actual possession of Seller, and other documents and/or contracts pertaining to the Real Property, together with any amendments or modifications;

b. any and all information that Seller has in its actual possession regarding environmental matters affecting the Property and regarding the physical condition of the Property, including, but not limited to, Phase I and/or Phase II Environmental Assessments, wetlands, structural, mechanical and soils conditions, the presence and location of Hazardous Materials (as defined in Section 8.2 herein), and underground storage tanks in, on, or beneath the Real Property;

c. copies of all Leases;

d. maintenance records of the building and equipment (to include elevator, HVAC, plumbing, electrical, drainage system, etc.);

e. any property condition/assessment reports;

f. a listing of all Personal Property located on the Real Property;

g. income statements showing Real Property revenue and expenses for the prior three (3) years; and

h. a schedule, prepared by Seller's property management company, of all Leases (the "Rent Roll") setting forth the commencement date of each Lease, the tenant thereunder, the premises demised by the Leases, the number of square feet demised by the Leases, the monthly rental, any rights to renew or extend, whether the tenant is in possession, whether the tenant is current in its payment of rental or is otherwise in default, the name of any broker entitled to any commission under the Leases, the expiration date of the term and the amount of the security deposit, if any, and the nature of any unfulfilled construction or other obligations to construct tenant improvements or for concessions including free rent.

Notwithstanding anything to the contrary above, Purchaser acknowledges and agrees that Seller need not disclose any "attorney-client" or "attorney work product" privileged information, tax or accounting documents, financial statements of Seller or its affiliates, appraisals or broker opinions of value relating to the Real Property, speculative financial projections or information prepared internally by Seller for its own use, contracts, leases or agreements (including, without limitation, offers to lease, purchase or option the Property) that are expired and/or not in effect or that will

not be in effect after Closing, or information or documents reflecting proprietary information about Seller or its affiliates.

Purchaser further acknowledges and agrees that the information (including, without limitation, the Property Documents) made available to Purchaser or provided or to be provided by or on behalf of Seller with respect to the Property was obtained from a variety of sources, and that Seller has not made any independent investigation or verification of such information and except as expressly set forth in this Agreement, makes no representation or warranty of any kind or nature whatsoever regarding the completeness or accuracy of such information.

With respect to those Property Documents made available for Purchaser's review and copying at the offices of Seller's property manager as contemplated above, Purchaser agrees that Seller shall be deemed for all purposes to have delivered such Property Documents to Purchaser and disclosed the contents of the same to Purchaser.

## 6.2 Feasibility Period.

a. Feasibility Period. For a period of up to thirty (30) days from the Effective Date (the "Feasibility Period"), Purchaser may undertake, at Purchaser's sole expense, inspection and review of the Property ("Purchaser's Feasibility Review"). Purchaser's review of the Property may include, but not be limited to, reasonable non-destructive inspections, investigations, tests, copies, verifications, assessments, surveys and studies as Purchaser considers reasonably necessary or desirable under the circumstances regarding the Property and its condition, which may include, without limitation, inspections regarding zoning, building codes and other governmental regulations; imposition of governmental obligations and assessments; architectural inspections; engineering tests; economic feasibility and marketing studies; availability of sewer, water, storm drain and other utilities; availability of roads, access and services; soils, seismic, engineering and geologic reports; non-destructive environmental assessments, studies, tests and reports; structural and mechanical systems inspections; and availability of permits, land use entitlements, development rights and approvals and other governmental approvals; provided, however, that Purchaser shall not perform any invasive investigation, inspections, or testing for any Hazardous Materials without Seller's advance written consent, which shall not be unreasonably withheld, but which consent, if granted, may be conditioned upon the imposition of reasonable protocols and protections with respect to the nature, scope, type, process and termination for such testing. In connection with any request for such invasive investigations, inspections or testing, Purchaser shall submit to Seller a written proposed work plan and Seller shall have at least five (5) business days to respond to any such request. All costs, expenses, liabilities and charges incurred or relating to the performance of Purchaser's Feasibility Review shall be borne by Purchaser. Seller and its agents, employees, consultants and contractors shall have the right, but not the obligation, to accompany Purchaser at any time Purchaser or its agents, employees, consultants or contractors enter the Property.

b. Communication with Governmental Authorities. Seller consents to Purchaser contacting any agencies that have jurisdiction over the Property in connection with environmental conditions on the Property; provided, however, Purchaser shall not engage in any communications with any governmental authorities regarding the environmental conditions of the Property without first providing Seller with advance notice thereof.

c. Personal Property. During the Feasibility Period, Seller and Purchaser agree to work together in good faith to complete a list of Personal Property, if any, to be included

in the sale of the Property. The list shall be attached to a bill of sale in the form attached hereto and incorporated herein as **Exhibit C** (the "Bill of Sale"), to be executed by the parties at Closing.

d. **Leases.** During the Feasibility Period, Seller and Purchaser agree to work together in good faith to complete a list of the Leases to be assigned to Purchaser upon Closing, if any, which list shall be attached to an assignment and assumption agreement in the form attached hereto and incorporated herein as **Exhibit D** (the "Assignment and Assumption of Leases"), to be executed by the parties at Closing.

e. **Contracts.** During the Feasibility Period, Seller and Purchaser agree to work together in good faith to complete a list of any Contracts to be assigned to Purchaser upon Closing, which list shall be attached to the general assignment in the form attached hereto and incorporated herein as **Exhibit E** (the "General Assignment"), to be executed by the parties at Closing.

### 6.3 Access and Access Indemnity.

a. Access to the Property from the Effective Date through the Closing Date (or earlier termination of this Agreement) shall be given to Purchaser, its agents, employees, consultants, or contractors during normal business hours at reasonable times upon at least two (2) business days' notice to the Seller, at Purchaser's own cost and risk, for the purpose of conducting Purchaser's Feasibility Review of the Property as set forth in Section 6.2(a).

b. In connection with any entry and/or due diligence review and activities on the Property, and notwithstanding the rights granted above, Purchaser covenants and agrees that neither it nor its agents, employees, consultants, or contractors (collectively, "Consultants") will materially interfere with any use or occupancy or operations of Seller, or any tenant of Seller or subtenant, on the Real Property. Purchaser covenants that it will coordinate its activities, and cause its Consultants to coordinate their activities: (i) with Seller prior to entry on any portion of the Real Property and prior to commencing any activities (including, without limitation, any tests or investigations) on the Property; and (ii) with the occupants, tenants and subtenants of the Real Property (including, without limitation, the tenant(s) under any Leases) prior to entering or conducting any activities on any portion of the Real Property subject to any occupancy or lease. Notwithstanding the access and entry rights granted to Purchaser in this Agreement, in the event any occupant, tenant or subtenant of the Real Property refuses Purchaser or any Consultant of Purchaser access to the Real Property (or any portion thereof), Seller will not be in breach under this Agreement; provided, however, Seller will make good faith, commercially reasonable efforts to obtain access to the Real Property for Purchaser and its Consultants, but in no way shall Seller be required to expend funds or initiate litigation in the course of such efforts.

c. Purchaser, at its sole cost and expense, shall restore the Property as a result of Purchaser's Feasibility Review and return the affected portion of the Property to its condition immediately prior to such investigation. Purchaser, at its sole cost and expense, shall repair any damage to the Property caused by Purchaser's Feasibility Review. Purchaser shall indemnify, protect, defend (with counsel reasonably acceptable to Seller Indemnified Parties as defined herein), and hold harmless the Seller and each of its constituent partners, shareholders, and members, and its and their members, trustees, beneficiaries, shareholders, partners, managers and affiliates and all of their respective members, partners, officers, directors, trustees, beneficiaries, shareholders, agents, representatives, attorneys, employees and all of their respective successors and assigns (each individually a "Seller Indemnified Party" and collectively

the “Seller Indemnified Parties”) from and against any and all losses, costs, damages, liabilities, actions, causes of action, and expenses (including, without limitation, reasonable attorneys’, consultants’, and experts’ fees) arising out of or in any way related to Purchaser’s Feasibility Review, or the activities of Seller and/or any of its Consultants in, on or about the Real Property, including, without limitation, any investigations, inspections, and/or testing performed by Purchaser or its Consultants on or about the Real Property, except, with respect to each Seller Indemnified Party, to the extent any such losses, costs, damages, liabilities, and expenses arise out of the negligent or willful act of such Seller Indemnified Party; provided, however, Purchaser’s mere discovery of an adverse condition or defect on or affecting the Property shall not trigger Purchaser’s indemnification obligations. Purchaser’s repair and restoration obligations, and Purchaser’s obligation to indemnify and defend the Seller Indemnified Parties shall survive Closing and any termination of this Agreement.

6.4 Insurance. Prior to its or its Consultant’s first entry onto the Real Property and at all times thereafter until Closing, Purchaser shall maintain (and Purchaser shall cause its Consultants to maintain) commercial general liability insurance covering the activities of Purchaser and its Consultants on the Property. Such insurance shall have a per occurrence limit of at least One Million Dollars (\$1,000,000) and an aggregate limit of at least Two Million Dollars (\$2,000,000), shall name the Seller and its general partners as additional insured, shall be primary and noncontributing with any other insurance available to Seller or the additional insureds, and shall be issued on an occurrence basis. Prior to any entry onto the Property by Purchaser or its Consultants, Purchaser shall furnish the Seller with a certificate of such insurance in form and substance reasonably acceptable to the Seller, together with an additional insured endorsement showing Seller and its general partners as named additional insureds.

6.5 Feasibility Notice and Termination. Purchaser may give the Seller written notice that Purchaser either: (i) approves the condition and suitability of the Property (the “Feasibility Approval Notice”), or (ii) disapproves the condition or suitability of the Property for any reason or no reason, which notice must be received by the Seller no later than 5:00 p.m. on the last day of the Feasibility Period, as extended. In the event that Purchaser fails to timely approve the condition and suitability of the Property pursuant to (i) above prior to the expiration of the Feasibility Period, such failure shall be deemed to be a disapproval of the condition and suitability of the Property in accordance with (ii) above. In the event Purchaser disapproves the condition and suitability of the Property, or is deemed to have disapproved the condition and suitability of the Property, as applicable pursuant to this Section 6.5, this Agreement shall terminate automatically, and: (i) Seller and Purchaser shall execute and deliver to Escrow Holder cancellation instructions and all other documents that are reasonably required by Escrow Holder and/or the Seller in order to cancel this Escrow and release any interest of Purchaser in and to the Property; (ii) Escrow Holder shall return all documents to the applicable party, and (iii) neither party shall have any rights or obligations arising out of this Agreement, except as otherwise set forth in this Agreement.

