



# Revision to ASR and/or Attachments

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**Date:** 7/12/2024

**To:** Clerk of the Board of Supervisors

**CC:** County Executive Office *Maquino*

**From:** Dylan Wright, Director, OC Community Resources *Dylan Wright*

**Re:** ASR Control #: 24-000269, Meeting Date 7/23/2024, Item No. # 25

**Subject:** Approve Agreement for Mendocino at Talega I and II Resyndications

Digitally signed by Michelle Aguirre  
DN: cn=Michelle Aguirre,  
o=County of Orange, ou=CEO,  
email=Michelle.Aguirre@ocgov.ca.gov,  
c=US  
Date: 2024.07.15 13:56:59 -0700

## Explanation:

The ASR Recommended Actions, Background Information, and Attachments have been revised in pursuant to County Counsel's advice.

Revised Recommended Action(s)

## Acting as the Board of Supervisors:

1. Approve Assignment and Assumption Agreements to assign the County \$500,000 HOME Investment Partnerships Program Loan and Regulatory Agreement with Jamboree-Tal Housing, L.P. to a new limited partnership, Amistad Housing Partners I LP., upon resyndication and new tax-exempt bond financing for Mendocino at Talega I.
2. Approve Amended and Restated Regulatory Agreement for the \$500,000 HOME Investment Partnerships Program loan for Mendocino at Talega I to extend affordability period for 55 years.
3. Approve Subordination Agreements for Mendocino at Talega I to subordinate the County \$500,000 HOME Investment Partnerships Program loan plus accrued interest to a new first trust deed loan of approximately \$21 million at construction financing and \$10.6 million at permanent financing and a second trust deed loan of approximately \$6.3 million plus accrued interest at construction and permanent financing, with the ability to increase 10 percent due to an increase of construction costs, as set forth in this Agenda Staff Report, and authorize the OC Community Resources Director or designee to subordinate to additional senior debt up to 100

- ~~1011.~~ Approve Amended and Restated Regulatory Agreement for the \$728,176 Housing Successor loan for Mendocino at Talega II to extend the affordability period for another 55 years.
- ~~112.~~ Approve Subordination Agreements for Mendocino at Talega II to subordinate the Housing Successor \$728,176 loan plus accrued interest to a new first trust deed loan of approximately \$11.5 million at construction financing and \$6.5 million at permanent financing and approximately \$4.7 million plus accrued interest at permanent financing; with the ability to increase 10 percent due to an increase of construction costs, as set forth in this Agenda Staff Report, and authorize the Orange County Housing Authority Executive Director or designee to subordinate to additional senior debt up to 100 percent of the cumulative loan to value based on the as-built appraised market value, if necessary, based on any future changes in the project financing.
- ~~1213.~~ Approve waiving the requirement for a \$5,000 deposit and pay down of the outstanding \$2,423,384 Housing Successor loan for Mendocino at Talega I and \$728,176 loan for Mendocino at Talega II by one percent of the current outstanding balance under the transfer provisions of the Loan and Regulatory Agreement for Mendocino at Talega II.
- ~~1314.~~ Authorize the Orange County Housing Authority Executive Director or designee to execute subordination agreements; an amended and restated set of loan documents and restrictive covenants; and such additional agreements, contracts, instructions and instruments necessary or appropriate for construction and permanent loan financing for Mendocino at Talega I and Mendocino at Talega II.
- 15. Approve the sale of Mendocino at Talega II by Jamboree-Tal II Housing, L.P. to Amistad Housing Partners II LP as described in the Purchase and Sale Agreement and Escrow Instructions included as Attachment R.

Make modifications to the:

Subject       Background Information       Summary       Financial Impact

Under Background Information, paragraphs 4 and 5:

For Talega I, Jamboree is requesting: approval of the Assignment and Assumption Agreements to assign the Talega I HSA and HOME loan and regulatory agreements from the current partnership entity, Jamboree-Tal Housing, L.P., to the new project limited partnership, Amistad Housing Partners I, LP. formed by JHC-Amistad LLC, the Managing General Partner, whose sole member is Jamboree, and the Investor Limited Partner (Attachments B, C, D and E); approval of the Amended and Restated Regulatory Agreements to extend the

July 15, 2024

Agreement (Talega I)

Attachment L – Assignment and Assumption Agreement for \$728,176 Housing Successor Loan Agreement (Talega II)

Attachment M – Assignment and Assumption Agreement for \$728,176 Housing Successor Regulatory Agreement (Talega II)

Attachment N – Amended and Restated Regulatory Agreement for \$728,176 Housing Successor Loan (Talega II)

Attachment O – Subordination Agreement with First Trust Deed for Agreement \$728,176 Housing Successor Loan (Talega II)

Attachment P – Subordination Agreement with California Department of Housing and Community Development for \$728,176 Housing Successor Loan and Regulatory Agreement (Talega II)

Attachment Q – Talega I Purchase and Sale Agreement and Escrow Instructions

Attachment R – Talega II Purchase and Sale Agreement and Escrow Instructions

Revised Attachments (attach revised attachment(s) and redlined copy(s))

Adding two additional attachments:

Attachment Q – Talega I Purchase and Sale Agreement and Escrow Instructions

Attachment R – Talega II Purchase and Sale Agreement and Escrow Instructions

PURCHASE AND SALE AGREEMENT AND ESCROW INSTRUCTIONS

THIS PURCHASE AND SALE AGREEMENT AND ESCROW INSTRUCTIONS (“Agreement”) is made as of this \_\_\_ day of \_\_\_, 2024 (the “Effective Date”) by and between JAMBOREE-TAL HOUSING, L.P., a California limited partnership (“Seller”), and AMISTAD HOUSING PARTNERS I LP, a California limited partnership (“Buyer”).

R E C I T A L S

A. Seller is the owner of that certain real property (the “Real Property”) located in the City of San Clemente (the “City”), County of Orange, State of California, legally described on Exhibit “A”, which Real Property is improved with a 124 unit affordable housing development project.

