OVERSIGHT BOARD TO THE SUCCESSOR AGENCY OF THE PORTERVILLE REDEVELOPMENT AGENCY
SPECIAL MEETING
CITY HALL, 291 NORTH MAIN STREET
HAMAMATSU CONFERENCE ROOM
PORTERVILLE, CALIFORNIA
MARCH 26, 2014, 7:30 AM

CALL TO ORDER
ROLL CALL
PLEDGE OF ALLEGIANCE

ORAL COMMUNICATIONS
This is the time to address the Oversight Board on any matter, whether or not it appears on this agenda. No action will be taken on any item not on the agenda unless the Oversight Board makes a determination that an emergency exists or that the need to take action on the item rose subsequent to the posting of the agenda. Public comments shall be limited to a maximum of three (3) minutes per person and an overall time period of fifteen minutes for items not considered on the regular agenda.

SCHEDULED MATTERS

1. Acquisition of Property Located at Assessor Parcel Number 261-122-007, Trustees Porterville Hotel Investors, A California Limited Partnership
   Re: Considering adoption of resolutions accepting the Successor Agency’s approval to enter into the Purchase and Sale Agreement for the Porterville Hotel Project.

2. Future Meeting Date

CHAIR AND BOARD MEMBERS’ COMMENTS AND SUGGESTIONS

ADJOURNMENT

In compliance with the Americans with Disabilities Act and the California Ralph M. Brown Act, if you need special assistance to participate in this meeting, or to be able to access this agenda and documents in the agenda packet, please contact the Office of City Clerk at (559) 782-7464. Notification 48 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting and/or provision of an appropriate alternative format of the agenda and documents in the agenda packet.

Materials related to an item on this agenda submitted to the Oversight Board after distribution of the agenda packet are available for public inspection during normal business hours at the Office of City Clerk, 291 North Main Street, Porterville, CA 93257, and on the City’s website at www.ci.porterville.ca.us.
OVERSIGHT BOARD AGENDA: MARCH 26, 2014

SCHEDULED MATTER

SUBJECT: ACQUISITION OF PROPERTY LOCATED AT ASSESSOR PARCEL NUMBER 261-122-007, TRUSTEES PORTERVILLE HOTEL INVESTORS, A CALIFORNIA LIMITED PARTNERSHIP

SOURCE: COMMUNITY DEVELOPMENT DEPARTMENT

COMMENT: On August 7, 2013, the Successor Agency to the Porterville Redevelopment Agency ("Agency") received a Finding of Completion from the California Department of Finance ("DOF") which permitted the Agency to utilize proceeds derived from bonds issued prior to January 1, 2011, in a manner consistent with the original bond covenants per Health and Safety Code ("HSC") Section 34191.4(c). The Porterville Hotel ("Hotel") Project is an eligible use of the excess bond proceeds held by the Successor Agency pursuant to the Indenture and Official Statement for the Porterville Redevelopment Agency (Porterville Redevelopment Project No. 1) Taxable Tax Allocation Bonds, 2008 Series B (Redevelopment Projects).

The original Hotel Project entailed the acquisition of the Hotel property, clearance of title encumbrances (including several monetary liens), demolition of the building and completion of remediation of contamination, as needed. Once the Successor Agency obtains clear title to the Hotel property and the physical site is cleared, the Hotel property will be sold by the Successor Agency and the net proceeds of the sale (after deducting transaction costs) will be used to defease the bond debt pursuant to HSC Section 34191.4(c)(2)(B).

Following the receipt of the Agency's Finding of Completion from the DOF, Staff has been working on the negotiations to acquire and demolish the Porterville Hotel, which requires a number of steps, including the following:

1. Negotiate with the Department of Housing and Community Development ("HCD") to satisfy the outstanding loan ($700,000) and regulatory agreement for affordable housing on the site;
2. Satisfy the outstanding Community Development Block Grant ("CDBG") loan from the City of Porterville ($470,000) and regulatory agreement for affordable housing on the site;
3. Obtain approval to satisfy the outstanding commercial loan with Citibank on the property, not to exceed $106,000. A demand will be placed into escrow by Citibank subject to the terms of the Purchase and Sale Agreement; and
4. Obtain approval to demolish the existing hotel building and market the property for development.
After the catastrophic fire on December 26, 2013, the City of Porterville’s Chief Building Official, Baldomero Rodriguez, determined the remaining existing conditions to be dangerous under the 1997 Uniform Code for the Abatement of Dangerous Buildings. While the fire complicated the acquisition, the goal remains to eliminate the blight and provide a clean site to market for development of the cornerstone of Downtown Porterville. As such, the Successor Agency authorized staff to continue with the original Hotel Project, as described above, including the clearing of the site and to begin escrow with the property owners. The Seller has submitted the claim for reimbursement to their Property Insurance to complete clearance work. However, if the Seller is unable to recover insurance proceeds in the full amount, the Agency shall reimburse the Seller’s cost, not to exceed $450,000 as specified in the Purchase and Sale Agreement.

The clearance work does not include removal of the perimeter basement walls, basement structure and flooring, importing soil and backfilling of the basement, which is required to provide a clean site for development. An estimate of this scope of work was obtained and is estimated based upon prevailing wages, plus a 20% contingency, to be $195,315.

The table below shows the estimated cost associated with acquisition (title encumbrances) and potential remediation of the site:

<table>
<thead>
<tr>
<th>Activity</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>HCD loan</td>
<td>$700,000</td>
</tr>
<tr>
<td>Citibank – First trust deed</td>
<td>$106,000</td>
</tr>
<tr>
<td>CDBG loan</td>
<td>$470,000</td>
</tr>
<tr>
<td>Possible Clearance Cost reimbursement</td>
<td>$450,000</td>
</tr>
<tr>
<td>Preparation of site for development + 20% contingency</td>
<td>$204,435</td>
</tr>
<tr>
<td>Administration</td>
<td>$35,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$1,965,435</strong></td>
</tr>
</tbody>
</table>

Any expenditure of bond proceeds on the Hotel Project, or for any other purpose, must be approved by the Oversight Board to the Successor Agency and by the DOF.

Staff has attached the Preliminary Title Report which identifies the encumbrances on the property, as well as attached the draft Purchase and Sale Agreement and Joint Escrow Instructions for the Oversight Board’s review and approval. At the writing of this staff report, the document has been approved by the property owner and an executed copy will follow shortly.

**RECOMMENDATION:** That the Oversight Board adopt the following draft resolutions accepting the Successor Agency’s approval to enter into the Purchase and Sale Agreement for the Porterville Hotel Project:

1. Accept the Purchase and Sale Agreement and Joint Escrow Instructions with the Porterville Hotel Investors; and.
2. Accept the clearance of the monetary lien to the Department of
3. Accept the clearance of the monetary lien of the First Trust Deed to Citibank; and
4. Accept the clearance of the monetary lien of the Community Development Block Grant loan to the City of Porterville and direct Successor Agency staff to submit the executed agreement and adopted resolutions to the Department of Finance.

ATTACHMENTS:

1. Preliminary Title Report
2. Draft resolution accepting the Purchase and Sale Agreement and Joint Escrow Instructions.
3. Draft resolution accepting the clearance of the monetary lien to the Department of Housing and Community Development.
4. Draft resolution accepting the clearance of the monetary lien of the First Trust Deed to Citibank.
5. Draft resolution accepting the clearance of the monetary lien of the Community Development Block Grant loan to the City of Porterville.
In response to the application for a policy of title insurance referenced herein, Chicago Title Company hereby reports that it is prepared to issue, or cause to be issued, as of the date hereof, a policy or policies of title insurance describing the land and the estate or interest therein hereinafter set forth, insuring against loss which may be sustained by reason of any defect, lien or encumbrance not shown or referred to as an exception herein or not excluded from coverage pursuant to the printed Schedules, Conditions and Stipulations or Conditions of said policy forms.

The printed Exceptions and Exclusions from the coverage and Limitations on Covered Risks of said policy or policies are set forth in Attachment One. The policy to be issued may contain an arbitration clause. When the Amount of Insurance is less than that set forth in the arbitration clause, all arbitrable matters shall be arbitrated at the option of either the Company or the Insured as the exclusive remedy of the parties. Limitations on Covered Risks applicable to the CLTA and ALTA Homeowner’s Policies of Title Insurance which establish a Deductible Amount and a Maximum Dollar Limit of Liability for certain coverages are also set forth in Attachment One. Copies of the policy forms should be read. They are available from the office which issued this report.

This report (and any supplements or amendments hereto) is issued solely for the purpose of facilitating the issuance of a policy of title insurance and no liability is assumed hereby. If it is desired that liability be assumed prior to the issuance of a policy of title insurance, a Binder or Commitment should be requested.

The policy(s) of title insurance to be issued hereunder will be policy(s) of Chicago Title Insurance Company, a Nebraska corporation.

Please read the exceptions shown or referred to herein and the exceptions and exclusions set forth in Attachment One of this report carefully. The exceptions and exclusions are meant to provide you with notice of matters which are not covered under the terms of the title insurance policy and should be carefully considered.

It is important to note that this preliminary report is not a written representation as to the condition of title and may not list all liens, defects and encumbrances affecting title to the land.

Attachment 1
PRELIMINARY REPORT

Title Officer: Joel Heaton
Escrow Officer: Ann A. Kay
Escrow No.: 13-42207246-AK

TO: City of Porterville
291 N. Main Street
Porterville, CA 93257

ATTN: Jenni Byers

PROPERTY ADDRESS: 14 North Main Street, Porterville, California

EFFECTIVE DATE: October 2, 2013, 07:30 A.M.

The form of policy or policies of title insurance contemplated by this report is:

CLTA Standard Coverage Policy - 1990

1. THE ESTATE OR INTEREST IN THE LAND HEREAFTER DESCRIBED OR REFERRED TO COVERED BY THIS REPORT IS:

   A Fee

2. TITLE TO SAID ESTATE OR INTEREST AT THE DATE HEREOF IS VESTED IN:

   Porterville Hotel Investors, a California Limited Partnership

3. THE LAND REFERRED TO IN THIS REPORT IS DESCRIBED AS FOLLOWS:

   SEE EXHIBIT “A” ATTACHED HERETO AND MADE A PART HEREOF

BM\BM 10/24/2013
LEGAL DESCRIPTION

EXHIBIT "A"

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

Lots 17, 18, 19, and 20 in Block 54 of the City of Porterville, in the City of Porterville, County of Tulare, State of California, according to the map thereof recorded in Book 3 Page 18 of Maps, Tulare County Records.

APN: 261-122-007
AT THE DATE HEREOF, ITEMS TO BE CONSIDERED AND EXCEPTIONS TO COVERAGE IN ADDITION TO THE PRINTED EXCEPTIONS AND EXCLUSIONS IN SAID POLICY FORM WOULD BE AS FOLLOWS:

1. Property taxes, including any personal property taxes and any assessments collected with taxes are as follows:

   Code Area: 004-084  
   Tax Identification No.: 261-122-07-000  
   Fiscal Year: 2013-2014  
   1st Installment: $5,118.83, open  
   2nd Installment: $5,118.83, open  
   Exemption: $0.00  
   Land: $201,157.00  
   Improvements: $294,120.00  
   Personal Property: $3,876.00  
   Bill No.: $455,284.00 (Fixed)  
   Tracer No.: 

2. The lien of supplemental taxes, if any, assessed pursuant to the provisions of Chapter 3.5 (Commencing with Section 75) of the Revenue and Taxation code of the State of California.

3. Easement(s) for the purpose(s) shown below and rights incidental thereto as granted in a document.

   Granted to: Dolores M. Konda  
   Purpose: use of the brick wall on Lot 20  

4. A deed of trust to secure an indebtedness in the amount shown below, and any other obligations secured thereby

   Amount: $470,000.00  
   Dated: September 7, 1988  
   Trustor: Porterville Hotel Investors, a California Limited Partnership  
   Trustee: Ticor Title Insurance Company of Porterville, a California Corporation  
   Beneficiary: the City of Porterville  
   Loan No.: 
By the provisions of an agreement

Dated: January 5, 1990
Executed by: Porterville Hotel Investors, a California Limited Partnership and City of Porterville

Said instrument was made subordinate to the lien of the document or interest described in the instrument


Reference is hereby made to said document for full particulars.

By the provisions of an agreement

Dated: January 5, 1990
Executed by: Porterville Hotel Investors, a California Limited Partnership and City of Porterville

Said instrument was made subordinate to the lien of the document or interest described in the instrument


6. A deed of trust to secure an indebtedness in the amount shown below, and any other obligations secured thereby

Amount: $700,000.00
Dated: October 27, 1988
Trustor: Porterville Hotel Investors, a California Limited Partnership
Trustee: Ticor Title Insurance Company of California
Beneficiary: California Department of Housing and Community Development
Loan No.: 
By the provisions of an agreement

Dated: January 5, 1990
Executed by: Porterville Hotel Investors, a California Limited Partnership and California Department of Housing and Community Development

Said instrument was made subordinate to the lien of the document or interest described in the instrument


Reference is hereby made to said document for full particulars.

By the provisions of an agreement

Dated: January 5, 1990
Executed by: Porterville Hotel Investors, a California Limited Partnership and Department of Housing and Community Development

Said instrument was made subordinate to the lien of the document or interest described in the instrument


8. A deed of trust to secure an indebtedness in the amount shown below, and any other obligations secured thereby

Amount: $380,000.00
Dated: January 2, 1990
Trustor: Porterville Hotel Investors, a California Limited Partnership
Trustee: Samco Auxiliary Corporation, a California Corporation
Beneficiary: Savings Associations Mortgage Co., Inc., a California Corporation
Loan No.: 

A Substitution of Trustee under said deed of trust which names as the substituted trustee, the following

Trustee: Verdugo Trustee Service Corporation, a California Corporation
An assignment of the beneficial interest under said deed of trust which names:

Assignee: California Federal Bank, a federal savings bank
Loan No.: 


Reference is hereby made to said document for full particulars.

10. The Land described herein is included within a project area of the Redevelopment Agency shown below, and that proceedings for the redevelopment of said project have been instituted under the Redevelopment Law (such redevelopment to proceed only after the adoption of the Redevelopment Plan) as disclosed by a document.

Redevelopment Agency: PORTERVILLE REDEVELOPMENT PROJECT AREA "1"
Recording Date: July 12, 2010
Recording No.: 2010-0042288 of Official Records

11. A financing statement as follows:

Debtor: Porterville Hotel Investors
Secured Party: Citibank NA
Recording Date: July 19, 2010
Recording No.: 2010-0043566 of Official Records

12. Any easements not disclosed by the Public Records as to matters affecting title to real property, whether or not said easements are visible and apparent.

13. Any rights of the parties in possession of a portion of, or all of, said Land, which rights are not disclosed by the Public Records.

The Company will require, for review, a full and complete copy of any unrecorded agreement, contract, license and/or lease, together with all supplements, assignments and amendments thereto, before issuing any policy of title insurance without excepting this item from coverage.

The Company reserves the right to except additional items and/or make additional requirements after reviewing said documents.
14. The Company will require the following documents for review prior to the issuance of any title assurance predicated upon a conveyance or encumbrance from the limited partnership named below:

Name: Porterville Hotel Investors, a California Limited Partnership, a limited partnership

a) Satisfactory evidence that the partnership was validly formed, is in good standing and that there have been no amendments to the partnership agreement

The Company reserves the right to add additional items or make further requirements after review of the requested documentation.

END OF ITEMS

Note 1. ***IMPORTANT RECORDING NOTE***

For Kings County, please send all original documents for recording to the following office:

Chicago Title Company
1460 W. 7th Street, Ste 102
Hanford, CA 93230
Attn: Recording Desk
Phone: (559) 584-3381

For Tulare County, please send all original documents for recording to the following office:

Chicago Title Company
1750 W. Walnut Ave, Ste A
Visalia, CA 93277
Attn: Recording Desk
Phone: (559) 636-4300

Please direct all other title communication and copies of documents, including recording release instructions, policy write-up instructions, lenders instructions and settlement statements, to the Title Only Department of the issuing office.

Note 2. The name(s) of the proposed insured(s) furnished with this application for title insurance is/are:

Name(s) furnished: City of Porterville

If these name(s) are incorrect, incomplete or misspelled, please notify the Company.

Note 3. Note: The current owner does NOT qualify for the $20.00 discount pursuant to the coordinated stipulated judgments entered in actions filed by both the Attorney General and private class action plaintiffs, for the herein described Land.