## 7. As-Is Property Condition; Waiver and Release.

7.1 Except for the express representations and warranties made by Seller in this Agreement, Purchaser is relying upon its own investigation and inspection in acquiring the Property and acknowledges and agrees that Seller has not made, does not make and specifically negates and disclaims any representations, warranties or guaranties of any kind of character whatsoever, whether express or implied, oral or written, past, present, future or otherwise, of, as to, concerning or with respect to, the Property. To the maximum extent permitted by law, the sale of the Property as provided for herein is made on an “as-is, where-is” condition and basis with all

faults and Seller has no obligation to make repairs, replacement, alterations or improvements to the Property (or any portion thereof) of any kind. If Purchaser proceeds to the Close of Escrow, Purchaser shall acquire the Property on an “as-is, where-is” condition and basis with all faults and assumes the risks of adverse physical conditions affecting the Property (including, without limitation, Hazardous Materials at, on, under or about the Property or latent or patent defects affecting the Property) that may not have been revealed by its own investigations and inspections. Notwithstanding anything to the contrary in this Agreement, Purchaser shall be entitled to rely upon the express representations and warranties made by Seller in this Agreement.

7.2 Purchaser acknowledges and agrees that the following disclosures have been made to Purchaser regarding the condition of the Real Property:

a. The information contained and referenced in that certain Remdox Phase 1 Environmental Site Assessment Report (Project No. 22-133) dated August 30, 2022 (the “Remdox ESA”).

b. The information contained and referenced in that certain Terraces Indoor Air and Soil Vapor Summary Report performed by Fugro USA Land, Inc., for the California Department of General Services, dated May 1, 2023 (the “Fugro Report”).

c. Purchaser hereby acknowledges and confirms that Purchaser has received a copy of the Remdox ESA and the Fugro Report.

d. Significant dry rot repair was performed to the corridor balcony beams of the apartment complex Improvements in 2023.

e. On the second and third floors of the apartment complex Improvements, the plants in the balcony planters have been removed and the water/irrigation to those planters has been turned off.

f. The roof of the apartment complex Improvements needs to be replaced in the near future.

7.3 Except as to claims against Seller for intentional misrepresentation or claims against Seller for breach of its express representations and warranties set forth in this Agreement, Purchaser (on its own behalf, and on behalf of anyone claiming by, through or under Purchaser), effective as of the Closing Date, waives its right to recover from and fully and irrevocably releases Seller and each of its constituent partners, shareholders, and members, and its and their members, trustees, shareholders, partners, managers and affiliates and all of their respective members, partners, officers, directors, trustees, shareholders, agents, representatives, employees and all of their respective successors and assigns (collectively, “Released Parties”) from any and all claims that it may now have or hereafter acquire against any of the Released Parties for any claims, costs, losses, liabilities, damages, expenses, demands, actions and/or causes of action arising from or in any way related to: (i) any Hazardous Materials or related risks, conditions and/or matters affecting the Property (or any portion thereof); (ii) any construction defects, property defects or other conditions, latent or otherwise, related to or affecting the Property (or any portion thereof); (iii) the condition of the Property (or any portion thereof); and/or (v) any improvements located on or serving the Real Property (or any portion thereof). This release includes claims of which Purchaser is presently unaware or which Purchaser does not presently suspect to exist which, if known by Purchaser, would materially affect Purchaser’s

release to Seller. Purchaser specifically waives the provision of California Civil Code section 1542, which provides as follows:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.

In this connection and to the extent permitted by law, Purchaser hereby acknowledges and agrees that Purchaser realizes and acknowledges that factual matters now unknown to it may have given or may hereafter give rise to causes of action, claims, demands, debts, controversies, damages, costs, losses, liabilities and expenses which are presently unknown, unanticipated and unsuspected, and Purchaser further agrees, represents and warrants that the waivers and releases herein have been negotiated and agreed upon in light of that realization and that Purchaser nevertheless hereby intends to release, discharge, and acquit the Released Parties from any such unknown causes of action, claims, demands, debts, controversies, damages, costs, losses, liabilities and expenses which might in any way be included as a material portion of the consideration given to Seller by Purchaser in exchange for Seller's performance hereunder.

Seller has given Purchaser material concessions regarding this transaction in exchange for Purchaser agreeing to the provisions of this section, including, without limitation, rights of independent investigation and access to the Property and information about the Property. Purchaser has initialed this section to further indicate its awareness and acceptance of each and every provision hereof.

\_\_\_\_\_  
Purchaser's Initials

8. Seller's Representations and Warranties.

8.1 Seller represents and warrants to Purchaser as follows:

a. Authority. Seller is a limited partnership existing under the laws of the State of California. Seller has the full right and authority to enter into this Agreement and consummate the transactions contemplated by this Agreement. This Agreement and all documents executed by Seller which are to be delivered to Purchaser at Closing are, or at the time of Closing will be, duly authorized, executed and delivered by Seller.

b. Leasehold Rights; Rights to Personal Property. Seller holds the leasehold rights of Developer (as that term is defined in the Ground Lease) under the Ground Lease, and except for and in connection with: (i) the Promissory Note, (ii) the Deed of Trust, (iii) the loan currently held by Citibank, N.A, and serviced by Berkadia Commercial Mortgage (Loan Number: 991066689) and related deed of trust and financing statement (evidenced in the Preliminary Report as exception numbers 17 and 20) , and (iv) the Leases, and except as otherwise disclosed in the Property Documents, the Preliminary Report, or otherwise disclosed to Purchaser in writing, Seller has not assigned or otherwise encumbered its leasehold rights under the Ground Lease. Except as otherwise disclosed in the Property Documents, the Preliminary

Report, or otherwise disclosed to Purchaser in writing, Seller has (or will have as of the Closing) the right to transfer the Personal Property to Purchaser free of liens and encumbrances except for the Deed of Trust and Leases.

c. Binding Obligations. This Agreement and all documents required hereby to be executed by Seller are and shall be valid, legally binding obligations of and enforceable against Seller in accordance with their terms.

d. Litigation. Except as disclosed in the Property Documents, the Preliminary Report, or otherwise disclosed to Purchaser in writing, to Seller's knowledge, there is no litigation or other proceeding by or before any court, arbitrator or governmental or regulatory official, body or authority which is currently pending or threatened against the Property or against Seller in connection with the Property.

e. Property Rights. Except as disclosed in the Property Documents, the Preliminary Report, or otherwise disclosed to Purchaser in writing, Seller has not granted any options, rights of first refusal, rights of first offer, or other pre-emptive rights to acquire the Personal Property or Real Property.

f. Covenant Notices. Except as disclosed in the Property Documents, the Preliminary Report, or otherwise disclosed to Purchaser in writing, to Seller's knowledge, Seller has not received any written notice that there is any violation of any restriction, condition or agreement contained in any easement, restrictive covenant or any similar instrument or agreement affecting the Real Property or any portion thereof.

g. Leases. Except as set forth in the Property Documents or otherwise disclosed to Purchaser in writing, each of the tenant Leases is unmodified and is in full force and effect.

h. Works of Improvement. Except for routine operating, maintenance and repair costs incurred by Seller in the ordinary course of Seller's business that will be prorated between Seller and Purchaser at the Closing in accordance with section 12.2 of this Agreement, at the Closing there will be no unpaid bills for labor or material arising from any works of improvement made to the Real Property pursuant to contracts entered into by or on behalf of Seller.

i. Documents True and Correct. All of the copies of the Property Documents delivered to Purchaser pursuant to Section 6.1 hereof are complete copies of the documents in Seller's possession. Seller makes no representations or warranties as to the accuracy or reliability of such documents.

j. No Defects. Except as disclosed in the Property Documents, the Preliminary Report, or otherwise disclosed to Purchaser in writing, to Seller's knowledge, Seller has received no notice of any latent or patent defect affecting the Real Property that has not been cured, and to Seller's knowledge, no mold remediation is required in connection with the Improvements.

k. Utilities. To Seller's knowledge, there are public utilities serving the Real Property including water, gas, electric, and sewers and they are in functioning and orderly condition.



l. Insurance. Except as disclosed in the Property Documents, the Preliminary Report, or otherwise disclosed to Purchaser in writing, to Seller's knowledge, Seller has not received any written notice from any insurance company or board of fire underwriters of any defects or inadequacies affecting the Real Property or any part or component thereof that would materially and adversely affect the insurability of the Real Property or that have not been cured or repaired. Except as disclosed in the Property Documents, the Preliminary Report, or otherwise disclosed to Purchaser in writing, to Seller's knowledge, there are no pending claims for insurance reimbursement respecting any damage to the Real Property.

m. OFAC Compliance. Seller is not, and, after making due inquiry, no person who owns a controlling interest in or otherwise controls Seller is, (a) listed on the Specially Designated Nationals and Blocked Persons List (the "SDN List") maintained by the Office of Foreign Assets Control ("OFAC"), Department of the Treasury, and/or on any other similar list ("Other Lists" and, collectively with the SDN List, the "Lists") maintained by the OFAC pursuant to any authorizing statute, Executive Order or regulation (collectively, "OFAC Laws and Regulations"); or (b) a person (a "Designated Person") either (i) included within the term "designated national" as defined in the Cuban Assets Control Regulations, 31 C.F.R. Part 515, or (ii) designated under Sections 1(a), 1(b), 1(c) or 1(d) of Executive Order No. 13224, 66 Fed. Reg. 49079 (published September 25, 2001) or similarly designated under any related enabling legislation or any other similar Executive Orders (collectively, the "Executive Orders"). Neither Seller nor any of its principals or affiliates (x) is a person or entity with which Seller is prohibited from dealing or otherwise engaging in any transaction by any Anti-Terrorism Law or (y) is a person or entity that commits, threatens or conspires to commit or supports "terrorism" as defined in the Executive Orders or (z) is affiliated or associated with a person or entity listed in the preceding clause (x) or clause (y). Neither Seller nor any of its principals or affiliates, nor any brokers or other agents acting in any capacity in connection with the transactions contemplated herein (I) deals in, or otherwise engages in any transaction relating to, any property or interests in property blocked pursuant to the Executive Orders or (II) engages in or conspires to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in any Anti-Terrorism Law. As used herein, "Anti-Terrorism Law" means the OFAC Laws and Regulations, the Executive Orders and the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Pub. L. No. 107-56, 115 Stat. 272 (2001), as amended.

n. Environmental Compliance. Except as disclosed in the Property Documents, the Preliminary Report, or otherwise disclosed to Purchaser in writing, to Seller's knowledge, there has been no production, storage or disposal at the Real Property of any Hazardous Materials by Seller in violation of applicable law.