B. Buyer wishes to purchase and Seller wishes to sell the Real Property, including the buildings, parking areas, improvements and fixtures now or hereafter located thereon (the “Improvements”), on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of \$100.00 paid by Buyer to Seller and in consideration of the mutual covenants, promises and undertakings set forth herein, Buyer and Seller hereby agree as follows:

I

AGREEMENT TO PURCHASE

1.1 The Property. Subject to all of the terms, conditions and provisions of this Agreement, and for the consideration herein set forth, Seller hereby agrees to sell and Buyer hereby agrees to buy the following:

- (a) Seller’s fee estate in and to the Real Property, together with the Improvements and all tenements, hereditaments and appurtenances thereto;
- (b) All furniture, personal property, machinery, apparatus and equipment which is owned by Seller and is located on the Real Property (the “Personal Property”);
- (c) All signs, logos, trade names or styles relating to the Real Property, if any, owned by Seller and to be assigned to Buyer pursuant to Section 2.5(m) hereof;
- (d) To the extent assignable, all labor, service, supply and maintenance contracts relating to the Improvements or the Real Property which are to be assumed by Buyer pursuant to Section 3.2 below;
- (e) All leases, lease deposits, and prepaid rentals related to the Real Property or the Improvements; and
- (f) Any and all transferable guaranties and warranties covering the Real Property, the Improvements or any part thereof, if any, owned by Seller and which are

assignable by Seller, in each case, excluding any cash and any Personal Property of third parties.

The Real Property and the other property described in Paragraphs (a) through (f) above are hereinafter collectively referred to as the "Property".

1.2 Purchase Price. The purchase price which Seller agrees to accept and Buyer agrees to pay for the Property is the sum of SEVENTEEN MILLION ONE HUNDRED FIFTY THOUSAND DOLLARS (\$17,150,000) ("Purchase Price"). At Closing, Buyer shall receive credits against the Purchase Price in the amounts of: (1) \$470,836 for the existing replacement and operating reserves (the "Reserve Credit"), and (2) \$7,701 for short term work to be completed at the Property, as required by the California Tax Credit Allocation Committee ("TCAC") ("Short Term Work Credit").

1.3 Carryback Financing. In connection with the sale of the Property, Seller has agreed to make a loan to Buyer in the current estimated amount of Two Million Seven Hundred Seventy Four Thousand Four Ninety Five Dollars (\$2,774,095,) (the "Seller Loan"), which comprises the sum of the Purchase Price adjusted for closing costs and prorations, less the amounts assumed by Buyer pursuant to Section 1.4 below. To evidence the Loan, Buyer shall execute and deliver a Promissory Note Secured by Subordinated Deed of Trust in the form of Exhibit "B" attached hereto (the "Note") and a Subordinated Deed of Trust in the form of Exhibit "C" attached hereto (the "Seller Deed of Trust"). The Seller Deed of Trust shall be recorded against the Real Property and against Buyer's leasehold interest in certain other real property at Closing. Notwithstanding the foregoing, Buyer and Seller may agree to adjust the amount of the Seller Loan at or prior to Closing. The provisions of this Section shall survive the Closing.

1.4 Assumed Loans. Buyer shall assume:

(a) HOME Loan. That certain loan from the County of Orange (the "County"), or its affiliates, encumbering the Property in the original principal amount of Five Hundred Thousand Dollars (\$500,000), plus accrued interest in the current estimated amount of Two Hundred Twenty Six Thousand Three Hundred Twenty Eight Dollars (\$226,328), for a total outstanding amount of Seven Hundred Twenty Six Thousand Three Hundred Twenty Eight Dollars (\$726,328), pursuant to a Loan Agreement dated November 24, 2003, between the County and Seller (the "HOME Loan").

(b) OCDA Loan. That certain loan from the Orange County Development Agency ("OCDA"), or its affiliates, encumbering the Property in the original principal amount of Two Million Four Hundred Twenty Three Thousand Three Hundred Eighty Four Dollars (\$2,423,384), plus accrued interest in the current estimated amount of One Million One Hundred Sixteen Thousand Three Hundred Eighty Two Dollars (\$1,116,382), for a total outstanding amount of Three Million Five Hundred Thirty Nine Thousand Seven Hundred Sixty Nine Dollars (\$3,539,769), pursuant to a Loan Agreement dated November 24, 2003, between County and Seller (the "OCDA Loan").

(c) City Loan. That certain loan from the City of San Clemente ("City"), or its affiliates, encumbering the Property in the original principal amount of Six Hundred

Thirteen Thousand Eighty Dollars (\$613,080), pursuant to an Affordable Housing Project Agreement (Phase 1) dated June 6, 2001, between the City and Seller (the “City Loan”).

## II ESCROW

2.1 Escrow Holder. Closing of the sale of the Property shall take place through an escrow (“Escrow”) to be established with First American Title Insurance Company (“Escrow Holder”), 18500 Von Karman Avenue, Suite 600, Irvine, CA 92612, Attention: Ryan Hahn. Escrow shall be deemed open upon delivery of a fully executed copy of this Agreement to Escrow Holder. Escrow Holder shall immediately notify Buyer and Seller of the date of Opening of Escrow and the escrow number.

2.2 Closing Date. The “Closing Date” shall be on or before June 17, 2024. The terms “Close of Escrow” and “Closing” shall mean the date the Grant Deed (hereafter defined) is either filed for record or, subject to the following sentence, sent for recording in the Official Records of Orange County, California (“Official Records”). The parties agree to effectuate the Closing through a so-called “gap” closing and Seller agrees to provide a customary gap indemnity to the Title Company (as hereinafter defined).

2.3 Escrow Instructions. Articles 1, 2, 4, 5, 7 and 8 also constitute escrow instructions to Escrow Holder. Additionally, Buyer and Seller agree to execute any form of escrow instructions as the Escrow Holder customarily requires as escrow holder in real property escrows administered by it. In the event of a conflict between any such additional terms and provisions of this Agreement, this Agreement shall supersede and be controlling.