Note 4. The charge for a policy of title insurance, when issued through this title order, will be based on the Basic Title Insurance Rate.
Note 5. Your application for title insurance was placed by reference to only a street address or tax identification number. Based on our records, we believe that the legal description in this report covers the parcel(s) of Land that you requested. If the legal description is incorrect, the seller/borrower must notify the Company and/or the settlement company in order to prevent errors and to be certain that the correct parcel(s) of Land will appear on any documents to be recorded in connection with this transaction and on the policy of title insurance.

Note 6. Note: If a county recorder, title insurance company, escrow company, real estate broker, real estate agent or association provides a copy of a declaration, governing document or deed to any person, California law requires that the document provided shall include a statement regarding any unlawful restrictions. Said statement is to be in at least 14-point bold face type and may be stamped on the first page of any document provided or included as a cover page attached to the requested document. Should a party to this transaction request a copy of any document reported herein that fits this category, the statement is to be included in the manner described.

Note 7. Wiring instructions for Chicago Title Company, Porterville, CA, are as follows:

Receiving Bank: Bank of America
275 Valencia Blvd, 2nd Floor
Brea, CA 92823-6340

ABA Routing No.: 026009593
Credit Account Name: Chicago Title Company - Porterville
801 W. Morton Avenue, Porterville, CA 93257

Credit Account No.: 12355-73185
Reference Order No.: 13-42207246-AK
Contact Person:
Additional Instructions:

These wiring instructions are for this specific transaction involving the Title Department of the Fresno office of Chicago Title Company. These instructions should not be used for any other transaction. It is imperative that the wire text be exactly as indicated. Any extraneous information may cause unnecessary delays in confirming the receipt of funds.

Note 8. Any documents being executed in conjunction with this transaction must be signed in the presence of an authorized Company employee, an authorized employee of an agent, an authorized employee of the insured lender, or by using Bancserv or other approved third-party service. If the above requirement cannot be met, please call the Company at the number provided in this report.

END OF NOTES
ATTACHMENT ONE

AMERICAN LAND TITLE ASSOCIATION
RESIDENTIAL TITLE INSURANCE POLICY (6-1-87) EXCLUSIONS

In addition to the Exceptions in Schedule B, you are not insured against loss, costs, attorneys’ fees, and expenses resulting from:

1. Governmental police power, and the existence or violation of any law or government regulation. This includes building and zoning ordinances and also laws and regulations concerning:
   • land use
   • improvements on the land
   • land division
   • environmental protection
   This exclusion does not apply to violations or the enforcement of these matters which appear in the public records at policy date.
   This exclusion does not limit the zoning coverage described in Items 12 and 13 of Covered Title Risks.

2. The right to take the land by condemning it, unless:
   • a notice of exercising the right appears in the public records on the Policy Date
   • the taking happened prior to the Policy Date and is binding on you if you bought the land without knowledge of the taking

3. Title Risks:
   • that are created, allowed, or agreed to by you
   • that are known to you, but not to us, on the Policy Date unless they appeared in the public records
   • that result in no loss to you
   • that first affect your title after the Policy Date - this does not limit the labor and material lien coverage in Item 8 of Covered Title Risks

4. Failure to pay value for your title.

5. Lack of a right:
   • to any land outside the area specifically described and referred to in Item 3 of Schedule A
   • in streets, alleys, or waterways that touch your land
   This exclusion does not limit the access coverage in Item 5 of Covered Title Risks.

In addition to the Exclusions, you are not insured against loss, costs, attorneys’ fees, and the expenses resulting from:

1. Any rights, interests, or claims of parties in possession of the land not shown by the public records.

2. Any easements or liens not shown by the public records. This does not limit the lien coverage in Item 8 of Covered Title Risks.

3. Any facts about the land which a correct survey would disclose and which are not shown by the public records. This does not limit the forced removal coverage in Item 12 of Covered Title Risks.

4. Any water rights or claims or title to water in or under the land, whether or not shown by the public records.
The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to building and zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating to the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.

(b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.

2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.

3. Defects, liens, encumbrances, adverse claims, or other matters:
   (a) whether or not recorded in the public records at Date of Policy, but created, suffered, assumed or agreed to by the insured claimant;
   (b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;
   (c) resulting in no loss or damage to the insured claimant;
   (d) attaching or created subsequent to Date of Policy; or
   (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the insured mortgage or for the estate or interest insured by this policy.

4. Unenforceability of the lien of the insured mortgage because of the inability or failure of the insured at Date of Policy, or the inability or failure of any subsequent owner of the indebtedness, to comply with the applicable doing business laws of the state in which the land is situated.

5. Invalidity or unenforceability of the lien of the insured mortgage, or claim thereof, which arises out of the transaction evidenced by the insured mortgage and is based upon usury or any consumer credit protection or truth in lending law.

6. Any claim, which arises out of the transaction vesting in the insured the estate or interest insured by this policy or the transaction creating the interest of the insured lender, by reason of the operation of federal bankruptcy, state insolvency or similar creditors' rights laws.

**SCHEDULE B, PART I**

**EXCEPTIONS FROM COVERAGE**

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) which arise by reason of:

**PART I**

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records. Proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the public records.

2. Any facts, rights, interests or claims which are not shown by the public records but which could be ascertained by an inspection of the land or which may be asserted by persons in possession thereof.

3. Easements, liens or encumbrances, or claims thereof, not shown by the public records.

4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by the public records.

5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the public records.

6. Any lien or right to a lien for services, labor or material not shown by the public records.
ATTACHMENT ONE
(CONTINUED)

FORMERLY AMERICAN LAND TITLE ASSOCIATION LOAN POLICY (10-17-92)
WITH A.L.T.A. ENDORSEMENT-FORM 1 COVERAGE
EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to building and zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating to (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
   (b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens, encumbrances, adverse claims, or other matters:
   (a) created, suffered, assumed or agreed to by the insured claimant;
   (b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;
   (c) resulting in no loss or damage to the insured claimant;
   (d) attaching or created subsequent to Date of Policy (except to the extent that this policy insures the priority of the lien of the insured mortgage over any statutory lien for services, labor or material or to the extent insurance is afforded herein as to assessments for street improvements under construction or completed at Date of Policy); or
   (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the insured mortgage.
4. Unenforceability of the lien of the insured mortgage because of the inability or failure of the insured at Date of Policy, or the inability or failure of any subsequent owner of the indebtedness, to comply with applicable doing business laws of the state in which the land is situated.
5. Invalidity or unenforceability of the lien of the insured mortgage, or claim thereof, which arises out of the transaction evidenced by the insured mortgage and is based upon usury or any consumer credit protection or truth in lending law.
6. Any statutory lien for services, labor or materials (or the claim of priority of any statutory lien for services, labor or materials over the lien of the insured mortgage) arising from an improvement or work related to the land which is contracted for and commenced subsequent to Date of Policy and is not financed in whole or in part by proceeds of the indebtedness secured by the insured mortgage which at Date of Policy the insured has advanced or is obligated to advance.
7. Any claim, which arises out of the transaction creating the interest of the mortgagee insured by this policy, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that is based on:
   (i) the transaction creating the interest of the mortgagee being deemed a fraudulent conveyance or fraudulent transfer; or
   (ii) the subordination of the interest of the insured mortgagee as a result of the application of the doctrine of equitable subordination;
   (iii) the transaction creating the interest of the insured mortgagee being deemed a preferential transfer except where the preferential transfer results from the failure:
      (a) to timely record the instrument of transfer; or
      (b) of such recordation to impart notice to a purchaser for value or a judgement or lien creditor.

The above policy form may be issued to afford either Standard Coverage or Extended Coverage.
In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

EXCEPTIONS FROM COVERAGE

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) which arise by reason of:

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records. Proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the public records.
2. Any facts, rights, interests or claims which are not shown by the public records but which could be ascertained by an inspection of the land or which may be asserted by persons in possession thereof.
3. Easements, liens or encumbrances, or claims thereof, not shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by the public records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b) or (c) are shown by the public records.
6. Any lien or right to a lien for services, labor or material not shown by the public records.
ATTACHMENT ONE
(CONTINUED)

2006 AMERICAN LAND TITLE ASSOCIATION LOAN POLICY (06-17-06)
EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys’ fees, or expenses that arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
   (i) the occupancy, use, or enjoyment of the Land;
   (ii) the character, dimensions, or location of any improvement erected on the Land;
   (iii) the subdivision of land; or
   (iv) environmental protection;
   or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.
   (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.

2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.

3. Defects, liens, encumbrances, adverse claims, or other matters
   (a) created, suffered, assumed, or agreed to by the Insured Claimant;
   (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
   (c) resulting in no loss or damage to the Insured Claimant;
   (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 11, 13, or 14); or
   (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Insured Mortgage.

4. Unenforceability of the lien of the Insured Mortgage because of the inability or failure of an Insured to comply with applicable doing-business laws of the state where the Land is situated.

5. Invalidity or unenforceability in whole or in part of the lien of the Insured Mortgage that arises out of the transaction evidenced by the Insured Mortgage and is based upon usury or any consumer credit protection or truth-in-lending law.

6. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors’ rights laws, that the transaction creating the lien of the Insured Mortgage, is
   (a) a fraudulent conveyance or fraudulent transfer, or
   (b) a preferential transfer for any reason not stated in Covered Risk 13(b) of this policy.

7. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the Insured Mortgage in the Public Records. This Exclusion does not modify or limit the coverage provided under Covered Risk 11(b).

The above policy form may be issued to afford either Standard Coverage or Extended Coverage.

In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

EXCEPTIONS FROM COVERAGE

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys’ fees or expenses) that arise by reason of:

1. (a) Taxes or assessments that are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records;
   (b) proceedings by a public agency that may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the Public Records.

2. Any facts, rights, interests, or claims that are not shown by the Public Records but that could be ascertained by an inspection of the Land or that may be asserted by persons in possession of the Land.

3. Easements, liens or encumbrances, or claims thereof, not shown by the Public Records.

4. Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land and not shown by the Public Records.

5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the Public Records.

6. Any lien or right to a lien for services, labor or material not shown by the Public Records.

Attachment One (7/26/10)
ATTACHMENT ONE
(CONTINUED)

FORMERLY AMERICAN LAND TITLE ASSOCIATION OWNER'S POLICY (10-17-92)

EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to building and zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating to:
   (i) the occupancy, use, or enjoyment of the land;
   (ii) the character, dimensions or location of any improvement now or hereafter erected on the land;
   (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or
   (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
   (b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.

2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.

3. Defects, liens, encumbrances, adverse claims, or other matters:
   (a) created, suffered, assumed or agreed to by the insured claimant;
   (b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;
   (c) resulting in no loss or damage to the insured claimant;
   (d) attaching or created subsequent to Date of Policy, or
   (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the estate or interest insured by this policy.

4. Any claim, which arises out of the transaction vesting in the insured the estate or interest insured by this policy, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that is based on:
   (i) the transaction creating the estate or interest insured by this policy being deemed a fraudulent conveyance or fraudulent transfer; or
   (ii) the transaction creating the estate or interest insured by this policy being deemed a preferential transfer except where the preferential transfer results from the failure:
       (a) to timely record the instrument of transfer; or
       (b) of such recordation to impart notice to a purchaser for value or a judgement or lien creditor.

The above policy form may be issued to attach either Standard Coverage or Extended Coverage.

In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

EXCEPTIONS FROM COVERAGE

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) which arise by reason of:

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records. Proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the public records.

2. Any facts, rights, interests or claims which are not shown by the public records but which could be ascertained by an inspection of the land or which may be asserted by persons in possession thereof.

3. Easements, liens or encumbrances, or claims thereof, not shown by the public records.

4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by the public records.

5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b) or (c) are shown by the public records.

6. Any lien or right to a lien for services, labor or material not shown by the public records.
ATTACHMENT ONE
(CONTINUED)

2006 AMERICAN LAND TITLE ASSOCIATION OWNER'S POLICY (06-17-06)

EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
   (i) the occupancy, use, or enjoyment of the Land;
   (ii) the character, dimensions, or location of any improvement erected on the Land;
   (iii) the subdivision of land; or
   (iv) environmental protection;
   or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.
   (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.

2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.

3. Defects, liens, encumbrances, adverse claims, or other matters (a) created, suffered, assumed, or agreed to by the Insured Claimant;
   (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
   (c) resulting in no loss or damage to the Insured Claimant;
   (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 9 and 10); or
   (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Title.

4. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction vesting the Title as shown in Schedule A, is
   (a) a fraudulent conveyance or fraudulent transfer; or
   (b) a preferential transfer for any reason not stated in Covered Risk 9 of this policy.

5. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the deed or other instrument of transfer in the Public Records that vests Title as shown in Schedule A.

The above policy form may be issued to afford either Standard Coverage or Extended Coverage.

In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

EXCEPTIONS FROM COVERAGE

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) that arise by reason of:

1. (a) Taxes or assessments that are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records; (b) proceedings by a public agency that may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the Public Records.

2. Any facts, rights, interests, or claims that are not shown by the Public Records but that could be ascertained by an inspection of the Land or that may be asserted by persons in possession of the Land.

3. Easements, liens or encumbrances, or claims thereof, not shown by the Public Records.

4. Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land and not shown by the Public Records.

5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the Public Records.

6. Any lien or right to a lien for services, labor or material not shown by the Public Records.
ATTACHMENT ONE
(CONTINUED)

CLTA HOMEOWNER'S POLICY OF TITLE INSURANCE (10-22-03)
ALTA HOMEOWNER'S POLICY OF TITLE INSURANCE (10-22-03)

EXCLUSIONS

In addition to the Exceptions in Schedule B, You are not insured against loss, costs, attorneys' fees, and expenses resulting from:

1. Governmental police power, and the existence or violation of any law or government regulation. This includes ordinances, laws and regulations concerning:
   a. building
   b. zoning
   c. Land use
   d. improvements on Land
   e. Land division
   f. environmental protection
   This Exclusion does not apply to violations or the enforcement of these matters if notice of the violation or enforcement appears in the Public Records at the Policy Date.
   This Exclusion does not limit the coverage described in Covered Risk 14, 15, 16, 17 or 24.

2. The failure of Your existing structures, or any part of them, to be constructed in accordance with applicable building codes.
   This Exclusion does not apply to violations of building codes if notice of the violation appears in the Public Records at the Policy Date.

3. The right to take the Land by condemning it, unless:
   a. notice of exercising the right appears in the Public Records at the Policy Date; or
   b. the taking happened before the Policy Date and is binding on You if You bought the Land without Knowing of the taking.

4. Risks:
   a. that are created, allowed, or agreed to by You, whether or not they appear in the Public Records;
   b. that are Known to You at the Policy Date, but not to Us, unless they appear in the Public Records at the Policy Date;
   c. that result in no loss to You; or
   d. that first occur after the Policy Date - this does not limit the coverage described in Covered Risk 7, 8.d, 22, 23, 24 or 25.

5. Failure to pay value for Your Title.
6. Lack of a right:
   a. to any Land outside the area specifically described and referred to in paragraph 3 of Schedule A, and
   b. in streets, alleys, or waterways that touch the Land.
   This Exclusion does not limit the coverage described in Covered Risk 11 or 18.

LIMITATIONS ON COVERED RISKS

Your insurance for the following Covered Risks is limited on the Owner's Coverage Statement as follows:

- For Covered Risk 14, 15, 16 and 18, Your Deductible Amount and Our Maximum Dollar Limit of Liability shown in Schedule A.

The deductible amounts and maximum dollar limits shown on Schedule A are as follows:

<table>
<thead>
<tr>
<th>Covered Risk</th>
<th>Your Deductible Amount</th>
<th>Our Maximum Dollar Limit of Liability</th>
</tr>
</thead>
<tbody>
<tr>
<td>14</td>
<td>1.00% of Policy Amount</td>
<td>$10,000.00</td>
</tr>
<tr>
<td></td>
<td>or $2,500.00</td>
<td></td>
</tr>
<tr>
<td>15</td>
<td>1.00% of Policy Amount</td>
<td>$25,000.00</td>
</tr>
<tr>
<td></td>
<td>or $5,000.00</td>
<td></td>
</tr>
<tr>
<td>16</td>
<td>1.00% of Policy Amount</td>
<td>$25,000.00</td>
</tr>
<tr>
<td></td>
<td>or $5,000.00</td>
<td></td>
</tr>
<tr>
<td>18</td>
<td>1.00% of Policy Amount</td>
<td>$5,000.00</td>
</tr>
<tr>
<td></td>
<td>or $2,500.00</td>
<td></td>
</tr>
</tbody>
</table>
ATTACHMENT ONE
(CONTINUED)

CLTA HOMEOWNER'S POLICY OF TITLE INSURANCE (02-03-10)
ALTA HOMEOWNER'S POLICY OF TITLE INSURANCE (02-03-10)

EXCLUSIONS

In addition to the Exceptions in Schedule B, You are not insured against loss, costs, attorneys' fees, and expenses resulting from:

1. Governmental police power, and the existence or violation of those portions of any law or government regulation concerning:
   a. building;
   b. zoning;
   c. land use;
   d. improvements on the Land;
   e. land division; and
   f. environmental protection.