8.2 Definition of Hazardous Materials. As used in this Agreement, "Hazardous Materials" includes, but is not limited to, any hazardous or toxic substance, material or waste that is (i) regulated by any local governmental authority, the State of California or the United States Government, (ii) defined as an "acutely hazardous waste", "extremely hazardous waste", "hazardous waste", or "waste" under Sections 25110.02, 25115, 25117 or 25124 or listed pursuant to Sections 25141 and 25141.5 of the California Health and Safety Code, Division 20, Chapter 6.5 (Hazardous Waste Control Law); (iii) defined as a "hazardous material", "hazardous substance", or "hazardous waste" under Section 25501 of the California Health and Safety Code, Division 20, Chapter 6.95 (Hazardous Materials Release Response Plans and Inventory); (iv) defined as a "hazardous substance" under Section 25281 of the California Health and Safety Code, Division 20, Chapter 6.7 (Underground Storage of Hazardous Substances); (v) petroleum;

(vi) asbestos; (vii) listed under Chapter 10 of Division 4.5 of Title 22 or defined as hazardous or extremely hazardous pursuant to Division 21.5 of Title 26 of the California Code of Regulations; (viii) designated as a "hazardous waste" pursuant to Section 6903 of the Federal Resource Conservation and Recovery Act, 42 U.S.C. Section 6901 et seq.; (ix) defined as a "hazardous substance" pursuant to Section 9601 of the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. Section 9601 et seq.; (x) any flammable substances or explosive; or (xi) any radioactive material.

8.3 Meaning of Knowledge. For purposes of the representations and warranties given by Seller in this Agreement, the phrase "to the actual knowledge of Seller," "actually known to Seller," "to Seller's knowledge" or other terms of limitation based on the knowledge of Seller, shall mean the actual, current knowledge of Herbert T. Krump, excluding constructive or imputed knowledge and without any duty of inquiry, existing as of the Effective Date and the Closing Date. In no event shall there be any personal liability on the part of Herbert T. Krump on account of any breach of any representation or warranty of Seller herein.

8.4 Effective Date of Representations and Warranties. The representations and warranties of Seller in section 8.1 above shall, as modified pursuant to section 8.5 and 8.6, if applicable, be true and correct in all material respects as of: (i) the Effective Date; and (ii) the Closing Date.

8.5 Later Discovered Inaccuracies. If, at any time prior to the Closing Date, Seller, to its actual knowledge, becomes aware of a material inaccuracy in, or the untruth of, any representation or warranty made or to be made by Seller under this Agreement, Seller shall promptly notify Purchaser of such inaccuracy or untruth. Subject to section 8.6 below, and provided that Seller did not take any deliberate action the primary purpose and intent of which was to cause the representation or warranty in question to become materially untrue, and provided further that Seller did not fraudulently make the representation or warranty when originally made as of the Effective Date, then within ten (10) days after Purchaser learns of such inaccuracy or untruth (whether from Seller's disclosure, Purchaser's due diligence, or otherwise), Purchaser shall have the right, as its sole and exclusive remedy, to either: (i) waive such inaccuracy or untruth and proceed with the transactions hereunder, in which case such representation and warranty shall be deemed modified, amended, superseded and of no effect to the full extent of such inaccuracy or untruth; or (ii) provided Purchaser is not deemed to have waived the inaccuracy, contradiction or untruth of any such representation and warranty pursuant to section 8.6 below, terminate this Agreement, in which case the parties shall have no further obligation to each other except as to provisions of this Agreement which survive termination of the Agreement. Failure on the part of Purchaser to object to such inaccuracy within such ten (10) day period shall be an election by Purchaser to waive such inaccuracy under sub-clause (i) above. The Closing Date shall be automatically extended, if and as necessary, to accommodate the response period provided for above.

8.6 Purchaser's Knowledge of Inaccuracies. Any fact, condition or circumstance disclosed in the Preliminary Report (as the same may be updated), Property Documents, or otherwise known by or disclosed to Purchaser (or any affiliate or employee of Purchaser) as of the Effective Date, which contradicts or renders untrue any warranty or representation made or to be made by Seller under this Agreement, shall render such warranty or representation superseded and of no effect to the full extent of such contradiction or untruth, and Purchaser shall be deemed to have elected to waive the inaccuracy in such representation and warranty and to proceed with the transactions hereunder in accordance with sub-clause (i) in section 8.5 above. Provided that Seller did not take any deliberate action the primary purpose and intent of which

was to cause the representation or warranty in question to become materially untrue, and provided further that Seller did not fraudulently make the representation or warranty when originally made as of the Effective Date, any fact, condition or circumstance known by, discovered by or disclosed to Purchaser (or any affiliate or employee of Purchaser) after the Effective Date but on or before Purchaser's delivery of the Feasibility Approval Notice, which contradicts or renders untrue any warranty or representation made or to be made by Seller under this Agreement, shall render such warranty or representation superseded and of no effect to the full extent of such contradiction or untruth, and Purchaser shall be deemed to have elected to waive the inaccuracy in such representation and warranty and to proceed with the transactions hereunder in accordance with sub-clause (i) in section 8.5 above.

8.7 Survival. The representations and warranties of Seller in sections 8.1(a), 8.1(c) and 15 shall survive the execution and delivery of this Agreement, the delivery of any and all documents and instruments delivered in connection with this Agreement, and the Closing. All other representations and warranties of Seller herein shall survive the Closing but shall become ineffective and of no force or effect twelve (12) months following the Closing, except as to notices of default given or claims asserted with respect thereto prior to the expiration of such twelve (12) month period.

9. Purchaser's Representations and Warranties.

9.1 Purchaser represents and warrants to Seller as follows:

a. Authority. Purchaser is a California joint powers agency, duly organized, validly existing and in good standing under the laws of the State of California. Purchaser has the full right and authority to enter into this Agreement and consummate the transactions contemplated by this Agreement. This Agreement and all documents executed by Purchaser which are to be delivered to Seller at Closing are, or at the time of Closing will be, duly authorized, executed and delivered by Purchaser.

b. Consents; Binding Obligations. No third-party approval or consent is required for Purchaser to enter into this Agreement or to consummate the transactions contemplated hereby. This Agreement and all documents required hereby to be executed by Purchaser are and shall be valid, legally binding obligations of and enforceable against Purchaser in accordance with their terms.

9.2 Effective Date of Representations and Warranties. The representations and warranties of Purchaser in section 9.1 above shall be true and correct in all material respects as of (i) the Effective Date; and (ii) the Closing Date.

9.3 Survival. The representations and warranties of Purchaser in sections 9.1(a), 9.1(b) and 15 shall survive the execution and delivery of this Agreement, the delivery of any and all documents and instruments delivered in connection with this Agreement, and the Closing. All other representations and warranties of Purchaser herein shall survive the Closing but shall become ineffective and of no force or effect twelve (12) months following the Closing, except as to notices of default given or claims asserted with respect thereto prior to the expiration of such twelve (12) month period.

10. Seller's Undertakings Pending Closing. Seller covenants with Purchaser that, so long as this Agreement remains in effect:

10.1 Operation. From and after the Effective Date, Seller will operate, manage and maintain the Property in the same manner as prior to the Effective Date.

10.2 Contracts. Except: (i) in the ordinary course of Seller's business in connection with residential leasing operations at the Real Property; (ii) as required by federal, state or local law, agency order or governmental agency, City, County or municipal directive or requirement; (iii) as required under any Lease; (iv) as required pursuant to any contractual obligation existing as of the Effective Date; and/or (v) as contemplated or otherwise allowed pursuant to the terms of this Agreement, from and after the expiration of the Effective Date, Seller shall not enter into any leases, contracts or other new agreements which will survive the Closing or otherwise affect the use, operation or enjoyment of the Real Property after the Closing without Purchaser's prior written consent (which consent shall not be unreasonably withheld, conditioned or delayed). If Seller enters into any contracts in accordance with subsections (i)-(v) above, Seller shall provide Purchaser with written notice thereof within three (3) business days of entering into the contract along with a copy of the contract.

11. Conditions to Closing.

11.1 Purchaser's Conditions to Closing. The obligations of Purchaser under this Agreement to purchase the Property from Seller are subject to satisfaction of all of the conditions set forth in this Section 11.1. Purchaser may waive any or all of such conditions in whole or in part, but any such waiver shall be effective only if made in writing.

a. Performance of Obligations. Seller shall have performed in all material respects all covenants, agreements and obligations required to be performed by it under this Agreement.

b. Delivery into Escrow. Seller shall have delivered into Escrow all documents or instruments required to be delivered by Seller under this Agreement.

c. Title Policy. The Escrow holder shall have agreed to issue to Purchaser a CLTA standard form, or, at Purchaser's option if Purchaser obtains any required updated or new survey, an ALTA extended coverage form, leasehold owner's policy of title insurance, insuring the leasehold interest to the Real Property in Purchaser in the amount of the Purchase Price ("Title Policy"), subject only to the applicable preprinted form exceptions and the title exceptions approved (or deemed approved) by Purchaser in accordance with Section 5 herein (the "Permitted Exceptions").

d. No Material Adverse Change. There shall not have occurred any material adverse change in the physical condition or title to the Property.

e. Accuracy of Representations and Warranties. On the Closing Date, all representations and warranties made by Seller in this Agreement, as modified pursuant to section 8.5 and 8.6, if applicable, shall be true and correct in all material respects as if made on and as of the Closing Date.

f. SHRA Interest Waiver. As of the Closing Date, SHRA shall not have informed Purchaser in writing that the City of Sacramento City Council is unlikely to agree to waive the outstanding interest on the Promissory Note.

11.2 Seller's Conditions to Closing. The obligations of Seller under this Agreement to close the sale and convey the Property to Purchaser are subject to satisfaction of all of the conditions set forth in this Section 11.2. Seller may waive any or all of such conditions in whole or in part, but any such waiver shall be effective only if made in writing.

a. Purchase Price.

(i) Purchaser shall have deposited into Escrow the Cash Component of the Purchase Price, together with all Escrow and Closing costs and fees apportioned to Purchaser; and

(ii) Purchaser shall have assumed, pursuant to Approved Loan Assumption Documents, all of Seller's obligations under and in connection with the Promissory Note and Deed of Trust, including, without limitation, all Payment Obligations, and SHRA shall have affirmatively consented to such assumption and released Seller from any and all obligations and/or liability under the Promissory Note and Deed of Trust, thereby satisfying the Loan Assumption Component of the Purchase Price.

b. Performance of Obligations. Purchaser shall have performed in all material respects all covenants, agreements and obligations required to be performed by it under this Agreement.

c. Delivery into Escrow. Purchaser shall have delivered into Escrow all documents or instruments required to be delivered by Purchaser under this Agreement.

d. Accuracy of Representations and Warranties. On the Closing Date, all representations and warranties made by Purchaser in this Agreement shall be true and correct in all material respects as if made on and as of the Closing Date.

11.3 Failure of a Condition.

a. Failure of a Condition for the Benefit of Purchaser. If any of the conditions to Closing set forth in section 11.1 above are not satisfied in any material respect at the Closing Date for a reason other than the default of Purchaser, Purchaser shall have the option to: (i) waive the condition and close Escrow; or (ii) terminate this Agreement, in which case the Escrow shall be cancelled, and all funds and documents in Escrow shall be returned to the party having deposited the same.

b. Failure of a Condition for the Benefit of Seller. If any of the conditions to Closing set forth in section 11.2 above are not satisfied in any material respect at the Closing Date for a reason other than the default of Seller, Seller shall have the option to: (i) waive the condition and close Escrow; or (ii) terminate this Agreement, in which case the Escrow shall be cancelled, and all funds and documents in Escrow shall be returned to the party having deposited the same.

c. Failure of a Condition Based on a Default. Notwithstanding anything to the contrary in section 11.3(a) or 11.3(b) above, if any condition to Closing set forth in sections 11.1 or 11.2 above is not satisfied at the Closing Date or termination of this Agreement due to a default by a party, such default shall be governed by the provisions of section 14, below.