2.4 Conveyance of Title. At the Closing Date, Seller shall deliver to Escrow Holder a duly executed and acknowledged Grant Deed (“Grant Deed”) in a form reasonably approved by Buyer and Seller prior to the expiration of the Due Diligence Period. The Grant Deed shall convey all of Seller’s interest in fee title to the Real Property to Buyer at Closing. Escrow Holder is hereby instructed to record the Grant Deed in the Official Records, if and when Escrow Holder holds instruments and funds accruing to Buyer and Seller and can obtain for Buyer a CLTA standard coverage owner’s policy of title insurance without endorsement issued by First American Title Insurance Company (“Title Company”) with liability in an amount equal to the Purchase Price for the Property, showing the Real Property vested in Buyer, subject only to:

- (a) The Seller Deed of Trust;
- (b) Non-delinquent real property taxes and assessments;
- (c) Title exceptions approved by Buyer pursuant to Section 3.3 below;
- (d) Title exceptions, if any, resulting from documents being recorded or delivered through Escrow (including, without limitation, any documents related to or arising from any new financing arranged by Buyer);
- (e) Rights of tenants in possession, as tenants only;

- (f) Any of the labor, service, supply and maintenance contracts referenced in Section 1.1(d) above;
- (g) Discrepancies, conflicts in boundary lines, shortages in area, encroachments and any state of facts shown on the survey delivered to the Title Company;
- (h) The standard preprinted exceptions and exclusions to the CLTA standard coverage owner's policy of title insurance;
- (i) The Deed of Trust, Assignment of Rents and Security Agreement recorded on December 10, 2003, in the Official Records as Instrument Number No. 2003001466420 (as amended or modified from time to time, the "HOME Deed of Trust") relating to the HOME Loan that Buyer has agreed to assume, which will not be paid off and released as of the Closing Date;
- (j) The Deed of Trust, Assignment of Rents and Security Agreement recorded on December 10, 2003, in the Official Records as Instrument Number No. 2003001466415 (as amended or modified from time to time, the "OCDA Deed of Trust") relating to the OCDA Loan that Buyer has agreed to assume, which will not be paid off and released as of the Closing Date;
- (k) The Deed of Trust and Request for Special Notice recorded on March 28, 2002, in the Official Records as Instrument Number No. 20020259158 (as amended or modified from time to time, the "City Deed of Trust") relating to the City Loan that Buyer has agreed to assume, which will not be paid off and released as of the Closing Date;
- (l) The Master Declaration of Covenants, Conditions, Restrictions and Reservation of Easements for Talega recorded on September 24, 1999, in the Official Records as Instrument Number 19990686286 (as amended or modified from time to time, the "Master Declaration") that Buyer has agreed to assume;
- (m) The Talega Lifestyle Fee Agreement recorded on August 1, 2001, in the Official Records as Instrument Number 20010525826 (as amended or modified from time to time, the "Talega Lifestyle Fee Agreement") that Buyer has agreed to assume;
- (n) The Regulatory Agreement and Declaration of Covenants and Restrictions recoded on August 1, 2001, in the Official Records as Instrument Number 20010525827 (as amended or modified from time to time, the "City Regulatory Agreement") that Buyer has agreed to assume;
- (o) The Regulatory Agreement and Declaration of Restrictive Covenants recorded on November 29, 2001, in the Official Records as Instrument Number 20010854462 (as amended or modified from time to time, the "Bond Regulatory Agreement") that Buyer has agreed to assume;
- (p) The Regulatory Agreement and Declaration of Restrictive Covenants recorded on December 10, 2003, in the Official Records as Instrument Number 2003001466414 (as amended or modified from time to time, the "OCDA Regulatory

Agreement”) relating to the OCDA Loan that Buyer has agreed to assume, which will not be paid off and released as of the Closing Date;

(q) The Regulatory Agreement and Declaration of Restrictive Covenants recorded on December 10, 2003, in the Official Records as Instrument Number 2003001466419 (as amended or modified from time to time, the “HOME Regulatory Agreement”) relating to the HOME Loan that Buyer has agreed to assume, which will not be paid off and released as of the Closing Date;

(r) The Regulatory Agreement recorded on February 11, 2004, in the Official Records as Instrument Number 2004000106936 (as amended or modified from time to time, the “TCAC Regulatory Agreement”) that Buyer has agreed to assume; and

(s) The Declaration of Development Covenants, Conditions and Restrictions Concerning Lot 1 of Tract 13898 recorded on August 1, 2001, in the Official Records as Instrument Number 20010525822 (as amended or modified from time to time, the “Talega Declaration”) that Buyer has agreed to assume.

2.5 Additional Closing Obligations of Seller. On or before 12:00 noon on the business day preceding the Closing Date, Seller shall deliver to Escrow Holder (unless indicated to be delivered directly to Buyer) copies of the following documents and other items:

(a) Two (2) duplicate copies of a Bill of Sale conveying the Personal Property related to its Real Property to Buyer in a form reasonably approved by Buyer and Seller prior to the expiration of the Due Diligence Period, duly executed by such Seller;

(b) Two (2) duplicate copies of an Assignment of Leases by Seller to Buyer (the “Assignment of Leases”) in a form reasonably approved by Buyer and Seller prior to the expiration of the Due Diligence Period, duly executed by such Seller;

(c) A Certificate of Non-Foreign Status (the “Non-Foreign Affidavit”) duly executed by such Seller in a form reasonably approved by Buyer and Seller prior to the expiration of the Due Diligence Period and a California Franchise Tax Board Real Estate Withholding Certificate duly executed by such Seller;

(d) One (1) original of an assignment and assumption of the HOME Loan and HOME Deed of Trust (“Assignment of HOME Loan Documents”) in a form approved by Buyer, Seller and the County duly executed and acknowledged by the Seller;

(e) One (1) original of an assignment and assumption of the HOME Regulatory Agreement (“Assignment of HOME Regulatory Agreement”) in a form approved by Buyer, Seller and the County duly executed and acknowledged by Seller;

(f) One (1) original of an assignment and assumption of the OCDA Loan and OCDA Deed of Trust (“Assignment of OCDA Loan Documents”) in a form approved by Buyer, Seller and OCDA duly executed and acknowledged by the Seller;



(g) One (1) original of an assignment and assumption of the OCDA Regulatory Agreement in a form approved by Buyer, Seller and OCDA duly executed and acknowledged by Seller (“Assignment of OCDA Regulatory Agreement”);

(h) One (1) original of an assignment and assumption of the City Loan and City Deed of Trust (“Assignment of City Loan Documents”) in a form approved by Buyer, Seller and City duly executed and acknowledged by the Seller;