This Exclusion does not limit the coverage described in Covered Risk 8.a., 14, 15, 16, 18, 19, 20, 23 or 27.

2. The failure of Your existing structures, or any part of them, to be constructed in accordance with applicable building codes. This Exclusion does not limit the coverage described in Covered Risk 14 or 15.

3. The right to take the Land by condemning it. This Exclusion does not limit the coverage described in Covered Risk 17.

4. Risks:
   a. that are created, allowed, or agreed to by You, whether or not they are recorded in the Public Records;
   b. that are Known to You at the Policy Date, but not to Us, unless they are recorded in the Public Records at the Policy Date;
   c. that result in no loss to You; or
   d. that first occur after the Policy Date - this does not limit the coverage described in Covered Risk 7, 8.e., 25, 26, 27 or 28.

5. Failure to pay value for Your Title.

6. Lack of a right:
   a. to any land outside the area specifically described and referred to in paragraph 3 of Schedule A; and
   b. in streets, alleys, or waterways that touch the Land.

This Exclusion does not limit the coverage described in Covered Risk 11 or 21.

7. The transfer of the Title to You is invalid as a preferential transfer or as a fraudulent transfer or conveyance under federal bankruptcy, state insolvency, or similar creditors' rights laws.

LIMITATIONS ON COVERED RISKS

Your insurance for the following Covered Risks is limited on the Owner’s Coverage Statement as follows:

- For Covered Risk 16, 18, 19 and 21, Your Deductible Amount and Our Maximum Dollar Limit of Liability shown in Schedule A.

The deductible amounts and maximum dollar limits shown on Schedule A are as follows:

<table>
<thead>
<tr>
<th>Covered Risk</th>
<th>Your Deductible Amount</th>
<th>Our Maximum Dollar Limit of Liability</th>
</tr>
</thead>
<tbody>
<tr>
<td>16</td>
<td>1.00% of Policy Amount Shown in Schedule A or $ 2,500.00 (whichever is less)</td>
<td>$ 10,000.00</td>
</tr>
<tr>
<td>18</td>
<td>1.00% of Policy Amount Shown in Schedule A or $ 5,000.00 (whichever is less)</td>
<td>$ 25,000.00</td>
</tr>
<tr>
<td>19</td>
<td>1.00% of Policy Amount Shown in Schedule A or $ 5,000.00 (whichever is less)</td>
<td>$ 25,000.00</td>
</tr>
<tr>
<td>21</td>
<td>1.00% of Policy Amount Shown in Schedule A or $ 2,500.00 (whichever is less)</td>
<td>$ 5,000.00</td>
</tr>
</tbody>
</table>

Attachment One (7/26/10)
ATTACHMENT ONE
(CONTINUED)

ALTA EXPANDED COVERAGE RESIDENTIAL LOAN POLICY (10/13/01)
EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys’ fees or expenses which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating to (i) the occupancy, use, or enjoyment of the Land; (ii) the character, dimensions or location of any improvements now or hereafter erected on the Land; (iii) a separation in ownership or a change in the dimensions or areas of the Land or any parcel of which the Land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the Land has been recorded in the Public Records at Date of Policy. This exclusion does not limit the coverage provided under Covered Risks 12, 13, 14, and 16 of this policy. (b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the Land has been recorded in the Public Records at Date of Policy. This exclusion does not limit the coverage provided under Covered Risks 12, 13, 14, and 16 of this policy.

2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the Public Records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without Knowledge.

3. Defects, liens, encumbrances, adverse claims or other matters: (a) created, suffered, assumed or agreed to by the Insured Claimant;
(b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
(c) resulting in no loss damage to the Insured Claimant;
(d) attaching or created subsequent to Date of Policy (this paragraph does not limit the coverage provided under Covered Risks 8, 16, 18, 19, 20, 21, 22, 23, 24, 25 and 26); or
(e) resulting in loss or damage which would not have been sustained if the Insured Claimant had paid value for the Insured Mortgage.

4. Unenforceability of the lien of the Insured Mortgage because of the inability or failure of the Insured at Date of Policy, or the inability or failure of any subsequent owner of the indebtedness, to comply with applicable doing business laws of the state in which the Land is situated.

5. Invalidity or unenforceability of the lien of the Insured Mortgage, or claim thereof, which arises out of the transaction evidenced by the Insured Mortgage and is based upon usury, except as provided in Covered Risk 27, or any consumer credit protection or truth in lending law.

6. Real property taxes or assessments of any governmental authority which become a lien on the Land subsequent to Date of Policy. This exclusion does not limit the coverage provided under Covered Risks 7, 8(e) and 26.

7. Any claim of invalidity, unenforceability or lack of priority of the lien of the Insured Mortgage as to advances or modifications made after the Insured has Knowledge that the vestee shown in Schedule A is no longer the owner of the estate or interest covered by this policy. This exclusion does not limit the coverage provided in Covered Risk 8.

8. Lack of priority of the lien of the Insured Mortgage as to each and every advance made after Date of Policy, and all interest charged thereon, over liens, encumbrances and other matters affecting the title, the existence of which are Known to the Insured:
(a) The time of the advance; or
(b) The time a modification is made to the terms of the Insured Mortgage which changes the rate of interest charged, if the rate of interest is greater as a result of the modification than it would have been before the modification. This exclusion does not limit the coverage provided in Covered Risk 8.

9. The failure of the residential structure, or any portion thereof, to have been constructed before, on or after Date of Policy in accordance with applicable building codes. This exclusion does not apply to violations of building codes if notice of the violation appears in the Public Records at Date of Policy.
ATTACHMENT ONE
(CONTINUED)

ALTA EXPANDED COVERAGE RESIDENTIAL LOAN POLICY (07/26/10)
EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys’ fees or expenses which arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
   (i) the occupancy, use, or enjoyment of the Land;
   (ii) the character, dimensions, or location of any improvement erected on the Land;
   (iii) the subdivision of land; or
   (iv) environmental protection;
   or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5, 6, 13(c), 13(d), 14 or 16.
   (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 5, 6, 13(c), 13(d), 14 or 16.

2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.

3. Defects, liens, encumbrances, adverse claims, or other matters
   (a) created, suffered, assumed, or agreed to by the Insured Claimant;
   (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
   (c) resulting in no loss or damage to the Insured Claimant;
   (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 11, 16, 17, 18, 19, 20, 21, 22, 23, 24, 27 or 28); or
   (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Insured Mortgage.

4. Unenforceability of the lien of the Insured Mortgage because of the inability or failure of an Insured to comply with applicable doing-business laws of the state where the Land is situated.

5. Invalidity or unenforceability in whole or in part of the lien of the Insured Mortgage that arises out of the transaction evidenced by the Insured Mortgage and is based upon usury, or any consumer credit protection or truth-in-lending law. This Exclusion does not modify or limit the coverage provided in Covered Risk 26.

6. Any claim of invalidity, unenforceability or lack of priority of the lien of the Insured Mortgage as to Advances or modifications made after the Insured has Knowledge that the vestee shown in Schedule A is no longer the owner of the estate or interest covered by this policy. This Exclusion does not modify or limit the coverage provided in Covered Risk 11.

7. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching subsequent to Date of Policy. This Exclusion does not modify or limit the coverage provided in Covered Risk 11(b) or 25.

8. The failure of the residential structure, or any portion of it, to have been constructed before, on or after Date of Policy in accordance with applicable building codes. This Exclusion does not modify or limit the coverage provided in Covered Risk 5 or 6.

9. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors’ rights laws, that the transaction creating the lien of the Insured Mortgage, is
   (a) a fraudulent conveyance or fraudulent transfer, or
   (b) a preferential transfer for any reason not stated in Covered Risk 27(b) of this policy.
Notice

You may be entitled to receive a $20.00 discount on escrow services if you purchased, sold or refinanced residential property in California between May 19, 1995 and November 1, 2002. If you had more than one qualifying transaction, you may be entitled to multiple discounts.

If your previous transaction involved the same property that is the subject of your current transaction, you do not have to do anything; the Company will provide the discount, provided you are paying for escrow or title services in this transaction.

If your previous transaction involved property different from the property that is subject of your current transaction, you must - prior to the close of the current transaction - inform the Company of the earlier transaction, provide the address of the property involved in the previous transaction, and the date or approximate date that the escrow closed to be eligible for the discount.

Unless you inform the Company of the prior transaction on property that is not the subject of this transaction, the Company has no obligation to conduct an investigation to determine if you qualify for a discount. If you provide the Company information concerning a prior transaction, the Company is required to determine if you qualify for a discount which is subject to other terms and conditions.

Effective through November 1, 2014
Fidelity National Financial, Inc.

Privacy Statement

Fidelity National Financial, Inc. and its subsidiaries ("FNF") respect the privacy and security of your non-public personal information ("Personal Information") and protecting your Personal Information is one of our top priorities. This Privacy Statement explains FNF's privacy practices, including how we use the Personal Information we receive from you and from other specified sources, and to whom it may be disclosed. FNF follows the privacy practices described in this Privacy Statement and, depending on the business performed, FNF companies may share information as described herein.

Personal Information Collected
We may collect Personal Information about you from the following sources:

- Information we receive from you on applications or other forms, such as your name, address, social security number, tax identification number, asset information, and income information;
- Information we receive from you through our Internet websites, such as your name, address, email address, Internet Protocol address, the website links you used to get to our websites, and your activity while using or reviewing our websites;
- Information about your transactions with or services performed by us, our affiliates, or others, such as information concerning your policy, premiums, payment history, information about your home or other real property, information from lenders and other third parties involved in such transaction, account balances, and credit card information; and
- Information we receive from consumer or other reporting agencies and publicly recorded documents.

Disclosure of Personal Information
We may provide your Personal Information (excluding information we receive from consumer or other credit reporting agencies) to various individuals and companies, as permitted by law, without obtaining your prior authorization. Such laws do not allow consumers to restrict these disclosures. Disclosures may include, without limitation, the following:

- To insurance agents, brokers, representatives, support organizations, or others to provide you with services you have requested, and to enable us to detect or prevent criminal activity, fraud, material misrepresentation, or nondisclosure in connection with an insurance transaction;
- To third-party contractors or service providers for the purpose of determining your eligibility for an insurance benefit or payment and/or providing you with services you have requested;
- To an insurance regulatory authority, or a law enforcement or other governmental authority, in a civil action, in connection with a subpoena or a governmental investigation;
- To companies that perform marketing services on our behalf or to other financial institutions with which we have joint marketing agreements and/or
- To lenders, lien holders, judgment creditors, or other parties claiming an encumbrance or an interest in title whose claim or interest must be determined, settled, paid or released prior to a title or escrow closing.

We may also disclose your Personal Information to others when we believe, in good faith, that such disclosure is reasonably necessary to comply with the law or to protect the safety of our customers, employees, or property and/or to comply with a judicial proceeding, court order or legal process.
Disclosure to Affiliated Companies - We are permitted by law to share your name, address and facts about your transaction with other FNF companies, such as insurance companies, agents, and other real estate service providers to provide you with services you have requested, for marketing or product development research, or to market products or services to you. We do not, however, disclose information we collect from consumer or credit reporting agencies with our affiliates or others without your consent, in conformity with applicable law, unless such disclosure is otherwise permitted by law.

Disclosure to Nonaffiliated Third Parties - We do not disclose Personal Information about our customers or former customers to nonaffiliated third parties, except as outlined herein or as otherwise permitted by law.

Confidentiality and Security of Personal Information
We restrict access to Personal Information about you to those employees who need to know that information to provide products or services to you. We maintain physical, electronic, and procedural safeguards that comply with federal regulations to guard Personal Information.

Access To Personal Information/ Requests for Correction, Amendment, or Deletion of Personal Information
As required by applicable law, we will afford you the right to access your Personal Information, under certain circumstances to find out to whom your Personal Information has been disclosed, and request correction or deletion of your Personal Information. However, FNF's current policy is to maintain customers' Personal Information for no less than your state's required record retention requirements for the purpose of handling future coverage claims.

For your protection, all requests made under this section must be in writing and must include your notarized signature to establish your identity. Where permitted by law, we may charge a reasonable fee to cover the costs incurred in responding to such requests. Please send requests to:

Chief Privacy Officer
Fidelity National Financial, Inc.
601 Riverside Avenue
Jacksonville, FL 32204

Changes to this Privacy Statement
This Privacy Statement may be amended from time to time consistent with applicable privacy laws. When we amend this Privacy Statement, we will post a notice of such changes on our website. The effective date of this Privacy Statement, as stated above, indicates the last time this Privacy Statement was revised or materially changed.
Notice of Available Discounts

Pursuant to Section 2355.3 in Title 10 of the California Code of Regulations Fidelity National Financial, Inc. and its subsidiaries ("FNF") must deliver a notice of each discount available under our current rate filing along with the delivery of escrow instructions, a preliminary report or commitment. Please be aware that the provision of this notice does not constitute a waiver of the consumer’s right to be charged the filed rate. As such, your transaction may not qualify for the below discounts.

You are encouraged to discuss the applicability of one or more of the below discounts with a Company representative. These discounts are generally described below; consult the rate manual for a full description of the terms, conditions and requirements for such discount. These discounts only apply to transactions involving services rendered by the FNF Family of Companies. This notice only applies to transactions involving property improved with a one-to-four family residential dwelling.

FNF Underwritten Title Company
CTC – Chicago Title Company

FNF Underwriter
CTC – Chicago Title Insurance Company

Available Discounts

CREDIT FOR PRELIMINARY REPORTS AND/OR COMMITMENTS ON SUBSEQUENT POLICIES (CTIC)
Where no major change in the title has occurred since the issuance of the original report or commitment, the order may be reopened within 12 or 36 months and all or a portion of the charge previously paid for the report or commitment may be credited on a subsequent policy charge.

FEE REDUCTION SETTLEMENT PROGRAM (CTC and CTIC)
Eligible customers shall receive a $20.00 reduction in their title and/or escrow fees charged by the Company for each eligible transaction in accordance with the terms of the Final Judgments entered in The People of the State of California et al. v. Fidelity National Title Insurance Company et al., Sacramento Superior Court Case No. 99AS02793, and related cases.

DISASTER LOANS (CTIC)
The charge for a Lender’s Policy (Standard or Extended coverage) covering the financing or refinancing by an owner of record, within 24 months of the date of a declaration of a disaster area by the government of the United States or the State of California on any land located in said area, which was partially or totally destroyed in the disaster, will be 50% of the appropriate title insurance rate.