12. Close of Escrow.

12.1 Deliveries. On or before the Closing Date, the following shall occur (either directly or through Escrow with the Escrow Holder, as is customary for transactions of this type in the State of California):

a. Seller and Purchaser shall execute, acknowledge and deliver one original Assignment for the assignment and assumption of the Ground Lease and Seller's right, title and interest in and to the leasehold interest in the Real Property, and Purchaser shall deliver into Escrow SHRA's original, executed and acknowledged Acknowledgement and Consent to the Assignment.

b. Seller shall execute and deliver to Purchaser the Bill of Sale conveying to Purchaser all of Seller's right, title and interest in and to the Personal Property.

c. Seller and Purchaser shall execute and deliver the Assignment and Assumption of Leases, pursuant to which Seller shall assign all of its right, title and interest in and to the Leases to Purchaser.

d. Seller and Purchaser shall execute and deliver the General Assignment, pursuant to which Seller shall assign to Purchaser all of Seller's right, title and interest in and to the Contracts, the Warranties, the Permits and the Intangible Personal Property.

e. Seller shall execute and deliver to Purchaser and Escrow holder a Certification of Non-Foreign Status that evidences that Seller is exempt from the withholding requirements of Section 1445 of the Internal Revenue Code, in the form provided by Escrow Holder.

f. Seller shall execute and deliver to Purchaser a signed notice, in the form of a Tenant Notice, attached hereto as **Exhibit F**, to be sent to the tenants under the Leases after Closing, advising the tenants that the Real Property has been transferred to Purchaser.

g. If requested by the Title Company, Seller shall execute and deliver an owner's affidavit, in the form requested by the Title Company and reasonably acceptable to Seller (in Seller's commercially reasonable discretion); provided, however, such affidavit (1) shall be limited to the actual knowledge of Seller, (2) shall be directed solely to the Title Company and not Purchaser, and (3) any indemnity obligations contained therein shall be limited to the Title Company (the "Owner's Affidavit").

h. Seller shall deliver to Purchaser an updated Rent Roll prepared by Seller's property management company, identifying any known changes to the Rent Roll previously delivered to Purchaser as part of the Property Documents, and acknowledging and agreeing that: (i) each tenant Lease is unmodified and in full force and effect (or, if modified, stating the nature of such modification and certifying that the Lease, as so modified, is in full force and effect), and the date to which the rent and other charges under each Lease is paid in advance, if any, and (ii) acknowledging that there are not, to Seller's knowledge, any uncured defaults on the part of Seller or tenant under any Lease, or if any defaults are claimed, specifying the nature and any amount of any such default.

i. Seller and Purchaser shall execute and deliver into Escrow the Approved Loan Assumption Documents.

j. If SHRA is a counterparty to the Approved Loan Assumption Documents, Purchaser shall deliver into Escrow counterparts of the Approved Loan Assumption Documents signed by SHRA.

k. If SHRA is not a counterparty to the Approved Loan Assumption Documents, Purchaser shall deliver into Escrow SHRA's written consent to the Approved Loan Assumption Documents and assignment and assumption evidenced thereby, which consent shall include SHRA's affirmative release of Seller from any and all obligations and/or liability under the Promissory Note and Deed of Trust.

l. Seller and Purchaser shall execute and deliver any applicable transfer tax, transfer declarations, ownership information or other disclosure forms or reports required under the laws of the State of California.

m. Purchaser shall pay to Seller the Closing Balance, subject to the adjustments described in Section 12.2 below.

n. Possession of the Property shall be delivered to Purchaser.

12.2 Closing Adjustments and Prorations. The Closing Balance due at Closing shall be subject to adjustment as of the Closing Date in accordance with the following provisions:

a. Income. All rents, charges and revenues of any kind payable under the Leases and actually collected by Seller prior to Closing shall be prorated as of 11:59 p.m. on the day preceding the Closing Date. No proration will be made at Closing for amounts payable under the Leases that have not actually been collected by Seller. Following the Closing, Purchaser shall be entitled to collect all amounts payable under the Leases for the month in which the Closing occurs that have not previously been collected by Seller; provided, however, that Purchaser shall remit to Seller a prorated portion of all such amounts collected by Purchaser within thirty (30) days after collecting the same. Purchaser shall include delinquent rents for periods prior to the month in which the Closing takes place on all bills for rent submitted to tenants for six (6) months after the Closing Date, and all amounts collected by Purchaser after the Closing Date relating to such delinquent rents shall be promptly remitted to Seller; provided, however, that all rents received by Purchaser after the Closing Date shall be deemed to be applied first to the current rental period and to any rent after Closing which is delinquent. Seller shall retain all ownership rights relating to any such delinquent rents, and if Purchaser has not collected the same within six (6) months from Closing, Seller may take such action as it deems necessary to collect such delinquent rents, including the commencement of an action against the tenants under the Leases or any other person liable for such delinquent rents, but Seller shall not have the right to cause the tenancy of such tenants to be terminated.

b. Security Deposits. The unapplied portion of all security deposits under the Leases shall be transferred to Purchaser in accordance with applicable law.

c. Taxes. All real estate and personal property taxes attributable to the Property shall be prorated at Closing. Seller shall pay all such taxes attributable to the Property for any period prior to the Closing Date. If the applicable tax rate and assessed valuation for the Property have not been established for the tax year in which Closing occurs, the proration of real estate taxes and personal property taxes shall be based upon the most recent tax statement for the Property, with such proration to be adjusted in cash between Seller and Purchaser promptly after presentation of written evidence that the actual taxes payable for the year in which Closing

occurs differ from the amounts used for proration purposes at Closing. Seller shall have no obligation to discharge any special assessments or similar impositions levied or imposed against the Real Property. The current installments under any such assessments or impositions shall be prorated as of the Closing Date, and Purchaser shall acquire the Real Property subject to the remaining balances of such assessments and impositions.

d. Operating Expenses. Seller and Purchaser shall attempt to have all Contracts and any other agreements that affect the Property and for which the charges are based upon usage (including utilities) billed or read as of the date as close to the Closing Date as is reasonably possible. Charges for any of the same which are not read on the Closing Date shall be prorated between Purchaser and Seller based on the number of days during the period covered by the statement therefor during which each party owned the Property, allocating the Closing Date to Purchaser. Seller shall be entitled to a credit at Closing for the amount of any deposits that Seller has made with any of the utility services or companies servicing the Property to be conveyed by Seller, to the extent said deposits are not returned to Seller and are credited to Purchaser's account. Purchaser shall arrange with all utility services and companies servicing the Property to have new accounts started in the name of Purchaser beginning at 12:01 a.m. local time on the Closing Date.

e. Insurance. No insurance policies of Seller are to be transferred to Purchaser, and no apportionment of the premiums therefor shall be made. Purchaser acknowledges that it shall be responsible for securing its own insurance for the Property.

f. Closing Costs. Seller shall pay any applicable County and City transfer taxes, the CLTA premium for the Title Policy for the leasehold interest, and one-half (1/2) of the cost of any closing or escrow fees and recording fees charged by the Escrow holder that are not the obligation of Purchaser below. Purchaser shall pay the cost of recording the Assignment, one-half (1/2) of the cost of any closing or escrow fees and recording fees charged by the Escrow holder, all premiums for upgrading the Title Policy to an ALTA policy with extended coverage and the premiums for all endorsements required by Purchaser. All other closing costs shall be paid in accordance with the custom in Sacramento County. Each party shall pay its own attorneys' fees.

12.3 Settlement Statements. At Closing, Seller and Purchaser shall execute settlement statements to reflect the credits, prorations and adjustments contemplated by or specifically provided for in this Agreement.

12.4 Post-Closing Adjustments. In general, Seller shall be entitled to all income, and shall pay all expenses, relating to the operation of the Property for the period prior to the Closing Date, and Purchaser shall be entitled to all income, and shall pay all expenses, relating to the operation of the Property for the period commencing on the Closing Date. Purchaser and Seller shall undertake, within sixty (60) days following Closing, to adjust between themselves, as of the Closing Date, any income or expenses of the Property that are not adjusted on the settlement statement or that are based upon estimates on the settlement statement and require re-proration following the Closing based upon actual income, costs or expenses.

### 13. Risk of Loss.

13.1 Condemnation. If, prior to the Closing, action is initiated to take any of the Real Property by eminent domain proceedings or by deed in lieu thereof, Seller shall promptly notify Purchaser of the same and Purchaser may either at or prior to Closing (i) terminate this



Agreement, or (ii) consummate the Closing, in which latter event all of Seller's assignable right title and interest in and to the award of the condemning authority shall be assigned to Purchaser at the Closing and there shall be no reduction in the Purchase Price.

13.2 Casualty. Except as otherwise provided in this Agreement, Seller assumes all risks and liability for damage to or injury occurring to the Property by fire, storm, accident, or any other casualty or cause until the Closing has been consummated. If the Property, or any part thereof, suffers any damage in excess of \$50,000.00 prior to the Closing from fire or other casualty, Seller shall promptly notify Purchaser and provide Purchaser with all relevant information relating to the casualty, the extent and probable costs of repair (to the extent known by Seller) and the available insurance proceeds, and if Seller, at its sole option, does not elect to repair, Seller shall promptly notify Purchaser of such determination prior to the Closing ("Casualty Notice"). If the Casualty Notice is issued within ten (10) Business Days of the scheduled Closing Date, then the Closing Date shall be deferred to a date that is fifteen (15) days after the Casualty Notice, and not more than ten (10) Business Days after the Casualty Notice, Purchaser shall elect by notice to either (a) terminate this Agreement, or (b) consummate the Closing. If Purchaser elects to terminate the transaction, it shall be treated as a failure of a Purchaser's Closing Condition. If Purchaser elects to proceed with the purchase of the Property, then all of Seller's right, title and interest in and to the proceeds of any insurance covering such damage shall be assigned to Purchaser at the Closing (less an amount equal to (i) any expenses and costs incurred in good faith by Seller to repair or restore the Property and (ii) any separate portion of such proceeds paid or to be paid on account of the loss of rents or other income from the Property for the period prior to and including the Closing Date, all of which shall be payable to Seller) but only to the extent the amount of such insurance does not exceed the Purchase Price. If the Property, or any part thereof, suffers any damage of less than \$50,000.00 prior to the Closing, and such casualty does not materially impair the ability of the Building to remain open for business, the parties agree that Purchaser will complete the purchase, but the Purchase Price shall be reduced by the costs of repair for such casualty.