(i) One (1) original of an assignment and assumption of the City Regulatory Agreement (“Assignment of City Regulatory Agreement”) in a form approved by Buyer, Seller and City duly executed and acknowledged by Seller;

(j) One (1) original of an assignment and assumption of the TCAC Regulatory Agreement (“Assignment of TCAC Regulatory Agreement”) in a form approved by Buyer and Seller duly executed and acknowledged by Seller;

(k) One (1) original of an assignment and assumption of the Bond Regulatory Agreement (“Assignment of Bond Regulatory Agreement”) in a form approved by Buyer and Seller duly executed and acknowledged by Seller;

(l) Originals or copies of all assumable contracts relating to the Property which Buyer is to assume pursuant to Section 3.2 hereof (to be delivered to Buyer at the Property);

(m) An assignment to Buyer of Seller’s right, title and interest in and to (i) all contracts which Buyer is to assume pursuant to Section 3.2 below; (ii) all assignable permits, licenses and certificates of occupancy relating to the Property; (iii) all trade names, logos, signs, trademarks, telephone listings and numbers and similar items in Seller’s possession included within the Property; and (iv) all warranties and guaranties then in effect, if any, with respect to the Improvements in a form reasonably approved by Buyer and Seller prior to the expiration of the Due Diligence Period (“Assignment of Contracts”), duly executed by such Seller;

(n) All soils, seismic, geologic, drainage, toxic waste, and environmental reports, surveys, “as-built” plans and specifications, working drawings, grading plans, elevations and similar information with respect to its Real Property heretofore obtained by such Seller which such Seller has in its possession and/or control to the extent such items have not been delivered previously by such Seller to Buyer pursuant to Section 3.1 below (to be delivered to Buyer at the Property);

(o) All keys to the Improvements which such Seller or such Seller’s agents have in their possession (to be delivered to Buyer at the Property);

(p) The original executed copy of each lease of the Property (to the extent that Seller has the original leases in its possession or control), including any amendments thereto (to be delivered to Buyer at the Property);

(q) Two (2) duplicate copies of the Closing Statement (as hereinafter defined) duly executed by such Seller;

(r) A notice to each of the tenants of the Property in compliance with the provisions of California Civil Code Section 1950.5(h) (to be delivered to each tenant outside of Escrow); and

(s) Any other documents, instruments and records required to be delivered to Buyer under the terms of this Agreement which have not been previously delivered.

2.6 Closing Obligations of Buyer. On or before 12:00 noon on the business day preceding the Closing Date, Buyer shall deliver to Escrow Holder copies of the following documents and other items:

(a) One (1) original of all documents required by HCD in connection with the Buyer's HCD Loan (collectively, the "HCD Documents");

(b) One (1) original of the Assignment of HOME Loan Documents, duly executed and acknowledged by Buyer;

(c) One (1) original of the Assignment of HOME Regulatory Agreement, duly executed and acknowledged by Buyer;

(d) One (1) original of the Assignment of OCDA Loan Documents, duly executed and acknowledged by Buyer;

(e) One (1) original of the Assignment of OCDA Regulatory Agreement, duly executed and acknowledged by Buyer;

(f) One (1) original of the Assignment of City Loan Documents, duly executed and acknowledged by Buyer;

(g) One (1) original of the Assignment of City Regulatory Agreement, duly executed and acknowledged by Buyer;

(h) One (1) original of the Assignment of TCAC Regulatory Agreement, duly executed and acknowledged by Buyer;

(i) One (1) original of the Assignment of Bond Regulatory Agreement, duly executed and acknowledged by Buyer;

(j) One (1) original of the Note, duly executed by Buyer;

(k) One (1) original of the Seller Deed of Trust, duly executed and acknowledged by Buyer;

(l) Two (2) duplicate copies of the Assignment of Leases, duly executed by Buyer;

(m) Two (2) duplicate copies of the Assignment of Contracts, duly executed by Buyer;

- (n) Two (2) duplicate copies of the Closing Statement, duly executed by Buyer;
- (o) Evidence of the existence, organizational authority of Buyer and of the authority of persons executing documents on behalf of Buyer reasonably satisfactory to Escrow Holder and the Title Company; and
- (p) Any other documents, instruments or funds required to be delivered by Buyer under the terms of this Agreement or otherwise required by Escrow Holder or Title Company in order to close Escrow which have not previously been delivered.

2.7 Delivery of Documents by Escrow Holder. All of the items listed in Section 2.5 above shall be delivered to Buyer through Escrow on the Closing Date (unless indicated to the contrary), except that Escrow Holder is hereby instructed to record the original Grant Deed, Seller Deed of Trust, HCD Documents (as applicable), Assignment of HOME Loan Documents, Assignment of HOME Regulatory Agreement, Assignment of OCDA Loan Documents, Assignment of OCDA Regulatory Agreement, Assignment of City Loan Documents, Assignment of City Regulatory Agreement, Assignment of the TCAC Regulatory Agreement and Assignment of Bond Regulatory Agreement (collectively, the "Recordable Documents") in the Official Records upon Close of Escrow in the order approved by Buyer and Seller and to deliver the original Recordable Documents to Buyer after recordation thereof and a conformed copy of the recorded Recordable Documents to Seller. Escrow Holder shall deliver to Seller one (1) duplicate copy of all of the items listed in Section 2.6 on the Close of Escrow and conformed copies of the Recordable Documents.

### III INSPECTIONS, REVIEW

3.1 Access to Books and Records; Items to be Inspected and Reviewed by Buyer. Within five (5) days following the execution of this Agreement by Buyer and Seller, Seller shall make available to Buyer for Buyer's inspection at the Property or at Seller's property manager's offices during normal business hours upon not less than forty-eight (48) hours' prior notice, copies of all books, records, reports, surveys, bills, labor, service, supply and maintenance contracts, copies of all leases, rental applications and lease files, books and records of Seller relating to the Property in Seller's possession which are reasonably requested by Buyer. Seller has not made any independent investigation to determine the truth or accuracy of any such documents and materials and shall have no liability to Buyer for any inaccuracy, misrepresentation or omission in such documents or materials. Notwithstanding anything to the contrary contained herein, Seller shall have no obligation to deliver to Buyer (i) those documents, reports, presentations, summaries and the like prepared for any of Seller's partners or investors in connection with its consideration of the acquisition or sale of the Property, (ii) Seller's attorney-client privileged materials, (iii) appraisals, or (iv) any information which is subject to a confidentiality agreement between Seller and a third party. In addition, prior to the expiration of the Due Diligence Period (as hereinafter defined), Seller shall deliver to Buyer a lead-based paint disclosure statement in the form required by applicable law and a natural hazards disclosure statement in the form prescribed by California Civil Code § 1103.2 prepared by a licensed professional described in California Civil Code § 1103.4(c).