CHURCHES OR CHARITABLE NON-PROFIT ORGANIZATIONS (CTIC)
On properties used as a church or for charitable purposes within the scope of the normal activities of such entities, provided said charge is normally the church’s obligation the charge for an owner’s policy shall be 50% or 70% of the appropriate title insurance rate, depending on the type of coverage selected. The charge for a lender’s policy shall be 32% or 50% of the appropriate title insurance rate, depending on the type of coverage selected.
OVERSIGHT BOARD RESOLUTION NO. ______

A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY TO THE PORTERVILLE REDEVELOPMENT AGENCY
APPROVING THE PURCHASE AND SALE AGREEMENT AND JOINT ESCROW INSTRUCTIONS FOR ASSESSOR PARCEL NUMBER 261-122-007, TRUSTEES PORTERVILLE HOTEL INVESTORS, A CALIFORNIA LIMITED PARTNERSHIP, PURSUANT TO HEALTH AND SAFETY CODE SECTION 34191.4(c) AND MAKING CERTAIN FINDINGS IN CONNECTION THEREWITH

WHEREAS, the former Porterville Redevelopment Agency (“Agency”) was established as a redevelopment agency that was previously organized and existing under the California Community Redevelopment Law, Health and Safety Code Section 33000, et seq., and previously authorized to transact business and exercise powers of a redevelopment agency pursuant to action of the City Council of the City of Porterville (“City”); and

WHEREAS, Assembly Bill 1X 26, chaptered and effective on June 28, 2011 (“AB1X 26”), added Parts 1.8 and 1.85 to Division 24 of the California Health and Safety Code, which caused the dissolution of all redevelopment agencies and winding down of the affairs of former agencies, including as such laws were amended by Assembly Bill 1484 (“AB 1484”), chaptered and effective on June 27, 2012 (together, the “Dissolution Act”); and

WHEREAS, as of February 1, 2012 the Agency was dissolved pursuant to the Dissolution Act and the City Council serves as the governing board of the Successor Agency to the Porterville Redevelopment Agency (“Successor Agency”); and

WHEREAS, the Successor Agency administers the enforceable obligations of the former Agency and otherwise unwinds the Agency’s affairs, all subject to the review and approval by a seven-member oversight board (“Oversight Board”); and

WHEREAS, the California Department of Finance (“DOF”) issued the Finding of Completion to the Successor Agency on August 7, 2013, which permitted the Agency to utilize proceeds derived from bonds issued prior to January 1, 2011, in a manner consistent with the original bond covenants per Health and Safety Code (“HSC”) Section 34191.4(c); and

WHEREAS, the Porterville Hotel Project is an eligible use of the excess bond proceeds held by the Successor Agency pursuant to the Indenture and Official Statement for the Porterville Redevelopment Agency (Porterville Redevelopment Project No. 1) Taxable Tax Allocation Bonds, 2008 Series B (Redevelopment Projects); and

WHEREAS, The Porterville Hotel Project entails the acquisition of the Hotel property, clearance of title encumbrances (including several monetary liens), demolition of the building and completion of remediation of contamination, as needed. Once the Successor Agency obtains clear title to the Hotel property and the physical site has been cleared, the Hotel property will be sold by the Successor Agency and the net proceeds of the sale (after deducting transaction costs) will be used to defease the bond debt pursuant to HSC Section 34191.4(c)(2)(B).

Attachment 2
WHEREAS, on March 18, 2014, the Successor Agency authorized staff to complete negotiations with Porterville Hotel Investors for acquisition of Assessor Parcel Number 261-122-007 and open an escrow account to begin the Porterville Hotel Project.

NOW, THEREFORE, BE IT RESOLVED BY THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY TO THE PORTERVILLE REDEVELOPMENT AGENCY:

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

Section 2. The Chair and Secretary of the Oversight Board shall sign the passage and adoption of this Resolution and thereupon the same shall take effect and be in force.

Section 3. The Oversight Board to the Successor Agency hereby directs the transmittal of this Resolution and the accompanying staff report and all exhibits thereto, each of which is incorporated herein, to the DOF pursuant to Health and Safety Code Sections 34179(h).

PASSED, APPROVED AND ADOPTED this 26th day of March, 2014.

____________________________________________
John Snavely, Chair
Oversight Board to the Successor Agency to the Porterville Redevelopment Agency

ATTEST:

____________________________________________
Patrice Hildreth, Secretary
Oversight Board to the Successor Agency to the Porterville Redevelopment Agency
PURCHASE AND SALE AGREEMENT
AND
JOINT ESCROW INSTRUCTIONS

This PURCHASE AND SALE AGREEMENT AND JOINT ESCROW INSTRUCTIONS ("Agreement") is made and entered into as of __________, 20____ ("Effective Date"), by and between the SUCCESSOR AGENCY TO THE PORTERVILLE REDEVELOPMENT AGENCY, a public body, corporate and politic ("Buyer"), and PORTERVILLE HOTEL INVESTORS, a California limited partnership ("Seller") for acquisition by Buyer of all of Seller’s interests, tangible and intangible, in that certain Property defined and described below.

RECATALS

A. Seller is the fee owner of certain real property located in the City of Porterville, California ("City"), commonly known as 10-18 North Main Street, Porterville, CA 93257 and legally described on Exhibit “A” attached hereto and made a part hereof ("Property" as more fully defined in Section 1 below). The Property was improved with a vacant, three story commercial structure containing 30,500 square feet, which was burned down by fire on December 26, 2013. The structure that was on the Property prior to the fire was uninhabitable, but was most recently used for commercial uses on the first floor and the upper floors contained a seventy (70) unit, single room occupancy hotel commonly known as the “Porterville Hotel.” In addition, the building contains a 4,000 square foot basement. The Property now contains the debris from the building following the fire.

B. Buyer is the successor agency to the former Porterville Redevelopment Agency, validly existing and exercising powers pursuant to Health and Safety Code Section 34170, et seq., including Section 34173.

C. Seller desires to sell to Buyer and Buyer desires to purchase from Seller the Property pursuant to the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Seller and Buyer agree as follows:

1. Purchase and Sale. Seller hereby agrees to sell the Property to Buyer, and Buyer hereby agrees to purchase the Property from Seller, on the terms and conditions set forth in this Agreement. Seller shall convey to Buyer fee simple, marketable title with the condition of title for the Property meeting the requirements of Section 3 herein for which Seller is responsible. The term “Property” is defined inclusively and collectively for and under this Agreement as the following:

   (a) The fee interest in the Property;

   (b) Any improvements to the Property existing as of the Closing Date;

   (c) All rights, privileges, easements, licenses and interests, both tangible and intangible, appurtenant to the Property. “Property” shall be deemed to include, without limitation,
receivables, tax credits and other credits, all royalties, minerals, oil and gas rights and profits, water and water rights (whether or not appurtenant) derived from the Property that are owned by Seller;

(d) All moveable and immovable personal property, equipment, supplies, furniture, and fixtures owned by Seller and located at the Property, if any, as of Closing, as set forth in Section 2(b) below; and

(e) All licenses, permits, authorizations, and approvals issued by governmental authorities with respect to the Property and the improvements thereon.

2. **Purchase Price.**

(a) **Purchase Price.** The Purchase Price for the Property ("Purchase Price") is the sum of the following:

(i) The amount required to pay off the loan ("Citibank Note") secured by the deed of trust referred to as Exception No. 8 on the Title Report (defined in Section 3(b)(i), below), resulting in the removal of Exception No. 8 from title to the Property, plus

(ii) The Clearance Cost Reimbursement required to reimburse Seller for the actual cost to complete the Clearance Work (as those terms are defined in Section 6, below).

(b) **Full and Complete Settlement, Release and Waiver.** The Purchase Price is all-inclusive and shall remain total compensation paid by Buyer to Seller for all of Seller’s interests in the Property, inclusive of any and all rights or obligations which exist or may arise out of Buyer’s acquisition of the Property, including without limitation, Seller’s fee interest in the land, all improvements pertaining to the realty, all other improvements, furnishings, fixtures, and equipment located thereon, severance damages, if any, alleged pre-condemnation damages, if any, alleged loss of business goodwill, if any, alleged costs directly attributed to the development of the Property, relocation benefits and assistance, if any, costs, interest, attorney’s fees, and any claim whatsoever of, by, or through Seller that may arise out of or relate in any respect to Buyer’s acquisition of the Property from Seller. In this regard Seller acknowledges that based on the advice of counsel, as and if Seller elects to obtain the advice of counsel, Seller is and will be fully satisfied that the Purchase Price is fair and adequate consideration for all interests in the Property and that it is all-inclusive compensation for the Property.

In furtherance of the foregoing paragraph, Seller understands that Buyer would not have entered into this Agreement without Seller’s agreement to (i) sell the Property for an all-inclusive Purchase Price and (ii) knowingly, voluntarily, and intentionally waive according to the terms set forth herein, any and all of Seller’s interest in or right to any relocation assistance or benefits under the Relocation Laws (defined below) and for any other or further compensation or consideration for the Property and all interests therein or arising therefrom. Therefore, the Purchase Price has been determined by and is inclusive of Seller’s agreement hereunder to fully release and discharge Buyer from all any manner of rights, demands, liabilities, obligations, claims, or causes of action, in law or equity, of whatever kind or nature, whether known or unknown, whether now existing or hereinafter arising (collectively referred to in this Section as the “Claims”), which arise from or relate in any manner to (i) the sale of the Property to the extent such claims are based on the fact that Buyer is a public entity; (ii) the relocation of any person or persons or other occupant or occupants located on the Property, including the specific waiver and release of any right to any
relocation benefits, advisory or other assistance, and/or payments under the Relocation Laws as to whom this waiver and release is effective, notwithstanding that such relocation assistance, benefits and/or payments may be otherwise required under said Relocation Laws or other state or federal law; and (iii) compensation for any interest in the Property or income from the Property including, but not limited to, land and improvements, fixtures, furniture, or equipment thereon, goodwill, severance damage, leases or other contracts relating to the Property, attorneys’ fees, or any other compensation of any nature whatsoever.

As used herein, “Relocation Laws” means all applicable federal and state relocation laws and regulations, including without limitation, (i) the relocation obligations of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (“URA”), 42 U.S.C. 4201–4655, and the implementing regulation thereto set forth in 49 CFR Part 24, (ii) the California Relocation Assistance Act, Government Code Section 7260, et seq. and the implementing regulations thereto in Title 25, Section 6000, et seq. of the Code of Regulations, (iii) any other applicable federal, state or local enactment or regulation providing for relocation assistance, benefits, or compensation for moving and for property interests (including without limitation goodwill and furnishings, fixtures and equipment, and moving expenses), and (iv) any federal law or regulation prohibiting payment of relocation benefits or assistance to persons ineligible for relocation benefits or assistance.

By releasing and forever discharging claims both known and unknown which are related to or which arise under or in connection with, the items set out in this Section 2(b) above, the Seller expressly waives any rights under California Civil Code Section 1542, which provides:

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

Seller’s Initials

(c) Possession and Disposition of Seller’s Personal Property. Upon the Closing Date, possession of the Property, including land, improvements, furniture, fixtures and equipment, whether immovable or moveable (“Personal Property”), if any, on, upon, or about the Property shall be deemed to be the property of Buyer. Seller may, but shall not be required to, remove or otherwise dispose of any or all of the moveable Personal Property, if any, at the Property owned by Seller prior to the Closing Date. After the Closing Date, Seller acknowledges and agrees that Buyer has the right to and may dispose of Personal Property, if any, remaining at any portion of the Property as Buyer alone sees fit without further notice or any liability whatsoever to Seller. Seller shall provide a list of moveable Personal Property Seller intends to remove, if any, at least five (5) days prior to the Closing.

3. Escrow and Title Matters.

(a) Escrow; Effective Date; Closing.

(i) Opening of Escrow. For the purposes of this Agreement, the escrow (“Escrow”) shall be deemed opened on the date that Escrow Holder receives a copy of this
Agreement fully executed by Seller and Buyer and evidence that this Agreement has become effective pursuant to Section 3(a)(ii), below (“Effective Date”). Escrow Holder shall promptly notify Buyer and Seller in writing of the Effective Date and shall insert such date into the first paragraph hereof. Buyer and Seller agree to execute, deliver and be bound by any reasonable or customary supplemental Escrow instructions or other instruments reasonably required by Escrow Holder to consummate the transaction contemplated by this Agreement; provided, however, that no instrument shall be inconsistent or in conflict with, amend or supersede any portion of this Agreement. If there is any conflict or inconsistency between the terms of an instrument and the terms of this Agreement, then the terms of this Agreement shall control. Without limiting the generality of the foregoing, no instrument shall extinguish any obligations imposed by this Agreement or any other contract between Seller and Buyer.

(ii) Effectiveness of Agreement; Oversight Board and DOF Approval. The parties acknowledge and agree that this Agreement is subject to approval by the Oversight Board to the Successor Agency (“Oversight Board”) and review (and approval), if requested, by the California Department of Finance (“DOF”). Following the execution of this Agreement, the Successor Agency shall submit this Agreement to the Oversight Board for approval. The parties shall cooperate in good faith and in a commercially reasonable manner to seek approval of this Agreement by the Oversight Board and the DOF. This Agreement shall become effective upon (i) approval hereof by the Oversight Board and (ii) such Oversight Board action becoming effective within the time periods prescribed by applicable law, either by no review of such Oversight Board action being timely requested by DOF or by DOF approval or lack of objection thereto.

(iii) Closing. For purposes of this Agreement, the “Closing” or “Closing Date” shall be the date the Grant Deed (as defined below) is recorded pursuant to applicable law in the Official Records of Tulare County. Unless changed in writing by Buyer and Seller, the Closing shall occur on or before June 30, 3014 (the “Outside Closing Date”). If the Closing has not, for any reason, occurred by the Outside Closing Date, then either Buyer or Seller may terminate this Agreement by delivering written notice to the other at any time after the Outside Closing Date; provided, however, that if there is a Seller Default or a Buyer Default under this Agreement at the time of the termination, then the termination shall not affect the rights and remedies of the non-defaulting party against the defaulting party. If neither party so elects to terminate this Agreement and the Escrow, Escrow Holder shall close the Escrow as soon thereafter as Buyer’s and Seller’s Conditions Precedent to Closing are satisfied pursuant to Sections 7(a) and 7(b) of this Agreement.

(b) Title Matters.

(i) Delivery of Title Report. Buyer has obtained from Chicago Title Company (“Title Company”) a preliminary title report for the Property dated October 2, 2013 (“Title Report”), together with legible copies of all exceptions to title disclosed in the Title Report and all exceptions to coverage which would appear in an ALTA Owner’s Policy of Title Insurance (amended 6-17-06) extended coverage owner’s policy of title insurance, if issued (collectively, the “Title Documents”). Buyer hereby approves the matters disclosed in the Title Documents, but expressly excluding exceptions 4, 5, 6, 7, 8, 9, 11, 12, 13 and 14 shown on the Title Report. Buyer acknowledges and agrees that, while exceptions 4, 5, 6, 7, 8, 9, 11 and 12 are disapproved by Buyer, Buyer shall have sole responsibility for removing such exceptions at or prior to the Closing and, in the event Buyer is unable to remove such exceptions, Buyer’s sole remedy shall be to terminate this Agreement (and such termination shall be without liability to either Buyer or Seller). Seller shall make good faith efforts to cooperate and assist Buyer in removing the exceptions listed in the
immediately preceding sentence. In addition to the disapproved exceptions listed above, Buyer expressly objects to any and all taxes and/or assessments that are due, payable or ascertainable as of the Closing Date. Seller covenants and agrees that, at its sole cost and expense, prior to or at Closing it will discharge all delinquent tax liens showing as encumbrances against the Property.

(ii) **Updated Title Report.** The Title Report shall be updated and again delivered to Buyer by the Title Company not more than five (5) days prior to Closing (“Updated Title Report”). If Buyer determines that the status of title reflected in an Updated Title Report is unacceptable for any reason in the sole and absolute discretion of Buyer, Buyer shall so notify Seller in writing, specifying such objectionable matters (“Objections”). Buyer may not object to matters contained in an Updated Title Report that are included in the Title Report or that were previously accepted by Buyer in a previously issued Updated Title Report.

(iii) **Cure Period.** Seller shall have a period of five (5) days following the receipt of any Objections to provide a cure acceptable to Buyer for the Objections (“Cure Period”). Seller and Buyer agree that if the expiration of the Cure Period occurs after the Closing Date, the Closing shall automatically be extended until two (2) days after the expiration of the Cure Period. If Seller is unable to cure the Objections or arrange for the cure of the Objections prior to or at Closing and within such Cure Period, Buyer may, within ten (10) days following the expiration of such Cure Period (but prior to Closing), either terminate this Agreement or maintain this Agreement in effect with the right to take title at Closing.

(iv) **Permitted Exceptions.** (A) The following exceptions shown on the Title Report: 1, 2, 3 and 10; and (B) matters shown on any Updated Title Report that are reviewed and approved by Buyer pursuant to this Section 3; and (C) general real estate taxes for the year of Closing, a lien not yet due, payable or ascertainable, are hereinafter referred to collectively as the “Permitted Exceptions.”

(v) **Title Policy.** At Closing, the Title Company shall cause a CLTA standard coverage owner’s policy of title insurance to be issued to Buyer, based on the Title Report and the Updated Title Report, which policy shall be in the amount of $1,950,000.00 and will insure Buyer’s fee simple title to the Property, subject to no exceptions other than the Permitted Exceptions, and containing the endorsement set forth below (“Title Policy”). The Title Policy shall contain an endorsement insuring legal access to the Property from a physically open and publicly dedicated street and shall include mechanics’ lien coverage and such other endorsements as Buyer may reasonably require. Buyer shall not be obligated to proceed to Closing unless the Title Company (or other title insurance company reasonably acceptable to Buyer) is prepared to issue the Title Policy. If the Title Company is not willing to issue the Title Policy subject only to the Permitted Exceptions, Buyer shall have the right, in addition to any other rights and remedies under this Agreement, to either terminate this Agreement or proceed with Closing. The parties acknowledge that Buyer may request additional endorsements to the Title Policy, at Buyer’s expense.