#### 14. Remedies Upon Default.

14.1 Seller Default. In the event Seller defaults in the performance of its obligations under this Agreement and the purchase of the Property as contemplated under this Agreement is not consummated due to Seller's default, Purchaser's sole and exclusive remedy shall be to either: (i) terminate this Agreement and seek actual damages up to, but not to exceed, a cumulative total amount of Fifty Thousand Dollars (\$50,000); or (ii) pursue an action for specific performance. Notwithstanding the cap on actual damages available to Purchaser under 14.1(i) above, in the event that Seller, in bad faith and in breach of this Agreement, acts to preclude or otherwise frustrate Purchaser's ability to obtain the remedy of specific performance and Purchaser is unable to obtain the remedy of specific performance due to Seller's bad faith acts in breach of this Agreement, the cap on actual damages available to Purchaser under 14.1(i) shall not apply.

14.2 Purchaser Default. In the event Purchaser defaults in the performance of its obligations under this Agreement, Seller shall be entitled to pursue all remedies available to Seller at law or in equity, subject to the limitations in section 14.4 below.

14.3 Cure Period. No party shall be in default under this Agreement unless the other party first provides it written notice of default and the defaulting party thereafter fails within five (5) days after receipt of such notice of default to either cure such default or, if such default cannot reasonably be cured within said 5-day period, diligently commence such actions reasonably necessary to cure such default within such five (5) day period, and thereafter, cures such default not later than ten (10) business days after receipt of such notice of default.

14.4 No Additional Damages. Notwithstanding anything to the contrary set forth above, in no event shall either party be liable to the other for any loss of bargain, loss profit, or any special, punitive, compensatory or consequential damages in connection with any claim or suit by either party against the other for any reason.

15. Brokers. Seller and Purchaser each represent and warrant to the other that it has not negotiated or dealt with any real estate broker, salesperson or agent in connection with the making of this Agreement or the transaction contemplated hereby, or incurred any liability for the payment of any brokerage fee, commission or compensation to any such broker, salesperson or agent. Seller and Purchaser agree to save and hold each other, and their respective shareholders, directors, officers, members, managers, partners, trustees, employees, agents, successors and assigns, free, clear and harmless from any claim, cost or expense, including reasonable attorneys' fees, for or in connection with any breach of the representation and warranty made by each respective party in this Section and any claim for commissions or compensation claimed or asserted by or through each respective party in connection with the transaction contemplated herein. The provisions of this Section 15 shall survive any termination of this Agreement.

16. Miscellaneous.

16.1 Entire Agreement. No change or modification of this Agreement shall be valid unless the same is in writing and signed by the parties hereto. No waiver of any of the provisions of this Agreement shall be valid unless in writing and signed by the party against whom it is sought to be enforced. This Agreement contains the entire agreement between the parties relating to the purchase and sale of the Property and supersedes all prior understandings and agreements between the parties. There are no promises, agreements, conditions, undertakings, warranties, or representations, oral or written, express or implied, between the parties other than as herein set forth.

16.2 Severability. If any term or provision of this Agreement shall, to any extent, be held invalid or unenforceable, the remainder of this Agreement shall not be affected, so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner adverse to either party. Upon such determination that any term or provision illegal or incapable of being enforced, the parties hereto, shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner to the end that transactions contemplated hereby are fulfilled to the greatest extent possible.

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

16.4 Attorneys' Fees. Should either party employ attorneys to enforce any of the provisions hereof, or should any action or proceeding involving the parties arise that is in any way related to this Agreement and/or the Property, the prevailing party in any such action or proceeding shall be entitled to receive from the other party all of the prevailing party's reasonable costs, charges and expenses, including attorneys' fees and expenses, expert's fees and expenses, and court costs, expended or incurred in connection therewith. The provisions of this Section 16.4 shall survive the Closing and any termination of this Agreement.

16.5 Time of the Essence; Time for Performance. Time is of the essence of this Agreement. In computing any period of time herein, the date of the act or event from which the designated period of time begins to run shall not be included. If any date for performance herein falls on a Saturday, Sunday or holiday, as defined in section 6700 of the California Government Code, the time for such performance shall be extended to 5:00 p.m. Pacific Time on the next business day. A "business day" shall mean a day that is not a Saturday, Sunday or legal holiday in the State of California, or a holiday observed by Escrow Holder or the County of Sacramento Recorder.

16.6 Notices. All notices, demands, consents, requests or other communications required to or permitted to be given pursuant to this Agreement shall be in writing, shall be given only in accordance with the provisions of this section, shall be addressed to the parties in the manner set forth below, and shall be conclusively deemed to have been properly delivered and received by the receiving party (a) upon receipt when hand delivered, (b) upon receipt when sent by email to the address set forth below (provided that such email generates no receipt or other message that such delivery was ineffective), (c) upon the day of delivery if the notice has been deposited in an authorized receptacle of the United States Postal Service as first-class, registered or certified mail, postage prepaid, with a return receipt requested (provided that, the sender has in its possession the return receipt to prove actual delivery), or (d) upon actual delivery if deposited with any commercially-recognized overnight carrier that routinely issues receipts (provided that, the sending party receives a confirmation of actual delivery from the courier). The addresses of the parties to receive notices are as follows:

If to Seller:

Sixteenth & O Street  
62 Riverknoll Place  
Carmichael, CA 95608  
Attn: Herbert T. Krumpe  
Email: goldminr@aol.com

If to Purchaser:

Capitol Area Development Authority  
1522 14<sup>th</sup> Street  
Sacramento, CA 95814  
Attention: Danielle Foster  
Email: dfoster@cadanet.org

with a copy to:

Kronick Moskovitz Tiedemann & Girard  
1331 Garden Hwy, 2<sup>nd</sup> Floor  
Sacramento, CA 95833  
Attn: Jeffrey A. Mitchell  
Email: jmitchell@kmtg.com

If any notice is refused, the notice shall be deemed to have been delivered upon such refusal. Any notice delivered after 5:00 p.m. (recipient's time) or on a non-business day shall be deemed delivered on the next business day. A party may change or supplement the addresses given above, or designate additional addressees, for purposes of this section by delivering to the other Party written notice in the manner set forth above. A notice, consent or approval sent/delivered in any manner outlined above by counsel to a party (whether or not identified above as a "copy to" recipient) shall constitute effective delivery of such notice, consent or approval and shall be binding on such party as if sent by such party.

16.7 Headings. The paragraph headings which appear in some of the Sections of this Agreement are for purposes of convenience and reference and are not in any sense to be construed as modifying the Sections in which they appear.

16.8 Assignment. This Agreement shall not be assignable by Purchaser without the prior written consent of Seller, which consent may be withheld in Seller's sole and absolute discretion.

16.9 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and permitted assigns.

16.10 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed a duplicate original, but all of which when taken together shall constitute one and the same agreement.

16.11 Interpretation. This Agreement shall not be interpreted or construed as if it had been prepared by one of the parties, but rather as if both parties had prepared the same.

16.12 Confidentiality. Without the other party's prior written consent, which may be given or withheld in a party's reasonable discretion, neither party shall make or permit any public or private disclosure of the economic terms of this Agreement, and Purchaser shall not make or permit any public or private disclosure of any of the Property Documents or any information and documents obtained or generated during Purchaser's Feasibility Review (except to Purchaser's lenders, investors, accountants, attorneys or as required herein or by law). Any disclosure made pursuant to the preceding sentence, except for those required by law, shall indicate that the information is confidential and should be so treated by the recipient.

16.13 Further Assurances. Purchaser and Seller agree that at any time and from time to time after the execution of this Agreement, whether before or after any Closing, either party will (at no material cost to such party, and without any obligation on the part of such party to incur liability or incur any additional obligations), upon the request of the other party, execute and deliver such further documents and do such further acts and things as such party may reasonably request in order to effect fully the purposes of this Agreement.

16.14 Emailed/Facsimile/Electronic Signatures. In order to expedite the transaction contemplated herein, faxed or scanned and emailed or electronic signatures and initials may be used in place of original signatures and initials on this Agreement. Seller and Purchaser intend to be bound by the signatures and initials on the faxed or emailed or e-signed document, are aware that the other party will rely on the faxed or scanned and emailed or electronic signatures and initials, and hereby waive any defenses to the enforcement of the terms of this Agreement based on the form of signature or initialization.

*[The remainder of this page has been intentionally left blank.]*

**IN WITNESS WHEREOF**, the parties have caused this Agreement to be executed on the date(s) set forth below, but effective as of the date first set forth above.

**SELLER:**

**Sixteenth & O Street**, a California limited partnership

By: \_\_\_\_\_  
Name: Herbert T. Krumpe, Trustee of the Krumpe  
Family Revocable Trust of 2010  
Title: General Partner

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

By: \_\_\_\_\_  
Name: Nancy Fisher, Trustee of the  
Fisher Survivor's Trust  
Title: General Partner

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

**PURCHASER:**

**Capitol Area Development Authority**,  
a California joint powers agency

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

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

The undersigned joins in the execution of this Agreement in order to acknowledge its agreement to act as escrow agent under the terms of this Agreement.

**ESCROW HOLDER:**

Placer Title Company

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

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

**EXHIBIT A**

(Legal Description)

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF SACRAMENTO, COUNTY OF SACRAMENTO, STATE OF CALIFORNIA AND IS DESCRIBED AS FOLLOWS:

Lots 6 and 7 in the Blocks bounded by "N" and "O" and 16th and 17th streets in the City of Sacramento, according to the official map or plat thereof.

APN: 006-0233-026-0000

**EXHIBIT B**

(See attached Form of Ground Lease Assignment and Assumption Agreement)



Exempt from recording fees as per  
Gov't. Code Sec. 27383 and 6103

RECORDING REQUESTED BY AND  
WHEN RECORDED MAIL TO:

Capitol Area Development Authority  
1522 14th Street  
Sacramento, California 95814  
Attention: Executive Director

Space above used for County Recorder Only

### **GROUND LEASE ASSIGNMENT AND ASSUMPTION AGREEMENT**

This Ground Lease Assignment and Assumption Agreement ("Agreement") is entered into this \_\_\_\_ day of \_\_\_\_\_, 202\_, by and between the **Capitol Area Development Authority**, a joint powers agency ("Authority") and **Sixteenth and O Street**, a California limited partnership (the "Developer").

#### RECITALS

A. On or about December 1, 1992, the State of California ("State") and Authority entered into a State Lease, recorded December 11, 1992 in the Official Records of Sacramento County at Book 921211, Page 1173 (the "State Lease") pursuant to which Authority leases from the State that certain real property located at 1609-1623 O Street, City of Sacramento ("City"), County of Sacramento ("County"), California, APN 006-0233-026, as legally described in **Exhibit A**, attached hereto and incorporated herein (the "Property").