3.2 Physical Inspection. From and after the date hereof through for a period of thirty (30) days (the “Due Diligence Period”), Seller shall permit Buyer, its engineers, analysts, contractors, agents and consultants, at the sole cost and expense of Buyer, to conduct physical inspections of the Property and Improvements, including the structural, electrical and mechanical aspects of the Improvements to the Property, supports, site work, foundations, soil, subsurface soils, drainage, seismic and other geological and topographical matters, location of asbestos, lead-based paint, mold, fungi, toxic substances, hazardous materials or wastes, if any, and any other investigations as Buyer deems prudent with respect to the physical condition of the Property. Such investigations may be made by Buyer and/or its agents during any normal business hours. Buyer shall also have the right to investigate all matters relating to the zoning, use and compliance with other applicable laws which relate to the use and occupancy of the Property. Seller shall reasonably cooperate with Buyer in completing such inspections and special investigations at no cost or expense to Seller. Such inspections and investigations shall be conducted only upon no less than forty-eight (48) hours’ notice to Seller and shall be conducted at such times and in such a manner as to minimize any disruption to tenants upon the Property. Seller shall have the right, but not the obligation, to accompany Buyer during such investigations and/or inspections. Notwithstanding the foregoing, Buyer shall not perform any invasive or destructive testing of the Property without the prior written consent of Seller, which consent may be withheld in Seller’s sole and absolute discretion. Buyer shall repair any and all damage to the Property or to any tenants’ property caused by such inspections or investigations in a timely manner and shall indemnify, defend (with counsel acceptable to Seller) and hold harmless Seller and its partners, affiliates, officers, employees, agents and consultants (the “Indemnified Parties”) from and against any liability whatsoever sought by the Indemnified Parties arising from or related to Buyer’s physical inspection of the Property or access to the Property granted hereunder to Buyer, its engineers, analysts, contractors, agents and consultants, including any such liability to which the negligence of the indemnified parties may have contributed but excepting any liability to the extent arising from the gross negligence or willful misconduct of the indemnified parties. As a condition to allowing Buyer, or its engineers, analysts, contractors, agents or consultants access to the Property, Buyer shall obtain and deliver to Seller a certificate of insurance evidencing liability insurance policy in an amount not less than TWO MILLION DOLLARS (\$2,000,000.00) and naming Seller as an additional insured. Prior to the expiration of the Due Diligence Period, if, in Buyer’s sole and absolute discretion, Buyer is dissatisfied with the results of its review of the documents related to the Property or the inspections or investigations of the Property, then Buyer may terminate this Agreement by giving written notice of termination to Seller and Escrow Holder. In addition, Buyer shall, not later than the expiration of the Due Diligence Period, advise Seller in writing of the labor, service, supply and maintenance contracts which it elects to assume; provided, however, that Buyer shall be obligated to assume those contracts which cannot be terminated by Seller without payment of a fee or penalty. If Buyer notifies Seller of its disapproval of its due diligence investigation of the Property on or before the expiration of the Due Diligence Period, this Agreement and the escrow established hereunder shall terminate.

3.3 Preliminary Title Report. Within five (5) days of the Effective Date, Buyer shall obtain from Title Company a preliminary title report describing the state of title of the Property (the “Preliminary Title Report”). Buyer shall notify Seller in writing (“Buyer’s Objection Notice”) of any objections Buyer may have to title exceptions contained in the Preliminary Title Report not later than seven (7) business days prior to the expiration of the Due Diligence Period (“Title Review Period”). In the event Buyer fails to deliver Buyer’s Objection Notice prior to the

expiration of the Title Review Period, Buyer shall conclusively be deemed to have approved the state of title of the Property. Seller shall have a period of five (5) business days after receipt of Buyer's Objection Notice in which to deliver written notice to Buyer ("Seller's Notice") of Seller's election to either (i) agree to remove the objectionable items prior to the Close of Escrow, or (ii) decline to remove any such title exceptions and terminate Escrow and this Agreement. If Seller fails to deliver Seller's notice within said five (5) business day period, Seller shall be deemed to have elected to decline to remove such title exceptions and terminate Escrow and this Agreement. If Seller notifies or is deemed to have notified Buyer of its election to terminate Escrow rather than remove the objectionable items, Buyer shall have the right, by written notice delivered to Seller not later than the expiration of the Due Diligence Period to agree to accept the Property subject to the objectionable items, in which event Seller's election to terminate the Escrow shall be of no effect, and Buyer shall take title at the Close of Escrow subject to such objectionable items without any adjustment to or credit against the Purchase Price. Notwithstanding the foregoing, except as set forth herein, Seller shall, on or before the Close of Escrow, remove (i) all deeds of trust and financing statements, including, without limitation, that certain Department of Housing and Community Development Multifamily Housing Program NOFA of February 23, 2001 Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing (Permanent Financing) recorded on December 10, 2003, in the Official Records as Instrument Number 2003001466405 (collectively, "Monetary Liens"), and (ii) that certain Department of Housing and Community Development Multifamily Housing Program (NOFA 2/23/01) recorded on December 10, 2003, in the Official Records as Instrument Number 200300146640, as encumbrances to title, without the necessity for Buyer to object thereto. Upon the issuance of any amendment or supplement to the Preliminary Title Report which has additional exceptions for matters not shown on the original Preliminary Title Report, the foregoing right of review and approval shall also apply to said amendment or supplement (provided that the period for Buyer to review such amendment or supplement shall be the later of the expiration of the Title Review Period or five (5) days from receipt of the amendment or supplement). If Buyer properly notifies Seller of its disapproval of the state of title to the Property on or before the expiration of the Title Review Period (or such longer period as may be provided in the immediately sentence), this Agreement and the escrow established hereunder shall terminate.