(vi) **Allocation of Cost.** Seller shall pay the cost of the Title Report, the Updated Title Report, the premium for a standard CLTA coverage owner’s Title Policy and all endorsements accepted by the Buyer as a correction of an Objection made by Buyer under Section 3(b), subdivisions (ii) and (iii), above. Buyer shall pay the increased cost for an ALTA extended coverage owner’s Title Policy, if elected by Buyer.
4. **Seller’s Delivery of Property Documents.**

(a) **Seller’s Delivery of Property Documents.** Within ten (10) days after the Effective Date, Seller shall deliver to Buyer complete, true, and legible copies the following items (collectively, “Property Documents”):

(i) Copies of tax bills, including assessments, if any.

(ii) Proof of Sellers’ authority and authorization to enter into this Agreement and to consummate this transaction as may be reasonably requested by Buyer and the Title Company.

(iii) Each and every contract or agreement relating to the Property that will be binding on Buyer or the Property following the Close of Escrow, if any, with the exception of the Title Documents which shall be handled as set forth in Section 3(b).

(iv) Any and all documentation regarding the Property which have been prepared by or at Seller’s direction, or which are in Seller’s possession or control regarding the Property, including, without limitation, copies of any surveys, engineering plans, preliminary and/or final plats, soil, studies, wetland reports, environmental studies, improvement plans, all other consultant materials, and any other documents that would benefit Buyer in its due diligence review of the Property, and complete copies of all leases, conditions, covenants, easements, and copies of all agreements with Governmental Authorities that affect the Property. Seller hereby assigns to Buyer all of the documents and information provided to Buyer by Seller pursuant to this Section 4, which assignment is effective as of the Closing.

5. **Buyer’s Right of Entry and Tests of Property.** From and after the Effective Date through the earlier to occur of the Closing Date or the termination of this Agreement, Seller hereby grants to and agrees that Buyer and Buyer’s employees, agents, consultants and contractors (collectively, the “Buyer Parties”) shall have the right to enter upon the Property during normal business hours, provided 24 hours prior notice has been given to Seller, for the purpose of conducting any physical and legal inspections, investigations, assessments, tests, and studies as Buyer in its sole discretion elects to make or obtain, including, but not limited to, investigations with regard to zoning, building codes and other governmental regulations; engineering tests; surveying; soils, seismic and geologic reports; environmental audits, inspections and studies; environmental investigation or other invasive or subsurface testing; and any other physical or legal inspections and/or investigations, including without limitation the presence, release, and/or absence of adverse soils conditions, adverse groundwater conditions, asbestos, lead based paint, and/or Hazardous Materials, as hereinafter more fully defined and described (collectively, “Tests”).

6. **Clearance Work.**

(a) **Scope of Clearance Work.** Prior to the Closing, the following demolition, remediation and clearance work (collectively referred to herein as “Clearance Work”) must be performed at the Property: (i) Abatement, demolition and clearance of all existing debris, including hazardous materials, if any, contained in such debris, from the building and basement and (ii) Removal of the elevator shaft. The perimeter basement walls, basement structure and flooring, to the extent in a stable (not dangerous) condition (but no portion of the above-ground structure), will remain after the completion of the Clearance Work. Buyer shall have the right to approve any and all
contracts for the Clearance Work prior to commencement of such work at the Property and Seller shall fully cooperate with Buyer and shall promptly provide copies of any and all agreements, invoices, notices, claims and other documents relating to the Clearance Work to Buyer. Before approving any Clearance Work performed at the Property, Seller shall provide Buyer with notice and an opportunity to inspect the Clearance Work to ensure the work is satisfactory to Buyer.

(i) **Condition of the Property.** Buyer shall have the right to approve or disapprove the condition of the Property after completion of the Clearance Work and prior to the Closing. In the event the Clearance Work is completed fewer than ten (10) business days prior to the Outside Closing Date, the Outside Closing Date shall be automatically extended to ten (10) business days following the date the Clearance Work is completed to permit Buyer to inspect the Property and the completed Clearance Work.

(b) **Insurance Proceeds.** Seller shall take all reasonable actions to claim insurance proceeds under any and all policies of insurance maintained by Seller, C.F.Y. Development, Inc., or Cyrus Youssefi with respect to the Property (“Property Insurance”) in an amount sufficient to recover all costs incurred by Seller to complete the Clearance Work. Seller’s obligations under this Section 6(b) include the following:

(i) Seller shall file insurance claims in accordance with all applicable Property Insurance policies and promptly providing all documentation and other information to the insurers as may be required by the Property Insurance policies and/or such insurers.

(ii) Seller shall appeal any adverse decisions and/or determinations made by insurers under any such Property Insurance policies in accordance with the requirements of such Property Insurance policies.

(iii) Seller shall exhaust all available remedies and appeal rights under such Property Insurance policies.

(iv) If requested by Buyer, Seller shall continue to pursue Property Insurance claims described in this Section 6(b) following the Closing. If Seller received Property Insurance proceeds to cover all or a portion of the cost of Clearance Work after Buyer pays the Clearance Cost Reimbursement to Seller, Seller shall promptly pay all such Property Insurance proceeds to Buyer to reimburse Buyer for the Clearance Cost Reimbursement paid pursuant to Section 6(c).

(c) **Clearance Cost Reimbursement.** If and to the extent Seller is unable to recover insurance proceeds in the full amount of the cost of the Clearance Work as described in Section 6(b), Buyer shall, at Closing and as a component of the Purchase Price, reimburse Seller for Seller’s actual and direct third party cost incurred to complete the Clearance Work (“Clearance Cost Reimbursement”). Except as described below, the Clearance Cost Reimbursement shall not exceed the amount of Four Hundred Fifty Thousand Dollars ($450,000).

(i) In the event the perimeter walls, basement structure and/or flooring at the Property are not stable or are in a dangerous condition after completion of the Clearance Work described in Section 6(a), the parties will reasonably consider renegotiating the scope of the Clearance Work and the not-to-exceed Clearance Cost Reimbursement amount to enable Seller to
perform additional work to cause the Property to be in a safe and stable condition acceptable to Buyer at the Closing.

(d) **Litigation regarding Property Insurance.** If and to the extent Seller is unable to recover Property Insurance proceeds in the full amount of the cost of the Clearance Work, Seller agrees, at the direction of Buyer, to file one or more lawsuits against insurers under the Property Insurance policies, at the sole cost and expense of Buyer and using legal counsel selected by Buyer, seeking to recover any remaining costs of the Clearance Work for which claims are denied by the insurers under Property Insurance policies. Seller shall cooperate with the Buyer in connection with the prosecution of any and all such lawsuits and shall fully disclose all information and documentation relating to the Property Insurance claims which are the subject of such lawsuits to Buyer. This Section 6(d) and Section 6(b), et seq., above, shall continue in effect following the Closing.

7. **Conditions Precedent to Close of Escrow and Termination Rights.**

(a) **Buyer’s Conditions Precedent.** The Closing and Buyer’s obligation to buy the Property and to consummate the transaction contemplated by this Agreement are subject to the timely satisfaction or written waiver of the following conditions precedent (collectively, “Buyer’s Conditions Precedent”) on or before the Closing Date or such earlier time as provided for herein, which are for Buyer’s benefit only.

(i) **No Termination as a Result of Buyer’s Due Diligence Review.** This Agreement shall not have terminated pursuant to Sections 3(b) or 6 as a result of Buyer’s review and inspection of title to, the Property Documents relating to, and the Tests on the Property.

(ii) **Title Policy.** The Title Company shall have agreed to issue the Title Policy for the Property upon the Closing, in accordance with Section 3(b), upon payment of Title Company’s regularly scheduled premium.

(iii) **Cancellation of Utilities.** Seller shall cancel all utilities serving the Property.

(iv) **Delivery of Documents.** Seller’s delivery of all items and documents described in Section 8.

(v) **Vacancy of Property.** The Property shall be vacant. No recorded or unrecorded leases, licenses, contracts, or easements shall affect or encumber the Property (except as approved by Buyer pursuant to Sections 3 and 6).

(vi) **Representations and Warranties.** All representations and warranties of Seller contained in this Agreement shall be true and correct in all respects as of the Effective Date and as of the Closing.

(vii) **No Seller Default.** As of the Closing, there shall be no Seller Default under this Agreement.

(b) **Seller’s Conditions Precedent.** The Closing and Seller’s obligation to sell the Property and consummate the transaction contemplated by this Agreement are subject to the timely satisfaction or written waiver of the following conditions precedent (collectively, “Seller’s
Conditions Precedent”) on or before the Closing Date or such earlier time as provided for herein, which are for Seller’s benefit only:

(i) No Termination as a Result of Buyer’s Due Diligence Review. This Agreement shall not have terminated pursuant to Section 3(b) or 6 as a result of Buyer’s review and inspection of title, the Property Documents, and the Property.

(ii) No Buyer Default. As of the Closing, there shall be no Buyer Default under this Agreement.

(iii) Representations and Warranties. All representations and warranties of Buyer contained in this Agreement shall be true and correct in all respects as of the Effective Date and as of the Closing.

(iv) Delivery of Funds. Buyer shall have deposited with Escrow Holder immediately available funds in an amount equal to the Purchase Price, the Buyer’s Charges, and Buyer’s share of Prorations described in Section 11.

(v) Delivery of Documents. Buyer shall have delivered all documents and other items described in Section 9.

(c) Waiver. Buyer may at any time or times, at its election in its sole and absolute discretion, waive any of the Buyer’s Conditions Precedent set forth in Section 7(a), but any such waiver shall be effective only if contained in a writing signed by Buyer and delivered to Seller and Escrow Holder. Seller may at any time or times, at its election in its sole and absolute discretion, waive any of the Seller’s Conditions Precedent set forth in Section 7(b) above, but any such waiver shall be effective only if contained in a writing signed by Seller and delivered to Buyer and Escrow Holder.

(d) Termination. In the event that each of the Buyer’s Conditions Precedent set forth in Section 7(a) is not fulfilled by the Outside Closing Date or such earlier time period as provided for herein or waived by Buyer pursuant to Section 7(c), and provided there is no Buyer Default under this Agreement, Buyer may at its option terminate this Agreement and the Escrow. In the event each of the Seller’s Conditions Precedent set forth in Section 7(b) is not fulfilled by the Outside Closing Date, or such earlier time period as provided for herein or waived by Seller pursuant to Section 7(c), and provided there is no Seller Default under this Agreement, Seller may at its option terminate this Agreement and the Escrow. Notwithstanding the foregoing, if Escrow is not in a position to close due to a party’s failure to deposit into Escrow any documents or funds required for the Closing of Escrow, the non-defaulting party shall not have the right to terminate this Agreement without first having given the defaulting party notice of the default and five (5) days to cure the default, with the understanding that it is the parties’ desire that this Agreement not terminate as a result of a technicality such as a party’s inadvertent failure to timely make a deposit of a document or money into Escrow. No termination under this Agreement shall release either party then in default from liability for such default.

(i) If Escrow fails to close due to a party’s default or breach, the defaulting or breaching party shall pay all Escrow Cancellation Charges. If Escrow fails to close for any other reason, each party shall pay one-half of all Escrow Cancellation Charges. The term “Escrow Cancellation Charges” shall mean all fees, charges and expenses actually charged by
Escrow Holder and the Title Company to the parties in connection with the cancellation of the Escrow and the title order, if any.

8. **Seller’s Deliveries to Escrow and/or Buyer.** At least two (2) business days prior to the Closing Date, except as to possession of the Property which shall be delivered at Closing, Seller shall deposit or cause to be deposited with Escrow Holder the following items, duly executed and, where appropriate, acknowledged:

   (a) **Seller’s Charges.** Immediately available funds in the amount necessary to pay Seller’s Charges as set forth in Section 11(a) herein; provided, however, that instead of depositing such funds into Escrow Seller shall have the right to have Seller’s Charges deducted from the sale proceeds due to Seller.

   (b) **Grant Deed.** The executed Grant Deed in the form attached hereto as Exhibit B (“Grant Deed”).

   (c) **Licenses, Certificates, and Permits.** To the extent the same are within the actual or constructive knowledge of, or in the possession, custody or control of, Seller and are applicable and/or transferable to Buyer, all original licenses, certificates and permits pertaining to the Property and beneficial for, or necessary for, or affecting the use or occupancy thereof.

   (d) **Keys.** Keys, if any, to all entrance doors and equipment and utility rooms, and any other keys relating to, the Property, including mailbox keys, to the extent such keys are in the possession, custody or control of Seller.

   (e) **FIRPTA/Tax Exemption Forms.** Transferor’s Certification of Non Foreign Status in the form attached hereto as Exhibit C (“FIRPTA Certificate”) (unless Seller is a “foreign person,” as defined in Section 1445 in the Internal Revenue Code of 1986), together with any necessary tax withholding forms, and a duly executed California Form 593-C, as applicable (“California Exemption Certificate”).

   (f) **Possession of Property.** At Closing, possession of the Property shall be delivered to Buyer.

   (g) **Evidence of Purchase Price.** Not later than ten (10) business days prior to the Closing, Seller shall deliver to Buyer and Escrow Holder copies of all bills and invoices evidencing the amount of the Purchase Price as described in Section 2(a).

   (h) **Evidence of Completion of Clearance Work; Lien Waivers.** Evidence that the Clearance Work has been completed, including notices of completion, and lien waivers from all contractors and subcontractors performing any portion of the Clearance Work.

   (i) **Authority.** Such proof of Seller’s authority and authorization to enter into this Agreement and to consummate this transaction as may be reasonably requested by Buyer and the Title Company.

   (j) **Further Documents or Items.** Any other documents or items reasonably required to cause the Closing of the transaction contemplated by this Agreement as determined by the Escrow Holder.
9. **Buyer’s Deliveries to Escrow.** At least two (2) business days prior to the Closing Date, Buyer shall deposit or cause to be deposited with Escrow Holder the following, each duly executed and acknowledged by Buyer, as appropriate:

   (a) **Purchase Price.** The Purchase Price, together with additional funds necessary to pay Buyer’s Charges set forth in Section 11(b) herein and Buyer’s share of the Prorations set forth in Section 11(c).

   (b) **Final Escrow Instructions.** Buyer’s final written Escrow instructions to close Escrow in accordance with the terms of this Agreement.

   (c) **Further Documents or Items.** Any other documents or items reasonably required to cause the Closing of the transaction contemplated by this Agreement as determined by the Escrow Company.

10. **Tax Adjustment Procedure.** Escrow Holder is authorized and is instructed to comply with the following tax adjustment procedure:

   (a) **Delinquent Taxes.** Pay and charge Seller for any unpaid delinquent property taxes and/or penalties and interest thereon, and for any delinquent assessments or bonds against the Property.

   (b) **Proration.** Escrow is not to be concerned with proration of Seller’s taxes for the current fiscal year. Seller’s prorata portion of taxes due at close of Escrow, shall be cleared and paid by Seller, outside Escrow, pursuant to provisions of Section 5082 through 5090 of the Revenue and Taxation Code of the State of California.

   (c) **Refund of Taxes.** After the Closing of the Escrow, Seller shall have the right in Seller’s sole discretion to apply to the Tulare County Tax Collector for refund of any excess property taxes paid by Seller with respect to the Property, so long as no proration or credit for such taxes was provided to Seller through the Escrow. This refund would apply to the period after the Closing Date and Buyer’s acquisition of the Property pursuant to Revenue and Taxation Code Section 5096.7.

11. **Escrow Holder Authorization.** Escrow Holder is authorized to and shall pay, charge and perform the following:

   (a) **Seller Charges.**

      (i) **Removal of Title Exceptions.** Pay and charge Seller for any amount necessary to cause the removal of any title matters that Seller agreed to remove pursuant to Section 3(b) and to convey fee simple, marketable title pursuant to the requirements of this Agreement.

      (ii) **Seller’s Share of Escrow and Title Charges.** Pay and charge Seller for one half (1/2) of the Escrow fee, any documentary transfer taxes, and all title insurance premiums for the Title Policy which would be incurred for a CLTA standard owner's form policy.

      (iii) The charges set forth in this Section 11(a) are herein referred to as “Seller’s Charges.”
(b) **Buyer Charges.** Pay and charge Buyer for one-half (1/2) of the Escrow fee, all charges for recording the Grant Deed, and any additional title coverage requested by Buyer, including the difference between a CLTA standard owner's policy (which CLTA policy is and shall remain one of the Seller’s Charges) and an ALTA extended owner's policy (collectively, “Buyer’s Charges”).