B. On or about December 1, 1992, Authority and Developer entered into a Development Ground Lease for the lease and development of the Property, as amended by that certain First Amendment to Development Ground Lease recorded January 11, 1994, in Book 940111, Page 1832 of the Official Records of Sacramento County (collectively, the "Ground Lease"). The Property was improved by Developer with an apartment complex commonly known as "The Terraces at Capitol Park."

C. The term of the Ground Lease expires on November 30, 2051, and on or about \_\_\_\_\_, 2023, Authority and Developer executed a Purchase and Sale Agreement, whereby Authority agreed to buy the Developer's remaining leasehold interest in the Property along with Developer's interest in the improvements and personal property located on and used in connection with the Property (collectively, "Developer's Interests").

D. The parties wish to enter into this Agreement to effectuate the assignment of the Ground Lease to Authority upon and concurrently with Authority's purchase of Developer's Interests (the "Closing").

## AGREEMENT

1. Assignment. As of the date of Closing, Developer hereby assigns and transfers to Authority all of its right, title, and interest in the Ground Lease, and Authority accepts from Developer all of Developer's right, title, and interest in the Ground Lease, subject to the terms and conditions set forth in this Agreement.
2. Assumption. As of the date of Closing, Authority assumes and agrees to perform and fulfill all the terms, covenants, conditions, and obligations required to be performed and fulfilled by Developer under the Ground Lease, including the making of all payments due to or payable under the Ground Lease as they become due and payable.
3. Indemnification. Authority shall indemnify, defend, protect and hold harmless Developer from and against any claim, cause of action, liability, loss, costs, or expense, including, without limitation, attorney fees and court costs, relating to the failure of Authority to fulfill obligations under the Ground Lease subsequent to the date of Closing. Developer shall indemnify, defend, protect and hold harmless Authority from and against any third-party Claims (as defined below) to the extent relating to the failure of Developer to fulfill obligations under the Ground Lease prior to the date of Closing. "Claims," as used herein, means any claim, cause of action, liability, loss, costs, or expense, including, without limitation, attorney fees and court costs. For the avoidance of doubt, "third party" as used above does not include, and specifically excludes, Authority.
4. No Merger. It is the intent of the parties that upon execution, delivery and recordation of this Agreement and the consummation of the Closing, the Agreement shall not merge with the Ground Lease, the interests of lessor and lessee under the Ground Lease shall not merge, and that the Ground Lease will remain in full force and effect notwithstanding that the interest of lessor and lessee under the Ground Lease are held by Authority.
5. Authority. Each of the parties signing this Agreement on behalf of Authority or Developer personally represents and warrants that he or she has full authority to sign this Agreement on behalf of the party for which he or she signs.
6. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which when taken together shall constitute one and the same agreement.
7. Attorney Fees. In the event of the bringing of any action or suit by a party hereto against another party hereunder by reason of any breach of any of the covenants, conditions, agreements, or provisions on the part of the other party arising out of this Agreement, then, in that event, the prevailing party shall be entitled to have and recover of and from the other party all costs and expenses of the action or suit, including reasonable attorneys' fees and experts' costs and fees.

[Signatures on following page]

The parties have executed this Agreement as of the date first set forth above.

Authority:

**Capitol Area Development Authority,**  
a California joint powers agency

By: \_\_\_\_\_  
Danielle Foster, Executive Director

Developer:

**Sixteenth and O Street,**  
a California limited partnership

By: \_\_\_\_\_  
Name: Herbert T. Krumpke, Trustee of the Krumpke  
Family Revocable Trust of 2010  
Title: General Partner

By: \_\_\_\_\_  
Name: Nancy Fisher, Trustee of the  
Fisher Survivor's Trust  
Title: General Partner

**ACKNOWLEDGEMENT AND CONSENT:**

The undersigned hereby acknowledges and consents to the Ground Lease Assignment and Assumption Agreement.

Sacramento Housing and Redevelopment Agency

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

**EXHIBIT A**  
**to GROUND LEASE ASSIGNMENT AND ASSUMPTION AGREEMENT**

(Legal Description)

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF SACRAMENTO,  
COUNTY OF SACRAMENTO, STATE OF CALIFORNIA AND IS DESCRIBED AS FOLLOWS:

Lots 6 and 7 in the Blocks bounded by "N" and "O" and 16th and 17th streets in the City of  
Sacramento, according to the official map or plat thereof.

APN: 006-0233-026-0000

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

**ACKNOWLEDGEMENT**

State of California )  
County of \_\_\_\_\_ )

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

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

WITNESS my hand and official seal.

\_\_\_\_\_  
Notary Public

(Notary Seal)

**EXHIBIT C**

**BILL OF SALE**

**Sixteenth and O Street**, a California limited partnership ("Seller"), for and in consideration of Ten Dollars (\$10.00) and other good and valuable consideration received, does hereby sell, assign, grant and convey to **Capitol Area Development Authority**, a California joint powers agency ("Purchaser"), all equipment, supplies, furniture, fixtures, furnishings, appliances and other personal property (the "Personal Property") owned by Seller and used in connection with the maintenance and operation of the real property described on **Exhibit A**, attached hereto and incorporated herein. A list of the Personal Property is attached as **Exhibit B**, attached hereto and incorporated herein.

Seller makes no representations and warranties with respect to the Personal Property. The Personal Property is conveyed to Purchaser "AS IS, WHERE IS."

IN WITNESS WHEREOF, Seller has caused this Bill of Sale to be executed effective as of the \_\_\_ day of \_\_\_\_\_, 2023.

**SELLER:**

**Sixteenth & O Street**, a  
California limited partnership

By: \_\_\_\_\_  
Name: Herbert T. Krumpe, Trustee of the Krumpe  
Family Revocable Trust of 2010  
Title: General Partner

By: \_\_\_\_\_  
Name: Nancy Fisher, Trustee of the  
Fisher Survivor's Trust  
Title: General Partner

**EXHIBIT A TO BILL OF SALE**

(Legal Description)

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF SACRAMENTO, COUNTY OF SACRAMENTO, STATE OF CALIFORNIA AND IS DESCRIBED AS FOLLOWS:

Lots 6 and 7 in the Blocks bounded by "N" and "O" and 16th and 17th streets in the City of Sacramento, according to the official map or plat thereof.

APN: 006-0233-026-0000

**EXHIBIT B TO BILL OF SALE**

(List of Personal Property)

[TO BE ATTACHED PRIOR TO CLOSING]



**EXHIBIT D**

(See attached Form of Assignment and Assumption of Leases)

## ASSIGNMENT AND ASSUMPTION OF LEASES

THIS ASSIGNMENT AND ASSUMPTION OF LEASES (this "Assignment") is made and entered into effective as of \_\_\_\_\_, 2023, by and between **Sixteenth and O Street**, a California limited partnership ("Assignor") and **Capitol Area Development Authority**, a California joint powers agency ("Assignee").

### Recitals

This Assignment is made with respect to the following facts:

A. On or about December 1, 1992, the State of California ("State") and Assignee entered into a State Lease, recorded December 11, 1992 in the Official Records of Sacramento County at Book 921211, Page 1173 (the "State Lease") pursuant to which Authority leases from the State that certain real property located at 1609-1623 O Street, City of Sacramento ("City"), County of Sacramento ("County"), California, APN 006-0233-026, as legally described in **Exhibit A**, attached hereto and incorporated herein (the "Property").

B. On or about December 1, 1992, Assignee and Assignor entered into a Development Ground Lease for the lease and development of the Property, as amended by that certain First Amendment to Development Ground Lease recorded January 11, 1994, in Book 940111, Page 1832 of the Official Records of Sacramento County (collectively, the "Ground Lease"). The Property was improved by Assignor with an apartment complex commonly known as "The Terraces at Capitol Park."

A. Assignor has, as of the date hereof, conveyed to Assignee Assignor's remaining leasehold interest in the Property under the Ground Lease ("Assignor's Leasehold Interest") pursuant to that certain Purchase and Sale Agreement dated \_\_\_\_\_, 2023 (the "Purchase Agreement"), pursuant to which Assignor has agreed, among other things, to sell, assign, transfer and convey to Assignee Assignor's Leasehold Interest.

B. Assignor's Leasehold Interest is subject to certain lease agreements delivered to Assignee by Assignor as of the date hereof (such lease agreements, together with all other leases, tenancies or occupancy arrangements now or hereafter affecting any portion of Assignor's Leasehold Interest and all rent, income and proceeds arising therefrom being hereinafter referred to as the "Leases" and each a "Lease").

C. In connection with the conveyance of Assignor's Leasehold Interest, Assignor has agreed to assign all of its right, title and interest in and to the Leases to Assignee, and Assignee has agreed to assume and perform all of Assignor's liabilities and obligations arising under the Leases from and after the date hereof.

### Assignment

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

1. Assignment. Assignor hereby assigns, transfers and conveys to Assignee all of Assignor's right, title and interest as landlord or lessor in, to and under the Leases set forth in **Exhibit B**, attached hereto and incorporated herein; provided, that Assignor reserves the right

to receive and collect any rents due from the tenants under the Leases prior to the date hereof, in accordance with Section 12.2(a) of the Purchase Agreement.

2. Assumption. Assignee hereby accepts such assignment and assumes all liabilities and obligations of Assignor under the Leases which relate to the periods from and after the date hereof and agrees (a) to perform all obligations of Assignor under the Leases which are to be performed or which become due on or after the date hereof; and (b) to repay or account for all security deposits paid by the tenants under the Leases. Assignee agrees to indemnify, protect and defend Assignor against, and hold Assignor harmless from, any and all claims, costs, liabilities, loss, damage and/or expense (including, without limitation, reasonable attorneys' and experts' fees and costs and court costs) arising after the date hereof due to the failure of Assignee to perform the obligations assumed by Assignee under this Assignment.

EXCEPT FOR ASSIGNORS EXPRESS REPRESENTATIONS CONTAINED IN THE PURCHASE AGREEMENT AND ANY OTHER DOCUMENTS PROVIDED BY ASSIGNOR UNDER THE TERMS OF THE PURCHASE AGREEMENT, ASSIGNEE ACKNOWLEDGES AND AGREES, BY ITS ACCEPTANCE HEREOF, THAT, EXCEPT AS EXPRESSLY PROVIDED IN THE PURCHASE AGREEMENT, THE LEASES ARE CONVEYED "AS IS, WHERE IS" AND IN THEIR PRESENT CONDITION WITH ALL FAULTS, AND THAT ASSIGNOR HAS NOT MADE, DOES NOT MAKE, AND SPECIFICALLY DISCLAIMS, ANY REPRESENTATIONS, WARRANTIES, PROMISES, COVENANTS, AGREEMENTS, OR GUARANTEES OF ANY KIND OR CHARACTER WHATSOEVER, WHETHER EXPRESS OR IMPLIED, ORAL OR WRITTEN, PAST, PRESENT OR FUTURE, OF, AS TO, CONCERNING OR WITH RESPECT TO THE NATURE, QUALITY, OR CONDITION OF THE LEASES, THE INCOME TO BE DERIVED THEREFROM, OR THE ENFORCEABILITY, MERCHANTABILITY, OR FITNESS FOR ANY PARTICULAR PURPOSE OF THE LEASES.