#### IV CONDITIONS TO AGREEMENT

4.1 Buyer's Conditions Precedent. Buyer's obligation to purchase the Property shall be conditioned upon the fulfillment of the following conditions precedent, all of which shall be satisfied or waived in writing pursuant to Section 4.4 below prior to the Close of Escrow except as indicated otherwise:

(a) Seller has delivered to Escrow Holder all of the documents required to be delivered under Section 2.5.

(b) The due performance by Seller of all material obligations to be performed by Seller hereunder and the truth in all material respects of the representations and warranties made by Seller pursuant to Section 6.4.

(c) No order or injunction of any court or administrative agency of competent jurisdiction nor any statute, rule, regulation or executive order promulgated by any governmental authority of competent jurisdiction shall be in effect as of the Close of Escrow which restrains or prohibits the transfer of the Property or the consummation of any other transaction contemplated hereby.

(d) The Department of Housing and Community Development, a public agency of the State of California (“HCD”) has approved of a new loan to Buyer (the “Buyer’s HCD Loan”).

(e) The County has approved of the transfer of the Property to Buyer and the Assignment of the HOME Loan Documents, the Assignment of HOME Regulatory Agreement and the Assignment of the Bond Regulatory Agreement.

(f) OCDA has approved of the transfer of the Property to Buyer and the Assignment of the OCDA Loan Documents and Assignment of OCDA Regulatory Agreement.

(g) The City has approved of the transfer of the Property to Buyer and the Assignment of the City Loan Documents and Assignment of City Regulatory Agreement.

(h) TCAC has approved of the transfer of the Property to Buyer and the Assignment of TCAC Regulatory Agreement.

4.2 Seller’s Conditions Precedent. Seller’s obligation to convey the Property to Buyer shall be conditioned upon the satisfaction or written waiver in writing, in whole or in part by Seller of the following conditions precedent:

(a) Buyer has delivered to Escrow Holder all of the documents required to be delivered under Section 2.6.

(b) The due performance by Buyer of all material obligations to be performed by Buyer hereunder and the truth in all material respects of the representations and warranties made by Buyer pursuant to Section 6.5.

(c) No order or injunction of any court or administrative agency of competent jurisdiction nor any statute, rule, regulation or executive order promulgated by any governmental authority of competent jurisdiction shall be in effect as of the Close of Escrow which restrains or prohibits the transfer of the Property or the consummation of any other transaction contemplated hereby.

(d) HCD has approved the Buyer’s HCD Loan.

(e) The County has approved of the transfer of the Property to Buyer and the Assignment of the HOME Loan Documents, the Assignment of HOME Regulatory Agreement and the Assignment of the Bond Regulatory Agreement, and the release of Seller from liability under the HOME Loan Documents, the HOME Regulatory Agreement and the Bond Regulatory Agreement for matters first arising after the Closing Date.

(f) OCDA has approved of the transfer of the Property to Buyer and the Assignment of the OCDA Loan Documents and the Assignment of the OCDA Regulatory Agreement, and the release of Seller from liability under the OCDA Loan Documents and the OCDA Regulatory Agreement for matters first arising after the Closing Date.

(g) The City has approved of the transfer of the Property to Buyer and the Assignment of the City Loan Documents and the Assignment of the City Regulatory Agreement, and the release of Seller from liability under the City Loan Documents and the City Regulatory Agreement for matters first arising after the Closing Date.

(h) TCAC has approved of the transfer of the Property to Buyer and the Assignment of the TCAC Regulatory Agreement, and the release of Seller from liability under the TCAC City Regulatory Agreement for matters first arising after the Closing Date.

4.3 Satisfaction of Conditions. Where satisfaction of any of the foregoing conditions requires action by Buyer or Seller, each party shall use its diligent best efforts, in good faith, and at its own cost, to satisfy such condition; provided, however, that in no event shall Seller be required to expend money related to Buyer's financing or in order to satisfy any condition of Buyer.

4.4 Waiver. Buyer may at any time or times, at its election, waive any of the conditions set forth in Section 4.1 above to its obligations hereunder, but any such waiver shall be effective only if contained in a writing signed by Buyer and delivered to Seller. Seller may at any time or times, at its election, waive any of the conditions set forth in Section 4.2 above to its obligations hereunder, but any such waiver shall be effective only if contained in a writing signed by Seller and delivered to Buyer.

4.5 Termination. In the event each of the conditions set forth in Section 4.1 is not fulfilled within the time provided in Section 4.1 or waived by Buyer pursuant to Section 4.4, Buyer may, at its option, terminate this Agreement and the Escrow opened hereunder, thereby releasing the parties from further obligations hereunder, and all documents delivered by Buyer to Seller or Escrow Holder shall be returned to Buyer and all documents delivered by Seller to Buyer or Escrow Holder returned to Seller. In the event that the conditions set forth in Section 4.2 are not fulfilled or waived by Seller pursuant to Section 4.4 prior to the Closing Date, Seller may, at its option, terminate this Agreement and the Escrow opened hereunder, thereby releasing the parties from further obligations hereunder, and all documents delivered by Seller to Buyer or Escrow Holder shall be returned immediately to Seller. In the event this Agreement terminates for any reason pursuant to this Section 4.5, within five (5) days of the date of termination, Buyer shall deliver to Seller all due diligence materials delivered to Buyer pursuant to Section 3.1 above as well as true, correct and complete copies of all reports, studies, documents or surveys generated in connection with Buyer's due diligence investigation of the Property without representation or warranty as to the accuracy or completeness of such documents.

## V

PRORATIONS, POSSESSION AND DEPOSITS

5.1 Proration of Taxes. Real and personal property taxes and assessments for the Property shall be prorated by the parties based on a 365-day year as of 11:59 p.m. on the Closing Date with Seller paying such taxes on the day of Closing. All tax prorations shall be based upon the latest available tax statement. If the tax statements for the fiscal tax year during which Escrow closes do not become available until after the Closing Date, the parties shall re-prorate said taxes and assessments outside of Escrow following the Closing Date when such tax statements become available. Seller shall be responsible for and shall pay or reimburse Buyer upon demand for any real or personal property taxes payable following the Closing Date with respect to its Real Property applicable to any period of time prior to the Closing Date as a result of any change in the tax assessment by reason of reassessment, changes in use of the Property, changes in ownership, errors by the Assessor or otherwise. Any tax refunds which relate to any period of time prior to Close of Escrow shall accrue to the benefit of Seller.