(c) **Prorate Revenues and Expenses.** All revenues and expenses (if any) relating to the Property (including, but not limited to, utility costs and expenses, water charges and sewer rents and refuse collection charges) shall be prorated as of the Closing Date (collectively, the “Prorations”). Not less than five (5) business days prior to the Closing, Escrow Holder shall deliver to Buyer and Seller a tentative schedule of prorations for Buyer’s and Seller’s approval (“Proration and Expense Schedule”). If any prorations made under this Section 11(c) shall require final adjustment after the Closing, then the parties shall make the appropriate adjustments promptly when accurate information becomes available and either party hereto shall be entitled to an adjustment to correct the same. Any corrected or adjusted proration shall be paid promptly in cash to the party entitled thereto.

(d) **Tax Requirements.** Escrow Holder shall prepare and file with all appropriate governmental or taxing authorities a uniform settlement statement, closing statement, tax withholding forms including an IRS 1099 S form, and be responsible for withholding taxes, if any such forms and/or withholding is provided for or required by law.

(i) **California Withholding.** In the event Seller does not qualify for an exemption from California withholding tax under Section 18662 of the California Revenue and Taxation Code (“Tax Code”) as evidenced by the delivery to Buyer at Closing of the California Exemption Certificate duly executed by Seller, (i) Escrow Holder shall withhold three and one-third percent (3 1/3%) of the Purchase Price on behalf of Buyer at Closing for payment to the California Franchise Tax Board in accordance with the Tax Code, (ii) Buyer shall deliver three (3) duly executed originals of California Form 597 to Escrow Holder at or immediately after Closing, (iii) two (2) executed originals of California Form 597 shall be delivered by Escrow Holder to Seller, and (iv) on or before the 20th day of the month following the month title to the Property is transferred to Buyer (as evidenced by the recording of the Grant Deed), Escrow Holder shall remit such funds withheld from the Purchase Price, together with one (1) executed original of California Form 597 to the California Franchise Tax Board on behalf of Buyer. Buyer and Seller hereby appoint Escrow Holder as a reporting entity under the Tax Code, authorized to withhold and remit the withholding tax contemplated under the Tax Code, together with such other documents required by the Tax Code (including, without limitation, California Form 597), to the California Franchise Tax Board.

(ii) **FIRPTA Withholding.** Unless Seller is not a “foreign person” under the Foreign Investment in Real Property Transfer Act or an exemption applies, the Escrow Holder shall deduct and withhold from Seller’s proceeds ten percent (10%) of the gross sales price and shall otherwise comply with all applicable provisions of the Foreign Investment in Real Property Act and any similar state act. Seller agrees to execute and deliver Exhibit C, as directed by Escrow Holder, or any instrument, affidavit, and statement, and to perform any act reasonably necessary to comply with the provisions of the Foreign Investment in Real Property Act and any similar state act and regulation promulgated thereunder.
(e) **Closing Statement.** Escrow Holder is instructed to prepare and provide copies of a proposed closing statement and thereafter the final closing statement (“Closing Statement”) to both Seller and Buyer. Escrow Holder shall delivery the estimated Closing Statement to Seller and Buyer no later than three (3) business days prior to the Closing Date.

(f) **Escrow Holder Responsibility.** The responsibility of the Escrow Holder under this Agreement is limited to Sections 1 through 12, and 16(b) and (c), and to its liability under any policy of title insurance issued in regard to this transaction.

12. **Closing Procedure.** On the Closing Date, and provided all of the Buyer’s Conditions Precedent and Seller’s Conditions Precedent set forth in Sections 7(a) and 7(b) of this Agreement have been satisfied or waived in writing by the appropriate party (per Section 7(c)), Escrow Holder shall immediately close Escrow in the manner and order provided below.

(a) **Recording.** Escrow Holder shall cause the Grant Deed to be recorded pursuant to applicable law in Tulare County and obtain conformed copies thereof for distribution to Buyer and Seller.

(b) **Disburse Funds.** Escrow Holder shall debit or credit (as provided herein) all charges and Prorations to Buyer and Seller and withhold funds pursuant to Section 11. The Purchase Price (less any amounts required to be withheld as provided in Section 11(d)) shall be distributed by check payable to Seller unless Escrow Holder is instructed otherwise in writing signed by Seller (and, in such event, in accordance with such instructions).

(c) **Documents to Seller.** Escrow Holder shall deliver to Seller a conformed copy of the Grant Deed and a copy of each other document (or copies thereof) deposited into Escrow by Buyer pursuant hereto.

(d) **Documents to Buyer.** Escrow Holder shall deliver to Buyer the original FIRPTA Certificate, the original California Exemption Certificate (as applicable), a conformed copy of the Grant Deed and each other document (or copies thereof) deposited into Escrow by Seller pursuant hereto, including, without limitation, those documents referenced in Section 8.

(e) **Title Company.** Escrow Holder shall cause the Title Company to issue the Title Policy to Buyer.

(f) **Closing Statement.** Escrow Holder shall forward to both Buyer and Seller a separate accounting of all funds received and disbursed for each party in the form of the Closing Statement prepared pursuant to Section 11(e).

(g) **Informational Reports.** Escrow Holder shall file any informational reports required by Internal Revenue Code Section 6045(e), as amended.

(h) **Possession.** Possession of the Property shall be delivered to Buyer at the Closing.

13. **Representations and Warranties.**

(a) **Seller’s Representations and Warranties.** In consideration of Buyer entering into this Agreement and as an inducement to Buyer to purchase the Property, Seller makes
the following representations and warranties as of the Effective Date and continuously as of the
Closing, each of which is material and is being relied upon by Buyer (and the truth and accuracy of
which shall constitute a condition precedent to Buyer’s obligations hereunder), and all of which shall
survive Closing:

(i) Seller has the legal power, right and authority to enter into this
Agreement and the instruments referenced herein, and to consummate the transaction contemplated
hereby.

(ii) All requisite action (corporate, trust, partnership or otherwise) has
been taken by Seller in connection with entering into this Agreement and the instruments referenced
herein; and, by the Closing, all such necessary action will have been taken to authorize the
consummation of the transaction contemplated hereby. By the Closing no additional consent of any
individual, director, manager, shareholder, partner, member, trustee, trustor, beneficiary, creditor,
investor, judicial or administrative body, governmental authority or other party shall be required for
Seller to consummate the transaction contemplated by this Agreement.

(A) In this regard, if applicable, Seller shall deliver or cause
delivery to Buyer of true and complete copies of each requisite action or authorization (corporate,
trust, partnership or otherwise) that has been taken by Seller or will be taken (immediately after
taking such action prior to Closing) when in connection with entering into this Agreement and
execution of the instruments referenced herein.

(iii) The individuals executing this Agreement and the instruments
referenced herein on behalf of Seller have the legal power, right and actual authority to bind Seller to
the terms and conditions hereof and thereof.

(iv) Neither the execution or delivery of this Agreement or the documents
or instruments referenced herein, nor incurring the obligations set forth herein, nor the consummation
of the transaction contemplated herein, nor compliance with the terms of this Agreement or the
documents or instruments referenced herein or therein conflict with or result in the material breach of
any terms, conditions or provisions of, or constitute a default under, any bond, note or other evidence
of indebtedness or any contract, indenture, mortgage, deed of trust, loan, lease or other agreement or
instrument (a) to which Seller is a party, or (b) that affect the Property of which Seller has actual or
constructive knowledge, including, but not limited to, any of the Property Documents.

(v) To the best of Seller’s actual or constructive knowledge, there are no
actions, suits, claims, legal proceedings, or any other proceedings affecting the Property or any
portion thereof, at law, or in equity before any court or governmental agency, domestic or foreign.

(vi) To the best of Seller’s actual or constructive knowledge, there are no
actions or proceedings pending or threatened against Seller, before any court or administrative agent
in any way connected with or relating to the Property, or affecting Seller’s ability to fulfill all of its
obligations under this Agreement.

(vii) Seller has made no written or oral commitments to or agreements
with any governmental authority or agency materially and adversely affecting the Property, or any
part thereof, or any interest therein, which will survive the Closing. Seller has entered into no
understanding or agreement with any taxing or assessing authority respecting the imposition or deferment of any taxes or assignments respecting the Property.

(viii) To the best of Seller’s actual or constructive knowledge, Seller is not in default of its obligations under any contract, agreement or instrument to which Seller is a party pertaining to the Property. To the best of Seller’s knowledge, no document supplied to Buyer by Seller contains any untrue statement of a material fact, and to the best of Seller’s actual or constructive knowledge no document omits any facts that would be necessary, in the circumstances, to make the document supplied not misleading.

(ix) There are no mechanics’, materialmen’s or similar claims or liens presently claimed or which will be claimed against the Property for work performed or commenced for Seller or on Seller’s behalf prior to the Closing. Seller agrees to indemnify, defend, and hold Buyer and its elected and appointed officials, officers, employees, contractors, and agents harmless from all costs, expenses, liabilities, losses, charges, and fees, including attorney fees, arising from or relating to any such lien or any similar lien claims against the Property and arising from work performed or commenced for Seller or on Seller’s behalf at any time prior to Closing.

(x) Except as may be revealed in the Title Report, there are no undisclosed contracts, licenses, commitments, undertakings or other written or oral tenancies, licenses or other rights of occupancy, agreements for services, supplies or materials, or concerning the use, operation, maintenance, or management of the Property that will be binding upon Buyer or the Property after the Closing. There are no oral contracts or other oral agreements for services, supplies or materials, or affecting the use, operation, maintenance or management of the Property to which Seller is a party or of which Seller has actual or constructive knowledge.

(xi) Except as revealed in the Title Report, there are not any written or oral leases or contractual rights or options to lease, purchase, or otherwise enjoy possession, rights or interest of any nature in and to the Property or any part thereof, and no person other than Buyer shall have any right of possession to the Property or any part thereof as of the Closing.

(xii) No person, excepting Seller, has possession or any rights to possession or use of the Property or any portion thereof. Until the Closing, Seller agrees not to lease any portion of the Property, grant any licenses or easements in the Property, or grant any other rights of use or occupancy to the Property without the prior written approval of Buyer, which may be granted or denied in Buyer’s sole and complete discretion.

(xiii) Except in connection with the Clearance Work, neither Seller nor, to the best of Seller’s knowledge, any previous owner, tenant, occupant, or user of the Property used, generated, released, discharged, stored, or disposed of any Hazardous Materials on, under, in, or about the Property, or transported any Hazardous Materials to or from the Property.

(xiv) Until the Closing, Seller shall, upon learning of any fact or condition, which would cause any of the warranties or representations in this Section 13(a) not to be true as of the close of Escrow, immediately give written notice of such fact or condition to Buyer.

As used herein, the term “actual knowledge” shall mean the actual, current knowledge of Seller and shall not impose any duty of investigation or inquiry and the term “constructive knowledge” shall mean implied knowledge due any notice or other document addressed to and
evidenced to have been sent to Seller, any notice or other document recorded against the Property, and any other document in the Seller’s possession and control.

(b) Subsequent Changes to Seller’s Representations and Warranties. If, prior to the Closing, Buyer or Seller should learn, discover or become aware of any existing or new item, fact or circumstance which renders a representation or warranty of Seller set forth herein incorrect or untrue in any respect (collectively, the “Seller Representation Matter”), then the party who has learned, discovered or become aware of such Seller Representation Matter shall promptly give written notice thereof to the other party and Seller’s representations and warranties shall be automatically limited to account for the Seller Representation Matter. Buyer shall have the right to approve or disapprove any such change and to terminate this Agreement by written notice to Seller if Buyer reasonably disapproves any such change; provided, however Seller shall first have the opportunity to cure the Seller Representation Matter. If Buyer does not elect to terminate this Agreement, Seller’s representation shall be qualified by such Seller Representation Matter and Seller shall have no obligation to Buyer for such Seller Representation Matter.

(c) Buyer’s Representations and Warranties. In consideration of Seller entering into this Agreement and as an inducement to Seller to sell the Property, Buyer makes the following representations and warranties as of the date hereof and at and as of the Closing, each of which is material and is being relied upon by Seller, the truth and accuracy of which shall constitute a condition precedent to Seller’s obligations hereunder, and all of which shall survive Closing:

(i) Subject to Section 3(a)(ii), Buyer has the legal power, right and authority to enter into this Agreement and the instruments referenced herein, and to consummate the transaction contemplated hereby.

(ii) Subject to Section 3(a)(ii), all requisite action (corporate, trust, partnership or otherwise) has been taken by Buyer in connection with entering into this Agreement and the instruments referenced herein; and, by the Closing, all such necessary action will have been taken to authorize the consummation of the transaction contemplated hereby. Subject to Section 3(a)(ii), by the Closing no additional consent of any individual, director, manager, shareholder, partner, member, trustee, trustor, beneficiary, creditor, investor, judicial or administrative body, governmental authority or other party shall be required for Buyer to consummate the transaction contemplated by this Agreement.

(A) In this regard, if applicable, Buyer shall deliver or cause delivery to Seller of true and complete copies of each requisite action or authorization (corporate, trust, partnership or otherwise) that has been taken by Buyer or will be taken (immediately after taking such action prior to Closing) when in connection with entering into this Agreement and execution of the instruments referenced herein.

(iii) Subject to Section 3(a)(ii), the individuals executing this Agreement and the instruments referenced herein on behalf of Buyer have the legal power, right and actual authority to bind Buyer to the terms and conditions hereof and thereof.

(iv) Neither the execution and delivery of this Agreement and the documents and instruments referenced herein, nor incurring the obligations set forth herein, nor the consummation of the transaction contemplated herein, nor compliance with the terms of this Agreement and the documents and instruments referenced herein conflict with or result in the
material breach of any terms, conditions or provisions of, or constitute a default under, any bond, note or other evidence of indebtedness or any contract, indenture, mortgage, deed of trust, loan, partnership agreement, lease or other agreement or instrument to which Buyer is a party or by which any of Buyer’s properties are bound.

(v) In the event that the Closing occurs, Buyer acknowledges and agrees that the Property shall be conveyed to the Buyer in an “as is” condition, with no warranty, express or implied by the Seller, as to the condition of the Property, the soil, its geology, the presence of known or unknown faults, the suitability of the soils for the intended purpose or the presence of known or unknown Hazardous Materials.

(d) Subsequent Changes to Buyer’s Representations and Warranties. If, prior to the Closing, Seller or Buyer should learn, discover or become aware of any existing or new item, fact or circumstance which renders a representation or warranty of Buyer set forth herein incorrect or untrue in any respect (collectively, the “Buyer’s Representation Matter”), then the party who has learned, discovered, or become aware of such Buyer’s Representation Matter shall promptly give written notice thereof to the other party and Buyer’s representations and warranties shall be automatically limited to account for the Buyer’s Representation Matter. Seller shall have the right to approve or disapprove any such change and to terminate this Agreement by written notice to Buyer if Seller reasonably disapproves any such change; provided, however Buyer shall first have the opportunity to cure the Buyer’s Representation Matter. If Seller does not elect to terminate this Agreement, Buyer’s representation shall be qualified by such Buyer’s Representation Matter and Buyer shall have no obligation to Seller for such Buyer’s Representation Matter.

14. Covenants Following Effective Date.

(a) Seller’s Covenants Following Effective Date.

(i) New Liens or Encumbrances. Seller shall not further encumber or place any further liens or encumbrances on the Property from the Effective Date to the Closing Date without the express, prior written authorization of Buyer in its sole and complete discretion. Further, if the Buyer does consent to a new lien or encumbrance, then such lien or encumbrance on the Property shall not survive the Closing Date, including, but not limited to, right of entry, covenants, conditions, restrictions, easements, liens, options to purchase, options to lease, leases, tenancies, or other possessory interests or rights of use or rights of entry relating to or affecting the Property without the prior written consent of Buyer which consent may be withheld by Buyer in its sole and complete discretion.