3. Successors and Assigns. This Assignment shall be binding upon and inure to the benefit of the parties' respective successors and assigns.

4. Counterparts. This Assignment may be executed in counterparts, each of which shall be deemed a duplicate original.

5. Attorney Fees. In the event of the bringing of any action or suit by a party hereto against another party hereunder by reason of any breach of any of the covenants, conditions, agreements, or provisions on the part of the other party arising out of this Assignment, then, in that event, the prevailing party shall be entitled to have and recover of and from the other party all costs and expenses of the action or suit, including reasonable attorneys' fees and experts' costs and fees.

[Signatures on following page]

**IN WITNESS WHEREOF**, the parties have executed this Assignment as of the date set forth above.

**ASSIGNOR:**

**Sixteenth and O Street**, a California limited partnership

By: \_\_\_\_\_  
Name: Herbert T. Krumpe, Trustee of the Krumpe  
Family Revocable Trust of 2010  
Title: General Partner

By: \_\_\_\_\_  
Name: Nancy Fisher, Trustee of the  
Fisher Survivor's Trust  
Title: General Partner

**ASSIGNEE:**

**Capitol Area Development Authority**,  
a California joint powers agency

By: \_\_\_\_\_  
Name: Danielle Foster  
Title: Executive Director

**EXHIBIT A TO ASSIGNMENT AND ASSUMPTION OF LEASES**

(Legal Description)

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF SACRAMENTO, COUNTY OF SACRAMENTO, STATE OF CALIFORNIA AND IS DESCRIBED AS FOLLOWS:

Lots 6 and 7 in the Blocks bounded by "N" and "O" and 16th and 17th streets in the City of Sacramento, according to the official map or plat thereof.

APN: 006-0233-026-0000

**EXHIBIT B TO ASSIGNMENT AND ASSUMPTION OF LEASES**

(List of Leases)

[TO BE ATTACHED PRIOR TO CLOSING]

**EXHIBIT E**

(See attached Form General Assignment)

## GENERAL ASSIGNMENT

THIS GENERAL ASSIGNMENT (this "Assignment") is made as of \_\_\_\_\_, 2023, by and between **Sixteenth and O Street**, a California limited partnership ("Assignor") and **Capitol Area Development Authority**, a California joint powers agency ("Assignee").

### Recitals

This Assignment is made with respect to the following facts:

A. On or about December 1, 1992, the State of California ("State") and Assignee entered into a State Lease, recorded December 11, 1992 in the Official Records of Sacramento County at Book 921211, Page 1173 (the "State Lease") pursuant to which Authority leases from the State that certain real property located at 1609-1623 O Street, City of Sacramento ("City"), County of Sacramento ("County"), California, APN 006-0233-026, as legally described in **Exhibit A**, attached hereto and incorporated herein (the "Property").

B. On or about December 1, 1992, Assignee and Assignor entered into a Development Ground Lease for the lease and development of the Property, as amended by that certain First Amendment to Development Ground Lease recorded January 11, 1994, in Book 940111, Page 1832 of the Official Records of Sacramento County (collectively, the "Ground Lease"). The Property was improved by Assignor with an apartment complex commonly known as "The Terraces at Capitol Park," and the Property, together with the improvements located thereon, are collectively referred to herein as the "Real Property."

C. Assignor has, as of the date hereof, conveyed to Assignee Assignor's remaining leasehold interest in the Real Property under the Ground Lease ("Assignor's Leasehold Interest") pursuant to that certain Purchase and Sale Agreement dated \_\_\_\_\_, 2023 (the "Purchase Agreement"), pursuant to which Assignor has agreed, among other things, to sell, assign, transfer and convey to Assignee Assignor's Leasehold Interest.

D. In connection with its conveyance of Assignor's Leasehold Interest to Assignee, Assignor has agreed to assign to Assignee all of Assignor's right, title and interest in and to certain property and contract rights and other matters more fully described below.

### Assignment

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

1. Assignment. Assignor hereby transfers, grants, conveys and assigns to Assignee all of Assignor's right, title and interest in and to the following:

(a) The contracts and contract rights specified on **Exhibit B**, attached hereto and incorporated herein (the "Contracts"), to the extent such rights are assignable;

(b) Any and all unexpired warranties, guaranties and sureties relating to the Real Property, to the extent the same are assignable;



(c) Any and all governmental permits, licenses, certificates and authorizations, relating to Assignor's use of or operations on the Real Property, to the extent that they are assignable and only to the extent that they relate to the Real Property;

(d) All intangible personal property owned by Assignor and used in connection with Assignor's operations on the Real Property; and

(e) Any and all other rights, privileges and appurtenances owned by Assignor and in any way related to, or used in connection with the operation of the Real Property.

3. Assumption. Assignee hereby accepts such assignment and assumes all liability and obligations of Assignor under the Contracts which relate to the periods from and after the date hereof and agrees to perform all obligations of Assignor under the Contracts which are to be performed or which become due on or after the date hereof. Assignee agrees to indemnify, protect and defend Assignor against, and hold Assignor harmless from, any and all claims, costs, liabilities, loss, damage and/or expense (including, without limitation, reasonable attorneys' and experts' fees and costs and court costs) arising after the date hereof due to the failure of Assignee to perform the obligations assumed by Assignee under this Assignment.

5. Successors and Assigns. This Assignment shall be binding upon and inure to the benefit of the parties' respective successors and assigns.

6. Counterparts. This Assignment may be executed in counterparts, each of which shall be deemed a duplicate original.

7. Attorney Fees. In the event of the bringing of any action or suit by a party hereto against another party hereunder by reason of any breach of any of the covenants, conditions, agreements, or provisions on the part of the other party arising out of this Assignment, then, in that event, the prevailing party shall be entitled to have and recover of and from the other party all costs and expenses of the action or suit, including reasonable attorneys' fees and experts' costs and fees.

[Signatures on following page]

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

**ASSIGNOR:**

**Sixteenth and O Street,**  
a California limited partnership

By: \_\_\_\_\_  
Name: Herbert T. Krumpe, Trustee of the Krumpe  
Family Revocable Trust of 2010  
Title: General Partner

By: \_\_\_\_\_  
Name: Nancy Fisher, Trustee of the  
Fisher Survivor's Trust  
Title: General Partner

**ASSIGNEE:**

**Capitol Area Development Authority,**  
a California joint powers agency

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

**EXHIBIT A TO GENERAL ASSIGNMENT**

(Legal Description)

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF SACRAMENTO, COUNTY OF SACRAMENTO, STATE OF CALIFORNIA AND IS DESCRIBED AS FOLLOWS:

Lots 6 and 7 in the Blocks bounded by "N" and "O" and 16th and 17th streets in the City of Sacramento, according to the official map or plat thereof.

APN: 006-0233-026-0000

**EXHIBIT B TO GENERAL ASSIGNMENT**

(List of Contracts)

[TO BE ATTACHED PRIOR TO CLOSING]

**EXHIBIT F**

(Form Tenant Notice)

\_\_\_\_\_, 2023

TO: ALL TENANTS OF \_\_\_\_\_

Dear Tenant:

You are hereby notified that the rights of Sixteenth and O Street in the real property and improvements located at \_\_\_\_\_ (the "Property") were transferred to Capitol Area Development Authority (the "New Landlord"), as of \_\_\_\_\_, 2023.

In connection with this transfer, you are hereby notified that the obligation for your security deposit pursuant to the terms of your lease (the "Lease") has been assumed by the New Landlord. Should any issues arise with regard to your security deposit, or should you be entitled to a refund of all or a portion of your security deposit under the terms of the Lease, you are to look solely to the New Landlord with regard to such issues or for such refund.

Should you need to contact the New Landlord with regard to any matter pertaining to the Property and/or your security deposit, you may contact \_\_\_\_\_ either in writing at \_\_\_\_\_, or by telephone at \_\_\_\_\_.

**Sixteenth and O Street,**  
a California limited partnership

By: \_\_\_\_\_  
Name: Herbert T. Krumpe, Trustee of the Krumpe  
Family Revocable Trust of 2010  
Title: General Partner

By: \_\_\_\_\_  
Name: Nancy Fisher, Trustee of the  
Fisher Survivor's Trust  
Title: General Partner

**ASSIGNMENT, ASSUMPTION AND RELEASE  
FOR  
THE TERRACES AT CAPITOL PARK**

**The Sacramento Housing and Redevelopment Agency**, a joint powers agency (“Lender”), whose address is 801 12<sup>th</sup> Street, Sacramento, California 95814, **Sixteenth and O Street**, a California limited partnership (“Assignor”) whose address is 62 Riverknoll Place, Carmichael, CA 95608, and **Capitol Area Development Authority**, a California joint powers agency (“Assignee”) whose address is 1522 14<sup>th</sup> Street, Sacramento, CA 95814, enter into this Assignment, Assumption and Release (this “Agreement”) as of \_\_\_\_\_, 202\_\_ (“Effective Date”).

**BACKGROUND**

A. On or about December 1, 1992, the State of California and Authority entered into a State Lease, recorded December 11, 1992 in the Official Records of Sacramento County at Book 921211, Page 1173, pursuant to which Assignee leases from the State that certain real property located at 1609-1623 O Street, City of Sacramento, County of Sacramento, California, APN 006-0233-026, as legally described in **Exhibit A**, attached hereto and incorporated herein (the “Property”).

B. On or about December 1, 1992, Assignee and Assignor entered into a Development Ground Lease for the lease and development of the Property, as amended by that certain First Amendment to Development Ground Lease recorded January 11, 1994, in Book 940111, Page 1832 of the Official Records of Sacramento County (collectively, the “Ground Lease”). The Property was improved by Assignor with an apartment complex commonly known as “The Terraces at Capitol Park” (the “Project”).

C. In connection with development of the Property under the Ground Lease, Lender and Assignor entered into that certain Construction Note Secured by Deed of Trust dated as of December 11, 1992, providing for a loan to Assignor in the principal amount of One Million Three Hundred Fifty-One Thousand Seventy-One Dollars and No Cents (\$1,351,071.00), as amended by that certain Promissory Note Modification Agreement, dated October 6, 1993 (collectively, the “Original Note”) for development of the Project on the ground leased Property. The Property is more particularly described in the Legal Description attached to this Agreement as Exhibit 1.

D. The Original Note was secured by that certain Deed of Trust and Assignment of Rents dated December 11, 1992, and recorded on December 11, 1992 at Book 921211, Page 1178, in the Official Records of the County Recorder’s Office of Sacramento County, as amended by that certain First Amendment to Deed of Trust and Assignment of Rents dated October 6, 1993, recorded October 18, 1993 at Book 931018, Page 1921 in the Official Records of the County Recorder’s Office of Sacramento County (collectively, the “Original Deed of Trust”).