5.2 Proration of Rents. Rents of the tenants under the leases shall be prorated on a 365-day year as of 11:59 p.m. in on the Closing Date based on rents actually collected with Seller receiving the rents on the day of Closing. Any such rents collected after the Closing Date by Buyer which are attributable to the period prior to the Closing Date shall be paid to Seller upon collection. Rents collected after the Closing Date from tenants whose rental was delinquent at Closing shall be deemed to first apply to costs of collecting such rents, second to rentals which were delinquent at Closing and third to rents due at the time of payment accruing after the Closing Date. Buyer shall have no obligation to commence litigation or to collect rents or to terminate the tenant's right to occupancy based upon tenant's failure to pay rentals which were delinquent at Closing; however, Buyer shall use reasonable efforts to collect such delinquent rents and shall reasonably and in good faith cooperate with Seller's attempts to collect such rents at no cost or expense to Buyer.

5.3 Tenants' Deposits. The security deposits and other tenant deposits (to the extent not previously applied by Seller) shall be credited to Buyer at the Closing. From and after the Closing, Buyer hereby assumes the obligations of the landlord under the leases with respect to the security deposits and any other tenant deposits. This provision shall survive the closing.

5.4 Utilities. Seller shall use its best efforts to have utility meters read as of the date that Escrow closes and shall be responsible for all utility services to the Property until the Closing Date. In the event Seller is unable to have the utility meters read as of the date Escrow closes, Buyer and Seller shall jointly prepare and deposit an estimated utility statement based upon the average daily usage on the most recent utility bill preceding the Close of Escrow with Seller paying the utility costs for the day of Closing. Escrow Holder shall initially prorate utilities based upon such estimated utility statements and the parties shall subsequently prorate utilities based upon the actual utility usage upon receipt of such utility statements.

5.5 Maintenance Contracts. Seller shall be responsible for payment of all maintenance services, such as janitorial services, guard services and similar services through the Closing. Buyer shall be responsible for such services thereafter for any such contracts which it assumes pursuant to Section 3.2 above.



5.6 Method of Adjustment. The obligations of Sections 5.1, 5.2, 5.3, 5.4, and 5.5 shall be handled by Buyer and Seller outside of Escrow once a final accounting of all figures have been obtained. Seller and Buyer shall complete all adjustments for items to be prorated pursuant to this Article V within the earlier of ninety (90) days after the Closing Date or promptly after the receipt of actual bills or verifiable information relating to the item to be adjusted.

5.7 Insurance. Seller shall cause its policies of insurance for the Property to be terminated effective immediately after the Closing Date and Buyer shall be responsible for obtaining its own insurance.

5.8 Possession. Subject to the rights of tenants in possession, Buyer shall be entitled to possession of the Property on the Closing Date.

5.9 Closing Costs. Buyer shall pay all costs in connection with the closing of this transaction, including the premium for a policy of title insurance, any county or city documentary or transfer taxes payable on account of the conveyance of the Real Property, the escrow fees which may be charged by Escrow Holder, the cost of any survey required by the Title Company to issue its title policy, the cost of recording the Recordable Documents, any and all costs and expenses associated with or arising from Buyer's new financing.

5.10 Closing Statement. No later than three (3) business days prior to the Closing Date, Escrow Holder shall prepare for approval by Buyer and Seller a closing statement ("Closing Statement") on Escrow Holder's standard form indicating, among other things, the Replacement Reserve Credit, the Short Term Work Credit and Escrow Holder's estimate of all closing costs and prorations made pursuant to this Agreement. Buyer and Seller shall assist Escrow Holder in determining the amount of all prorations.

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**5.11 BREACH BY SELLER. IN THE EVENT THAT SELLER BREACHES ANY OF ITS OBLIGATIONS UNDER THIS AGREEMENT WHETHER PRIOR TO OR AFTER THE CLOSE OF ESCROW, BUYER'S SOLE REMEDY SHALL BE THE RIGHT TO SUE FOR ACTUAL DAMAGES (NOT TO EXCEED \$25,000), AND THIS AGREEMENT SHALL TERMINATE AND, EXCEPT AS SPECIFICALLY PROVIDED FOR ELSEWHERE IN THIS AGREEMENT, NEITHER PARTY SHALL HAVE ANY FURTHER OBLIGATION OR LIABILITY TO THE OTHER AT LAW OR IN EQUITY. IN NO EVENT SHALL SELLER EVER BE LIABLE TO BUYER UNDER ANY STATUTORY, COMMON LAW, EQUITABLE OR OTHER THEORY OF LAW EITHER PRIOR TO OR FOLLOWING THE CLOSING FOR ANY LOST RENTS, PROFITS, BUSINESS OPPORTUNITIES OR ANY FORM OF CONSEQUENTIAL OR PUNITIVE DAMAGES IN CONNECTION WITH ANY CLAIM, LIABILITY, DEMAND OR CAUSE OF ACTION IN ANY WAY OR MANNER RELATING TO THE PROPERTY, THE CONDITION OF THE PROPERTY, THIS AGREEMENT, OR ANY TRANSACTION OR MATTER BETWEEN THE PARTIES CONTEMPLATED HEREUNDER. BUYER HEREBY WAIVES, RELEASES AND FOREVER RELINQUISHES ANY RIGHT BUYER MAY NOW HAVE OR MAY LATER ACQUIRE TO SEEK SPECIFIC PERFORMANCE, TO PLACE ANY LIENS OR ENCUMBRANCES, INCLUDING A NOTICE OF LIS PENDENS, ON THE PROPERTY.**