(ii) Hazardous Materials. Seller shall not cause or permit the presence, use, generation, release, discharge, storage, or disposal of any Hazardous Materials on, under, in, or about, or the transportation of any Hazardous Materials to or from, the Property, except in connection with the Clearance Work. As used in this Agreement, the term “Hazardous Materials” or “Hazardous Material” shall mean any substance, material, or waste which is or becomes, regulated by any local governmental authority, the State, or the United States Government, including, but not limited to, any material or substance which is (i) defined as a “hazardous waste,” “extremely hazardous waste,” or “restricted hazardous waste” under Sections 25115, 25117 or 25122.7, or listed pursuant to Section 25140 of the California Health and Safety Code, Division 20, Chapter 6.5 (Hazardous Waste Control Law), (ii) defined as a “hazardous substance” under Section 25316 of the California Health and Safety Code, Division 20, Chapter 6.8 (Carpenter-Presley-Tanner Hazardous Substance Account
Act), (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) friable asbestos, (vii) lead based paint (viii) polychlorinated biphenys, (ix) methyl tertiary butyl ether, (x) designated as “hazardous substances” pursuant to Section 311 of the Clean Water Act (33 U.S.C. § 1317), (xi) defined as a “hazardous waste” pursuant to Section 1004 of the Resource Conservation and Recovery Act, 42 U.S.C. §§6901, et seq. (42 U.S.C. §6903) or (xii) defined as “hazardous substances” pursuant to Section 101 of the Comprehensive Environmental Response, Compensation, and Liability Act, 42 U.S.C. §§9601, et seq.

(b) **Buyer’s Covenants Following the Effective Date.** Provided that the Closing occurs, Buyer shall reimburse Seller for the following actual and direct third party costs incurred by Seller with respect to the Property on and after the Effective Date, as evidenced by invoices reasonably approved by Buyer:

(i) **Property Taxes.** Property taxes in a monthly amount not to exceed One Thousand, One Hundred Dollars $1,100.00.

(ii) **Debt Service.** Principal and interest on its obligation to Citibank in the monthly amount not to exceed One Thousand, Six Hundred Dollars $1,600.00.

(iii) **Liability Insurance.** Premium for liability insurance in a monthly amount not to exceed One Thousand Dollars $1,000.00.

15. **Default and Remedies.**

(a) **Seller Default.** The term “Seller Default” shall mean Seller’s failure to timely perform a material obligation of Seller under this Agreement within five (5) business days following written notice from Buyer describing Seller’s failure to perform. In the event of a Seller Default, Buyer, as its sole and exclusive remedies: (i) may terminate this Agreement and receive full repayment and refund of the Purchase Price, or (ii) shall be entitled to the remedy of specific performance.

(b) **Buyer Default.** The term “Buyer Default” shall mean Buyer’s failure to timely perform a material obligation of Buyer under this Agreement within five (5) business days following written notice from Seller describing Buyer’s failure to perform. In the event of a Buyer Default, Seller, as its sole and exclusive remedy, may terminate this Agreement.

16. **General Provisions.**

(a) **Loss or Damage to Improvements.** Loss or damage to the Property including any improvements thereon, by fire, other casualty, or acts of God, occurring at any time prior to the Closing of Escrow shall be at the sole risk of Seller.

(b) **Notices.** All notices, demands, requests, invoices or other communications required or permitted hereunder (collectively, “Notices”) shall be in writing, shall be addressed to the receiving party, and shall be personally delivered, sent by overnight mail (Federal Express or another
carrier that provides receipts for all deliveries), or sent by certified mail, postage prepaid, return receipt requested, to the address listed below:

If to Seller: Porterville Hotel Investors
c/o CFY Development, Inc.
1006 4th Street, Suite 701
Sacramento, CA 95814
Attention: Cyrus Youssefi
Fax No.: (916) 446-3401

With copies to: Patrick Sablehaus
1006 4th St., Suite 600
Sacramento, CA 95814
Fax No.: (916) 444-3408

Law Offices of David L. Price
3300 Douglas Blvd., Suite 125
Roseville, CA 95661
Fax No.: (916) 772-5357

If to Buyer: Porterville Redevelopment Agency
291 N. Main Street
Porterville, California 93257
Attention: Bradley D. Dunlap
Fax No.: (559) 781-6437

With a copy to: Stradling Yocca Carlson and Rauth
660 Newport Center Drive, Suite 1600
Newport Beach, CA 92660
Attention: Thomas P. Clark, Jr.
Fax No.: (949) 725-4100

All Notices shall be effective upon receipt at the appropriate address. Notice of change of address shall be given by written Notice in the manner detailed in this Section. Rejection or other refusal to accept or the inability to deliver because of changed address of which no Notice in accordance with this Section was given shall be deemed to constitute receipt of such Notice. The providing of copies of Notices to the parties’ respective counsels is for information only, is not required for valid Notice and does not alone constitute Notice hereunder.

(c) Brokers. Buyer and Seller each represent and warrant to the other that no broker or finder is entitled to any commission or finder’s fee in connection with the transaction contemplated by this Agreement and Buyer and Seller each agree to defend and hold harmless the other from any claim to any such commission or fee resulting from any action on its part.

(d) Waiver, Consent, and Remedies. Each provision of this Agreement to be performed by Buyer and Seller shall be deemed both a covenant and a condition and shall be a material consideration for Seller’s and Buyer’s performance hereunder, as appropriate, and any breach thereof by Buyer or Seller shall be deemed a material default hereunder; provided however that failure of a condition hereunder shall not be deemed or determined to be a default unless such
condition is also a covenant. Either party may specifically and expressly waive in writing any portion of this Agreement or any breach thereof, but no such waiver shall constitute a further or continuing waiver of a preceding or succeeding breach of the same or any other provision. A waiving party may at any time thereafter require further compliance by the other party with any breach or provision so waived. The consent by one party to any act by the other for which such consent was required shall not be deemed to imply consent or waiver of the necessity of obtaining such consent for the same or any similar acts in the future. No waiver or consent shall be implied from silence or any failure of a party to act, except as otherwise specified in this Agreement. All rights, remedies, undertakings, obligations, options, covenants, conditions and agreements contained in this Agreement shall be cumulative and no one of them shall be exclusive of any other.

(e) **Construction.** The parties acknowledge and agree that (a) each party is of equal bargaining strength; (b) each party has actively participated in the drafting, preparation and negotiation of this Agreement; (c) each party has consulted with such party’s own independent counsel and such other professional advisors, if at all, as each party has deemed appropriate, relating to any and all matters contemplated under this Agreement; (d) each party and such party’s counsel and advisors, if so elected by the party, have reviewed this Agreement; (e) each party has agreed to enter into this Agreement following such review and the rendering of such advice, if so elected by the party; and (f) any rule of construction to the effect that ambiguities are to be resolved against the drafting parties shall not apply in the interpretation of this Agreement, or any portions hereof, or any amendments hereto.

(f) **Cooperation.** Buyer and Seller agree to execute such instruments and documents and to diligently undertake such actions as may be required in order to consummate the purchase and sale herein contemplated and shall use all reasonable efforts to accomplish the Closing in accordance with the provisions hereof.

(g) **Attorney’s Fees.** In the event any declaratory or other legal or equitable action is instituted between Seller, Buyer and/or Escrow Holder in connection with this Agreement, then as between Buyer and Seller the prevailing party shall be entitled to recover from the losing party all of its costs and expenses including court costs and reasonable attorney’s fees, and all fees, costs and expenses incurred on any appeal or in collection of any judgment.

(h) **Time.** Time is of the essence of every provision herein contained. In the computation of any period of time provided for in this Agreement or by law, the day of the act or event from which said period of time runs shall be excluded, and the last day of such period shall be included, unless it is a Saturday, Sunday, or legal holiday, in which case the period shall be deemed to run until 5:00 p.m. of the next day that is not a Saturday, Sunday, or legal holiday. Except as otherwise expressly provided herein, all time periods expiring on a specified date or period herein shall be deemed to expire at 5:00 p.m. on such specified date or period.

(i) **Counterparts; Facsimile Signatures.** This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, but all of which, together, shall constitute but one and the same instrument. A facsimile signature shall be deemed an original signature.

(j) **Captions.** Any captions to, or headings of, the sections or subsections of this Agreement are solely for the convenience of the parties hereto, are not a part of this Agreement, and
shall not be used for the interpretation or determination of the validity of this Agreement or any provision hereof.

(k) **No Obligations to Third Parties.** The City of Porterville is an intended third party beneficiary of this Agreement, with full right, but no obligation, to enforce the terms hereof. Except as otherwise expressly provided with respect to the City, the execution and delivery of this Agreement shall not be deemed to confer any rights upon, nor obligate any of the parties to this Agreement to, any person or entity other than the parties hereto.

(l) **Amendment to this Agreement.** The terms of this Agreement may not be modified or amended except by an instrument in writing executed by each of the parties hereto.

(m) **Applicable Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of California.

(n) **Joint and Several.** If a party to this Agreement comprises more than one person or entity, all such persons and entities shall be jointly and severally liable for the payment and the performance of the obligations of such party.

(o) **Exhibits and Schedules.** The exhibits and schedules attached hereto are incorporated herein by this reference for all purposes.

(p) **Entire Agreement.** This Agreement supersedes any prior agreements, negotiations and communications, oral or written, and contains the entire agreement between, and the final expression of, Buyer and Seller with respect to the subject matter hereof. The parties hereto expressly agree and confirm that this Agreement is executed without reliance on any oral or written statements, representations or promises of any kind which are not expressly contained in this Agreement and that the Buyer is entering into this Agreement knowing that the Seller has made no statements, representations, assurances, warranties or promises of any kind about the Property or the physical condition thereof. No subsequent agreement, representation or promise made by either party hereto, or by or to an employee, officer, agent or representative of either party hereto shall be of any effect unless it is in writing and executed by the party to be bound thereby.

(q) **Successors and Assigns.** This Agreement shall be binding upon and shall inure to the benefit of the permitted successors and assigns of the parties hereto.

(r) **Assignment.** Buyer shall have the right to assign all of Buyer’s rights and to delegate all of Buyer’s duties and obligations hereunder without obtaining Seller’s consent to such assignment or delegation.

(s) **Authority to Execute.** Each person executing this Agreement on behalf of a party hereto warrants and represents that he/she is duly authorized to execute this Agreement on behalf of the entity for which he/she is signing and that such party is bound to the rights and by the obligations set forth in this Agreement by such signature.

<SIGNATURE PAGE TO FOLLOW>
IN WITNESS WHEREOF, the parties hereto have executed this Purchase and Sale Agreement and Joint Escrow Instructions as of the day and year first written above.

“SELLER”

PORTERVILLE HOTEL INVESTORS, a
California limited partnership

By: ________________________________
   Cyrus Youssefi,
   General Partner

Date: ______________

“BUYER”

SUCCESSOR AGENCY TO THE
PORTERVILLE REDEVELOPMENT AGENCY,
a public body, corporate and politic

By: ________________________________
   Bradley D. Dunlap,
   Executive Director

ATTEST:

______________________________
Successor Agency Secretary
Acceptance by Escrow Holder:

[Chicago Title Insurance Company] hereby acknowledges that it has received a fully executed copy of the foregoing Purchase and Sale Agreement and Joint Escrow Instructions by and between Porterville Hotel Investors, a California limited partnership (as “Seller”), and the Successor Agency to the Porterville Redevelopment Agency, a public body, corporate and politic (as “Buyer”), and agrees to act as Escrow Holder thereunder and to be bound by and strictly perform the terms thereof as such terms apply to Escrow Holder.

Dated: __________________, 20___

[CHICAGO TITLE INSURANCE COMPANY], as Escrow Holder

By: ______________________________

Name: _____________________________

Its: _______________________________
LEGAL DESCRIPTION

Real property in the City of Porterville, County of Tulare, State of California, described as follows:

Lots 17, 18, 19, and 20 in Block 54 of the City of Porterville, in the City of Porterville, County of Tulare, State of California, according to the map thereof recorded in Book 3 Page 18 of Maps, Tulare County Records.

APN: 261-122-007
EXHIBIT B

GRANT DEED

RECORDING REQUESTED BY AND WHEN RECORDED MAIL TO:

________________________________________
________________________________________
Attn: ____________________________________

APN: 261-122-007 (Space above this line for Recorder’s Use Only)

This document is exempt from the payment of a recording fee pursuant to Government Code Section 27383.

GRANT DEED

FOR VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, PORTERVILLE HOTEL INVESTORS, a California limited partnership (“Grantor”), hereby grants to SUCCESSOR AGENCY TO THE PORTERVILLE REDEVELOPMENT AGENCY, a public body, corporate and politic, that certain real property located in the County of Tulare, State of California, more particularly described on Schedule 1 attached hereto and incorporated herein by this reference.

IN WITNESS WHEREOF, Grantor has executed this Grant Deed as of __________, 20____.

GRANTOR:

PORTERVILLE HOTEL INVESTORS, a California limited partnership

By: _________________________________
   Cyrus Youssefi,
   General Partner

Date: ____________
SCHEDULE 1 TO GRANT DEED

LEGAL DESCRIPTION

Real property in the City of Porterville, County of Tulare, State of California, described as follows:

Lots 17, 18, 19, and 20 in Block 54 of the City of Porterville, in the City of Porterville, County of Tulare, State of California, according to the map thereof recorded in Book 3 Page 18 of Maps, Tulare County Records.

APN: 261-122-007
SCHEDULE 2 TO GRANT DEED

CERTIFICATE OF ACCEPTANCE
(Grant Deed)

This is to certify that the interest in real property conveyed by the foregoing Grant Deed dated [______________, 20__], executed by PORTERVILLE HOTEL INVESTORS, a California limited partnership, for the benefit of the SUCCESSOR AGENCY TO THE PORTERVILLE REDEVELOPMENT AGENCY, a public body, corporate and politic (“Successor Agency”), is hereby accepted by the undersigned officer on behalf of Successor Agency pursuant to authority conferred by the Successor Agency Board on March 19, 2014, and Successor Agency, as beneficiary, consents to recordation thereof by its duly authorized officer.

SUCCESSOR AGENCY TO THE
PORTERVILLE REDEVELOPMENT AGENCY,
a public body, corporate and politic

______________________________
Bradley D. Dunlap, Executive Director

ATTEST:

______________________________
Successor Agency Secretary
STATE OF CALIFORNIA  
)
                      )  ss.
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 names(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal

________________________________________
SIGNATURE OF NOTARY PUBLIC
STATE OF CALIFORNIA )
COUNTY OF ___________________________ ) ss.

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

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

WITNESS my hand and official seal

________________________________________
SIGNATURE OF NOTARY PUBLIC
EXHIBIT C

FIRPTA CERTIFICATE

TRANSFEROR’S CERTIFICATE OF NON FOREIGN STATUS

To inform Successor Agency to the Porterville Redevelopment Agency, a public body, corporate and politic (“Transferee”), that withholding of tax under Section 1445 of the Internal Revenue Code of 1986, as amended (“Code”) will not be required upon the transfer of that certain real property to the Transferee by Porterville Hotel Investors, a California limited partnership (“Transferor”), the undersigned hereby certifies the following:

1. The Transferor is not a foreign person or citizen, foreign corporation, foreign partnership, foreign trust, or foreign estate (as those terms are defined in the Code and the Income Tax Regulations promulgated thereunder);

2. The Transferor’s social security number or U.S. employer identification number is as follows: ________________________________

3. The Transferor’s home or office address is:

______________________________

The Transferor understands that this certification may be disclosed to the Internal Revenue Service by the Transferee and that any false statement contained herein could be punished by fine, imprisonment or both. Under penalty of perjury, I declare that I have examined this certification and to the best of my knowledge and belief it is true, correct and complete, and I further declare that I have authority to sign this document.