E. Pursuant to the Original Note, Lender and Assignor also entered into that certain Agreement Containing Covenants Affecting Real Property dated as of September 30, 1992, and recorded on December 11, 1992, at Book 921211, Page 1177, in the Official Records of the County Recorder’s Office of Sacramento County (“Original Regulatory Agreement” and together with the

Original Note, and the Original Deed of Trust collectively referred to as, the “Original Loan Documents”).

F. Assignee will purchase the Ground Lease from the Assignor pursuant to a purchase and sale agreement (the “Purchase Agreement”) for the Property, dated as of \_\_\_\_\_, 2023 (the “Transfer”) to operate the Project. Assignee has represented to the Lender that the Original Loan must continue for the life of the Project, because other Project funding is not available, and Lender will continue the Original Loan subject to the provisions of this Agreement.

**NOW, THEREFORE**, in consideration of the foregoing and the mutual promises set forth herein, and for other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the parties hereto agree as follows:

### **AGREEMENT**

1. **CONSENT TO TRANSFER.** Subject to satisfaction of all of the conditions contained in this Agreement, Lender consents to the Transfer. This consent is strictly limited to the Transfer described in this Agreement. This Agreement shall not constitute a waiver or modification of any requirement of obtaining Lender’s consent to any future transfer of the Property or any portion of or interest in it, nor shall it constitute a modification of the terms, provisions, or requirements in the Original Loan Documents in any respect except as expressly provided in this Agreement. Assignee specifically acknowledges that any subsequent transfer of any interest in any of the Property or interest in Assignee in violation of the Original Loan Documents shall be a default of the Original Loan.

2. **TITLE ENDORSEMENT.** At closing of the Transfer (the “Closing”), Assignee shall (a) cause Placer Title Company or substitute title company, to issue such endorsement to Lender’s mortgagee’s title insurance policy in such form as Lender may require (“Title Endorsement”), including showing that the Assignee is the owner of the leasehold interest in the Property, changing the effective date of such title policy to the date of the Closing, and showing that the Original Loan Documents are in a lien position subject only to the lien of lienholders approved by Lender in writing, and (b) pay the cost of the Title Endorsement, any escrow, filing or recording fees applicable to this transaction, and Lender’s costs and expenses incurred in connection with this Agreement or this transaction, including Lender’s attorneys’ fees, if any, incurred in connection with this Agreement or this transaction.

3. **ASSIGNEE’S ASSUMPTION OF ORIGINAL LOAN DOCUMENTS.** The Assignor hereby assigns and delegates to Assignee, and Assignee hereby accepts and assumes from Assignor, all of the Assignor’s rights, title, interest and obligations under the Original Loan Documents. Assignee expressly assumes the obligation to pay the unpaid balance due and owing on the Original Loan, all interest on the Original Loan, as provided in the Original Note, and all other obligations under the Original Loan Documents, with the same force and effect as if Assignee had been specifically named therein as the original maker, borrower or grantor, as applicable. Assignee’s assumption of the foregoing obligations (a) is absolute, unconditional and is not subject to any defenses, waivers, claims or offsets, (b) shall not be affected or impaired by any agreement, condition, statement or representation of any person or entity other than Lender. Assignee expressly agrees that it has read, approved and will comply with and is bound by all of the terms,

conditions, and provisions contained in the Original Loan Documents. Assignee specifically agrees that if the Original Note is recourse, Lender's remedies shall not in any respect or extent be limited solely to the Property or any other collateral securing the Original Loan.

4. **NO REPRESENTATIONS OF LENDER.** Lender has made no representations or warranties, either express or implied regarding the Property and has no responsibility whatsoever with respect to the Property, its condition, or its use, occupancy or status, and no claims relating to the Property, its condition, or its use, occupancy or status, will be asserted against Lender or its agents, employees, professional consultants, affiliated entities, successors or assigns, either affirmatively or as a defense.

5. **REPRESENTATIONS AND WARRANTIES.** As a material inducement to Lender to consent to this Agreement and to consent to the Transfer, Assignor and Assignee, each unconditionally, and each signatory who signs on its behalf, to the extent of their actual knowledge, represents and warrants to Lender as follows:

a. Assignor and Assignee are each duly formed and validly exist in the form stated in the preamble above, and are each qualified to do business in California;

b. Assignor and Assignee each have full authority to execute this Agreement, to undertake and consummate the contemplated transactions, and to pay, perform, and observe all of the conditions, covenants, agreements, and obligations;

c. There are no actions, suits, or proceedings pending or, to the best knowledge of Assignor and Assignee, as it pertains to each, threatened against or affecting Assignor and Assignee, the Property, or any part of it, that involves the validity or enforceability of the Original Deed of Trust, the priority of the lien, or the validity or enforceability of any of the other Original Loan Documents, at law or in equity, or before or by any governmental authority. Neither Assignor nor Assignee are in default with respect to any order, writ, injunction, decree, or demand of any court or other governmental authority.

d. The consummation of the transactions covered by this Agreement and the payment and performance of all of the obligations in the Original 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 Assignor and Assignee or any of its general partners (as it pertains to each) is a party or by which it or they or the Property may be bound or affected.

e. Assignee has not received financing for either the acquisition of the Property, the construction of the Project or the permanent financing of the Project except as has been specifically disclosed to and approved by Lender in writing.

6. **RELEASE OF ASSIGNOR.** Lender releases Assignor from all liability and obligations under the Original Loan Documents arising from and after the Closing, including, but not limited to, repayment of the Original Loan, but excepting, without limitation (i) any environmental or other damage to the Property occurring prior to the Closing, (ii) any obligations arising from the Purchase Agreement, (iii) any liability related to or arising from Assignor's or Assignor's



principals' acts or omissions occurring prior to the Closing, and (iv) any liability related to or arising from fraudulent or tortious conduct, including intentional misrepresentation of financial data presented to Lender.

7. **RELEASE OF LENDER.** Assignor and Assignee for themselves and for their respective agents, employees, representatives, officers, directors, general partners, limited partners, joint shareholders, beneficiaries, trustees, administrators, subsidiaries, affiliates, employees, servants and attorneys (collectively, the "Releasing Parties") jointly and severally release and forever discharge Lender and its successors, assigns, partners, directors, officers, employees, agents, attorneys, administrators, trustees, subsidiaries, affiliates, beneficiaries, shareholders and representatives from all liabilities, obligations, costs, expenses, claims, damages, and causes of action, at law or in equity, whether known or unknown, which any of the Releasing Parties may now or hereafter hold or claim to hold under common law or statutory right, arising in any manner out of the Property, the Original Loan, any of the Original Loan Documents or any of the documents, instruments or any other transactions relating thereto or the transactions contemplated thereby, excepting only matters which arise after the date of this Agreement and which are not continuing claims and liabilities arising prior to the date of this Agreement. Without limiting the generality of the foregoing, this release shall include the following matters: (a) all aspects of this Agreement and the Original Loan Documents, any negotiations, demands or requests with respect thereto, and (b) Lender's exercise or attempts to exercise any of its rights under this Agreement or any of the Original Loan Documents, at law or in equity. The Releasing Parties agree that this release is a full, final and complete release and that it may be pleaded as an absolute bar to any or all suit or suits pending or which may thereafter be filed or prosecuted by any of the Releasing Parties, or anyone claiming by, through or under any of the Releasing Parties. The Releasing Parties agree that this release is binding upon each of them and their respective agents, employees, representatives, officers, directors, general partners, limited partners, joint shareholders, beneficiaries, trustees, administrators, subsidiaries, affiliates, employees, servants and attorneys.

The Releasing Parties acknowledge that they each have been informed by their respective attorneys of the provisions of California Civil Code section 1542 and each do hereby expressly waive and relinquish all rights and benefits which each has or may have under such section, which reads as follows:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.

8. **RATIFICATION AND CONFIRMATION OF THE ORIGINAL LOAN.** Assignee agrees to perform each and every obligation under the Original Loan Documents, as specifically modified by this Agreement, in accordance with their respective terms and conditions. Assignee ratifies, affirms, reaffirms, acknowledges, confirms and agrees that the Original Loan Documents, as specifically modified by this Agreement, remain in full force and effect and represent legal, valid

and binding obligations of Assignee, enforceable against Assignee in accordance with their terms. Assignee agrees that this Agreement does not diminish, impair, release or relinquish the liens, powers, titles, security interests and rights securing or guaranteeing payment of the Original Loan, including the validity or first priority of the liens and security interests encumbering the Property granted Lender by the Original Loan Documents.

9. **NON-WAIVER.** The parties acknowledge and agree that (a) any performance or non-performance of the Original Loan Documents prior to the date of this Agreement does not affect or diminish Lender's ability to require future compliance with the Original Loan Documents, and (b) in the future, Lender will require strict compliance with and performance of the Original Loan Documents. Nothing contained in this Agreement shall be construed as a waiver of any of Lender's rights or remedies with respect to any default under this Agreement or any Original Loan Documents.

10. **SEVERABILITY.** If any term, covenant or condition of this Agreement is held to be invalid, illegal or unenforceable in any respect, this Agreement shall be construed without such term, covenant or condition and the validity or enforceability of the remaining terms, covenants or conditions shall not in any way be affected.

11. **AUTHORIZATION.** By executing this Agreement, each of the signatories represents and warrants, respectively, that they are authorized to execute this Agreement on behalf of the respective named party and the respective named party is authorized to enter into this Agreement.

12. **GOVERNING LAW.** This Agreement shall be governed by and interpreted in accordance with the laws of the State of California.

**[SIGNATURES APPEAR ON FOLLOWING PAGES]**

**IN WITNESS WHEREOF**, the parties have caused this Assignment, Assumption and Release to be executed by their duly authorized representatives as of the Effective Date.

**LENDER:**

**SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY,**  
a joint powers agency

By: \_\_\_\_\_  
La Shelle Dozier, Executive Director

Approved as to Legal Form:

\_\_\_\_\_  
Lender's Counsel

**ASSIGNOR:**

**Sixteenth & O Street,**  
a California limited partnership

By: \_\_\_\_\_  
Name: Herbert T. Krumpe, Trustee of the Krumpe  
Family Revocable Trust of 2010  
Title: General Partner

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

By: \_\_\_\_\_  
Name: Nancy Fisher, Trustee of the  
Fisher Survivor's Trust  
Title: General Partner

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

**ASSIGNEE:**

**Capitol Area Development Authority,**  
a California joint powers agency

By: \_\_\_\_\_  
Danielle Foster  
Executive Director

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

Approved as to Form:

By: \_\_\_\_\_  
Jeffrey A. Mitchell, CADA legal counsel

EXHIBIT 1

Legal Description

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF SACRAMENTO, COUNTY OF SACRAMENTO, STATE OF CALIFORNIA AND IS DESCRIBED AS FOLLOWS:

Lots 6 and 7 in the Blocks bounded by "N" and "O" and 16th and 17th streets in the City of Sacramento, according to the official map or plat thereof.

APN: 006-0233-026-0000