PORTERVILLE HOTEL INVESTORS

By: ________________________________

Cyrus Youssefi,
General Partner

Date: ________________________________
A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY TO THE PORTERVILLE REDEVELOPMENT AGENCY ACCEPTING THE CLEARANCE OF THE MONETARY LIEN TO THE DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT FOR ASSESSOR PARCEL NUMBER 261-122-007, TRUSTEES PORTERVILLE HOTEL INVESTORS, A CALIFORNIA LIMITED PARTNERSHIP, PURSUANT TO HEALTH AND SAFETY CODE SECTION 34191.4(c) AND MAKING CERTAIN FINDINGS IN CONNECTION THEREWITH

WHEREAS, the former Porterville Redevelopment Agency (“Agency”) was established as a redevelopment agency that was previously organized and existing under the California Community Redevelopment Law, Health and Safety Code Section 33000, et seq., and previously authorized to transact business and exercise powers of a redevelopment agency pursuant to action of the City Council of the City of Porterville (“City”); and

WHEREAS, Assembly Bill 1X 26, chaptered and effective on June 28, 2011 (“AB1X 26”), added Parts 1.8 and 1.85 to Division 24 of the California Health and Safety Code, which caused the dissolution of all redevelopment agencies and winding down of the affairs of former agencies, including as such laws were amended by Assembly Bill 1484 (“AB 1484”), chaptered and effective on June 27, 2012 (together, the “Dissolution Act”); and

WHEREAS, as of February 1, 2012 the Agency was dissolved pursuant to the Dissolution Act and the City Council serves as the governing board of the Successor Agency to the Porterville Redevelopment Agency (“Successor Agency”); and

WHEREAS, the Successor Agency administers the enforceable obligations of the former Agency and otherwise unwinds the Agency’s affairs, all subject to the review and approval by a seven-member oversight board (“Oversight Board”); and

WHEREAS, the California Department of Finance (“DOF”) issued the Finding of Completion to the Successor Agency on August 7, 2013, which permitted the Agency to utilize proceeds derived from bonds issued prior to January 1, 2011, in a manner consistent with the original bond covenants per Health and Safety Code (“HSC”) Section 34191.4(c); and

WHEREAS, the Porterville Hotel Project is an eligible use of the excess bond proceeds held by the Successor Agency pursuant to the Indenture and Official Statement for the Porterville Redevelopment Agency (Porterville Redevelopment Project No. 1) Taxable Tax Allocation Bonds, 2008 Series B (Redevelopment Projects); and

WHEREAS, The Porterville Hotel Project entails the acquisition of the Hotel property, clearance of title encumbrances (including several monetary liens), demolition of the building and completion of remediation of contamination, as needed. Once the Successor Agency obtains clear title to the Hotel property and the physical site has been cleared, the Hotel property will be sold by the Successor Agency and the net proceeds of the sale (after deducting transaction costs) will be used to defease the bond debt pursuant to HSC Section 34191.4(c)(2)(B).
WHEREAS, on March 18, 2014, the Successor Agency authorized staff to complete negotiations with Porterville Hotel Investors for acquisition of Assessor Parcel Number 261-122-007 and open an escrow account to begin the Porterville Hotel Project.

NOW, THEREFORE, BE IT RESOLVED BY THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY TO THE PORTERVILLE REDEVELOPMENT AGENCY:

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

Section 2. The Chair and Secretary of the Oversight Board shall sign the passage and adoption of this Resolution and thereupon the same shall take effect and be in force.

Section 3. The Oversight Board to the Successor Agency hereby directs the transmittal of this Resolution approving the payoff of the lien held by the Department of Housing and Community Development pursuant to the executed agreement Regarding the Discharge of Note, Release of the Lien of the Deed of Trust, and Fulfillment and Termination of the Regulatory Agreement (Exhibit A) and the accompanying staff report and all exhibits thereto. Each exhibit is incorporated herein, and transmitted to the DOF pursuant to Health and Safety Code Sections 34179(h).

PASSED, APPROVED AND ADOPTED this 26th day of March, 2014.

______________________________
John Snavely, Chair
Oversight Board to the Successor Agency to the Porterville Redevelopment Agency

ATTEST:

______________________________
Patrice Hildreth, Secretary
Oversight Board to the Successor Agency to the Porterville Redevelopment Agency
AGREEMENT RE DISCHARGE OF NOTE, RELEASE OF THE LIEN OF THE DEED OF TRUST, AND FULFILLMENT AND TERMINATION OF THE REGULATORY AGREEMENT

This Agreement Re Discharge of Note, Release of the Lien of the Deed Of Trust, and Fulfillment and Termination of the Regulatory Agreement (the "Agreement") is dated as of November 18, 2013, for reference purposes only and entered into by the Successor Agency to the Porterville Redevelopment Agency, a public body, corporate and politic (the "Successor Agency"), and the Department of Housing and Community Development, a public agency of the State of California (the "Department").

RECITALS

A. The Department made Loan Number 87-HRL-S-263 to Porterville Hotel Investors, a California limited partnership (the "Borrower"), on October 27, 1988 in the principal amount of Seven Hundred Thousand dollars ($700,000.00) (the "Loan") for a term of thirty years (due on October 27, 2018) under the Special User Housing Rehabilitation Program ("SUHRP") administered by the Department;

B. The purpose of the Loan was for the rehabilitation by the Borrower of a 70 unit residential development (the "Project") at the Porterville Hotel (the "Hotel") located at 14 North Main Street, Porterville, CA on the real property described in Exhibit A, which is attached hereto and made a part hereof (the "Property");

C. The Loan is evidenced by a Promissory Note executed by the Borrower, in favor of the Department as Beneficiary, dated October 27, 1988 (the "Note");

D. The repayment of the Note is secured by a Deed of Trust and Assignment of Rents dated October 27, 1988 executed by Borrower to Ticor Title Insurance Company, Trustee, for the benefit of the Department, and recorded as an encumbrance against the Property on October 31, 1988 as Instrument No. 69522, Volume 4764, Page 976 in the Official Records of Tulare County (the "Official Records") (the "Deed of Trust");

E. The Loan is regulated by that certain Regulatory Agreement – Number 87-HRL-S-263 Special User Housing Rehabilitation Program (the "Regulatory Agreement"). The Regulatory Agreement is dated October 27, 1988 and was recorded as an encumbrance against the Property on October 31, 1988 as a document entitled Special User Housing Rehabilitation Program Memorandum of the Regulatory Agreement, as Instrument No. 69523, Volume 4764, Page 976 in the Official Records (the "Memorandum"); the Deed of Trust, the Note, the Regulatory Agreement and the Memorandum are referred to collectively as the "Department Loan Documents;"

F. The outstanding principal balance of the Loan as of November 1, 2013 is Seven Hundred Thousand and No/100 Dollars ($700,000) ("Principal Balance") and the accrued interest, as of November 1, 2013, is Five Hundred Thirty-Two Thousand, Eight Hundred and Forty-Four Dollars and Fifty-Five Cents ($532,844.55) and continues to accrue at the rate of Fifty-Eight Dollars and Thirty-Three Cents ($58.33) per day ("Accrued Interest");

Exhibit A
G. The Hotel is currently vacant and in a hazardous condition. The Successor Agency wishes to acquire the Property from the current owner and, subject to such acquisition, pay off the principal balance of the Loan and to fulfill and thereby terminate the Regulatory Agreement. In return for such payment, the Department will forgive Accrued Interest and any other balance due under the Note, release the lien of the Deed of Trust, and terminate the Regulatory Agreement and the Memorandum.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual benefits accruing to the parties hereto and other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, it is hereby declared, understood and agreed as follows:

Section 1: Recitals

The foregoing recitals are a substantive part of this Agreement.

Section 2: Successor Agency Obligations

Subject to the Successor Agency's acquisition of fee title to the Property, the Successor Agency will pay to the Department the Principal Balance.

Section 3: Department Obligations

(a) Department will accept the Principal Balance as full and complete payment under the Loan and Note and forgive the Accrued Interest and any other amounts due thereunder.

(b) Department will, concurrently with Successor Agency's acquisition of the Property and receipt by Department of Principal Balance, release, reconvey and terminate, through an escrow formed for such purpose, the Department Loan Documents including the Note, the Deed of Trust, the Regulatory Agreement and the Memorandum, after which none of the parties thereto will have any rights or obligations thereunder.

Section 4: Effectiveness of Agreement; Oversight Board and DOF Approval.

The parties acknowledge and agree that this Agreement is subject to approval by the Oversight Board to the Successor Agency ("Oversight Board") and review (and approval), if requested, by the California Department of Finance ("DOF"). Following the execution of this Agreement, the Successor Agency shall submit this Agreement to the Oversight Board for approval. The parties shall cooperate in good faith and in a commercially reasonable manner to seek approval of this Agreement by the Oversight Board and the DOF. This Agreement shall become effective upon (i) approval hereof by the Oversight Board and (ii) such Oversight Board action becoming effective within the time periods prescribed by applicable law, either by no review of such Oversight Board action being timely requested by DOF or by DOF approval or lack of objection thereto.

Signatures follow on page 3 of this Agreement.

[The remainder of this page is left intentionally blank.]
In witness whereof, the parties hereby execute and enter into this Agreement as of the date first set forth above and agree to be bound hereby.

**Department:**
Department of Housing and Community Development, a public agency of the State of California

**Mailing Address:**
P.O. Box 952054 Room 390-4
Sacramento, CA 94252-2054

By: 
Nadine Ford, Branch Chief
Rental Housing Development Section

**Successor Agency:**
Successor Agency to Porterville Redevelopment Agency, a public body, corporate and politic

**Successor Agency’s Address:**
291 N. Main Street
Porterville, CA 93257
Attention: Porterville City Manager

By: 
John D. Lollis, City Manager,
on behalf of Successor Agency

**Attest:**

By: 
Patrice Hildreth
Chief Deputy Successor Agency Secretary
OVERSIGHT BOARD RESOLUTION NO. ______

A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY TO THE PORTERVILLE REDEVELOPMENT AGENCY ACCEPTING THE CLEARANCE OF THE MONETARY LIEN OF THE FIRST TRUST DEED TO CITIBANK FOR ASSESSOR PARCEL NUMBER 261-122-007, TRUSTEES PORTERVILLE HOTEL INVESTORS, A CALIFORNIA LIMITED PARTNERSHIP, PURSUANT TO HEALTH AND SAFETY CODE SECTION 34191.4(c) AND MAKING CERTAIN FINDINGS IN CONNECTION THEREWITH

WHEREAS, the former Porterville Redevelopment Agency (“Agency”) was established as a redevelopment agency that was previously organized and existing under the California Community Redevelopment Law, Health and Safety Code Section 33000, et seq., and previously authorized to transact business and exercise powers of a redevelopment agency pursuant to action of the City Council of the City of Porterville (“City”); and

WHEREAS, Assembly Bill 1X 26, chaptered and effective on June 28, 2011 (“AB1X 26”), added Parts 1.8 and 1.85 to Division 24 of the California Health and Safety Code, which caused the dissolution of all redevelopment agencies and winding down of the affairs of former agencies, including as such laws were amended by Assembly Bill 1484 (“AB 1484”), chaptered and effective on June 27, 2012 (together, the “Dissolution Act”); and

WHEREAS, as of February 1, 2012 the Agency was dissolved pursuant to the Dissolution Act and the City Council serves as the governing board of the Successor Agency to the Porterville Redevelopment Agency (“Successor Agency”); and

WHEREAS, the Successor Agency administers the enforceable obligations of the former Agency and otherwise unwinds the Agency’s affairs, all subject to the review and approval by a seven-member oversight board (“Oversight Board”); and

WHEREAS, the California Department of Finance (“DOF”) issued the Finding of Completion to the Successor Agency on August 7, 2013, which permitted the Agency to utilize proceeds derived from bonds issued prior to January 1, 2011, in a manner consistent with the original bond covenants per Health and Safety Code (“HSC”) Section 34191.4(c); and

WHEREAS, the Porterville Hotel Project is an eligible use of the excess bond proceeds held by the Successor Agency pursuant to the Indenture and Official Statement for the Porterville Redevelopment Agency (Porterville Redevelopment Project No. 1) Taxable Tax Allocation Bonds, 2008 Series B (Redevelopment Projects); and

WHEREAS, The Porterville Hotel Project entails the acquisition of the Hotel property, clearance of title encumbrances (including several monetary liens), demolition of the building and completion of remediation of contamination, as needed. Once the Successor Agency obtains clear title to the Hotel property and the physical site has been cleared, the Hotel property will be sold by the Successor Agency and the net proceeds of the sale (after deducting transaction costs) will be used to defease the bond debt pursuant to HSC Section 34191.4(c)(2)(B).
WHEREAS, on March 18, 2014, the Successor Agency authorized staff to complete negotiations with Porterville Hotel Investors for acquisition of Assessor Parcel Number 261-122-007 and open an escrow account to begin the Porterville Hotel Project.

NOW, THEREFORE, BE IT RESOLVED BY THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY TO THE PORTERVILLE REDEVELOPMENT AGENCY:

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

Section 2. The Chair and Secretary of the Oversight Board shall sign the passage and adoption of this Resolution and thereupon the same shall take effect and be in force.

Section 3. The Oversight Board to the Successor Agency hereby directs the transmittal of this Resolution approving the payoff of the commercial lien held by Citibank in an amount not to exceed the actual outstanding balance at the time of payment, or $106,000, whichever is less, and the accompanying staff report and all exhibits thereto. Each exhibit is incorporated herein, and transmitted to the DOF pursuant to Health and Safety Code Sections 34179(h).

PASSED, APPROVED AND ADOPTED this 26th day of March, 2014.

______________________________________________
John Snavely, Chair
Oversight Board to the Successor Agency to the Porterville Redevelopment Agency

ATTEST:

______________________________________________
Patrice Hildreth, Secretary
Oversight Board to the Successor Agency to the Porterville Redevelopment Agency
OVERSIGHT BOARD RESOLUTION NO. ______

A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY TO THE PORTERVILLE REDEVELOPMENT AGENCY ACCEPTING THE CLEARANCE OF THE MONETARY LIEN OF THE COMMUNITY DEVELOPMENT BLOCK GRANT LOAN TO THE CITY OF PORTERVILLE FOR ASSESSOR PARCEL NUMBER 261-122-007, TRUSTEES PORTERVILLE HOTEL INVESTORS, A CALIFORNIA LIMITED PARTNERSHIP, PURSUANT TO HEALTH AND SAFETY CODE SECTION 34191.4(c) AND MAKING CERTAIN FINDINGS IN CONNECTION THEREWITH

WHEREAS, the former Porterville Redevelopment Agency (“Agency”) was established as a redevelopment agency that was previously organized and existing under the California Community Redevelopment Law, Health and Safety Code Section 33000, et seq., and previously authorized to transact business and exercise powers of a redevelopment agency pursuant to action of the City Council of the City of Porterville (“City”); and

WHEREAS, Assembly Bill 1X 26, chaptered and effective on June 28, 2011 (“AB1X 26”), added Parts 1.8 and 1.85 to Division 24 of the California Health and Safety Code, which caused the dissolution of all redevelopment agencies and winding down of the affairs of former agencies, including as such laws were amended by Assembly Bill 1484 (“AB 1484”), chaptered and effective on June 27, 2012 (together, the “Dissolution Act”); and

WHEREAS, as of February 1, 2012 the Agency was dissolved pursuant to the Dissolution Act and the City Council serves as the governing board of the Successor Agency to the Porterville Redevelopment Agency (“Successor Agency”); and

WHEREAS, the Successor Agency administers the enforceable obligations of the former Agency and otherwise unwinds the Agency’s affairs, all subject to the review and approval by a seven-member oversight board (“Oversight Board”); and

WHEREAS, the California Department of Finance (“DOF”) issued the Finding of Completion to the Successor Agency on August 7, 2013, which permitted the Agency to utilize proceeds derived from bonds issued prior to January 1, 2011, in a manner consistent with the original bond covenants per Health and Safety Code (“HSC”) Section 34191.4(c); and

WHEREAS, the Porterville Hotel Project is an eligible use of the excess bond proceeds held by the Successor Agency pursuant to the Indenture and Official Statement for the Porterville Redevelopment Agency (Porterville Redevelopment Project No. 1) Taxable Tax Allocation Bonds, 2008 Series B (Redevelopment Projects); and

WHEREAS, The Porterville Hotel Project entails the acquisition of the Hotel property, clearance of title encumbrances (including several monetary liens), demolition of the building and completion of remediation of contamination, as needed. Once the Successor Agency obtains clear title to the Hotel property and the physical site has been cleared, the Hotel property will be sold by the Successor Agency and the net proceeds of the sale (after deducting transaction costs) will be used to defease the bond debt pursuant to HSC Section 34191.4(c)(2)(B).

Attachment 5
WHEREAS, on March 18, 2014, the Successor Agency authorized staff to complete negotiations with Porterville Hotel Investors for acquisition of Assessor Parcel Number 261-122-007 and open an escrow account to begin the Porterville Hotel Project.

NOW, THEREFORE, BE IT RESOLVED BY THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY TO THE PORTERVILLE REDEVELOPMENT AGENCY:

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

Section 2. The Chair and Secretary of the Oversight Board shall sign the passage and adoption of this Resolution and thereupon the same shall take effect and be in force.

Section 3. The Oversight Board to the Successor Agency hereby directs the transmittal of this Resolution approving the payoff of the lien held by the City of Porterville for the Community Development Block Grant loan for the original loan amount of $470,000, and the accompanying staff report and all exhibits thereto. Each exhibit is incorporated herein, and transmitted to the DOF pursuant to Health and Safety Code Sections 34179(h).

PASSED, APPROVED AND ADOPTED this 26th day of March, 2014.

______________________________________________
John Snavely, Chair
Oversight Board to the Successor Agency to the Porterville Redevelopment Agency

ATTEST:

______________________________________________
Patrice Hildreth, Secretary
Oversight Board to the Successor Agency to the Porterville Redevelopment Agency