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Buyer's Initials

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Seller's Initials

**a. LIQUIDATED DAMAGES. IN THE EVENT THAT CLOSING FAILS TO OCCUR DUE TO A DEFAULT OF BUYER, THE DAMAGES THAT SELLER WILL INCUR BY REASON THEREOF ARE AND WILL BE IMPRACTICAL AND EXTREMELY DIFFICULT TO ESTABLISH. BUYER AND SELLER, IN A REASONABLE EFFORT TO ASCERTAIN WHAT SELLER'S DAMAGES WOULD BE IN THE EVENT OF EITHER SUCH A DEFAULT BY BUYER, HAVE AGREED THAT SUCH DAMAGES SHALL BE IN AN AMOUNT EQUAL TO \$25,000, AND THAT SUCH AMOUNT SHALL BE DELIVERED TO SELLER UPON SUCH DEFAULT BY BUYER OR FAILURE OF CONDITION AND RETAINED BY SELLER AS LIQUIDATED DAMAGES, WHICH DAMAGES SHALL BE SELLER'S SOLE AND EXCLUSIVE REMEDY AT LAW OR IN EQUITY IN THE EVENT OF AND FOR SUCH DEFAULT BY BUYER. WITHOUT LIMITING THE FOREGOING PROVISIONS OF THIS PARAGRAPH, SELLER WAIVES ANY AND ALL RIGHTS WHICH SELLER OTHERWISE WOULD HAVE HAD UNDER CALIFORNIA CIVIL CODE SECTION 3389 TO SPECIFICALLY ENFORCE THIS AGREEMENT. SELLER AND BUYER ACKNOWLEDGE AND AGREE THAT THEY HAVE READ AND UNDERSTAND THE PROVISIONS OF THIS PARAGRAPH AND BY THEIR INITIALS AGREE TO BE BOUND BY ITS TERMS.**

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Buyer's Initials

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Seller's Initials

VI  
AS-IS PURCHASE

6.1 Disclaimer. Buyer acknowledges and agrees that it has been provided the opportunity to thoroughly inspect, investigate and exercise due diligence, and the opportunity to fully and independently become familiar with, and fully satisfy itself regarding, any and all matters relating to the Property. Except as expressly provided in Section 6.4 of this Agreement, Seller has not made, does not make and specifically negates and disclaims any representations, warranties, promises, covenants, agreements or guaranties of any kind or character whatsoever, whether express or implied or arising by operation of law, oral or written, past, present or future, of, as to, concerning or with respect to (i) the value of the Property; (ii) the income to be derived from the Property; (iii) the suitability of the Property for any and all activities and uses which Buyer may conduct thereon, including, without limitation, the possibilities for future development of the Property; (iv) the habitability, merchantability, marketability, profitability or fitness for a particular purpose of the Property; (v) the manner, quality, state of repair or lack of repair of the Property; (vi) the nature, quality or condition of the Property, including, without limitation, the water, soil and geology; (vii) the compliance of or by the Property or its operation with any laws, rules, ordinances or regulations of any applicable governmental authority or body including, without limitation, Title III of the Americans With Disabilities Act of 1990; (viii) the manner or quality of the construction or materials incorporated into the Property; (ix) compliance with any environmental protection, pollution or land use laws, rules, regulations, orders or requirements including, without limitation, the Federal Water Pollution Control Act, the Federal Resource Conservation and Recovery Act, the U.S. Environmental Protection Agency Regulations at 40 C.F.R., Part 261, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, the Resource Conservation and Recovery Act of 1976, the Clean Water Act, the Safe Drinking Water Act, the Hazardous Materials Transportation Act, the Toxic Substance Control Act, and regulations promulgated under any of the foregoing (collectively, “Environmental Laws”); (x) the presence or absence of hazardous materials at, on, under, or adjacent to the Property including, but not limited to, petroleum products, asbestos, lead-based paint, mold or fungi, (xi) the content, completeness or accuracy of any items delivered or made available to Buyer pursuant to Section 3.1; (xii) the conformity of the Improvements to any plans or specifications for the Property, including any plans and specifications that may have been or may be provided to Buyer; (xiii) the conformity of the Property to past, current or future applicable zoning or building requirements; (xiv) deficiency of any undershoring; (xv) deficiency of any drainage; (xvi) the fact that all or a portion of the Property may be located on or near an earthquake fault line; (xvii) the existence of vested land use, zoning or building entitlements affecting the Property; and (xviii) any matters arising from or relating to Seller’s alleged superior knowledge or breach of any duty to disclose. Seller is not liable or bound in any manner by any oral or written statements, representations or information pertaining to the Property, or the operation thereof, furnished by any real estate broker, agent, employee, servant or other person. Except as provided in Section 6.4, Buyer further acknowledges and agrees that to the maximum extent permitted by law, the sale of the Property as provided for herein is made on an “AS-IS” “WHERE IS” condition and basis as of the Closing Date with all faults, and that Seller has no obligations to make repairs, replacements or improvements, whether before or after the Close of Escrow. Buyer represents, warrants and covenants to Seller, which representation, warranty, and covenant will survive the Close of Escrow and not be merged with the deed, that, except for the representations and warranties set forth in Section 6.4 of this Agreement, Buyer will solely rely upon Buyer’s own

investigation of the Property and all other matters relating to the Property, and not on any information provided or to be provided by Seller or anyone acting on Seller's behalf.

## 6.2 Release and Waiver.

(a) Except with respect to the representations and warranties of Seller set forth in Section 6.4 of this Agreement, Buyer hereby fully and forever releases, acquits and discharges Seller of and from, and hereby fully and forever waives any and all claims, actions, causes of action, suits, proceedings, demands, rights, damages, costs, expenses or other compensation whatsoever, whether known or unknown, direct or indirect, foreseeable or unforeseeable, absolute or contingent, that Buyer now has or may have or which may arise in the future arising out of, directly or indirectly, or in any way connected with the Property or any other matters relating to the Property, including, without limitation: (A) any condition of environmental contamination or pollution at the Property, however and whenever occurring (including, without limitation, the contamination or pollution of any soils, subsoil media, surface waters or groundwaters at the Property) including, but not limited to, petroleum products, asbestos, lead-based paint, mold or fungi; (B) to the extent not already included in (A) above, the prior, present or future existence, release or discharge, or threatened release, of any Hazardous Materials at the Property, however and whenever occurring; (C) the violation of, or non-compliance with, any applicable law now or hereafter in effect, however or whenever occurring; (D) the condition of the soil at the Property; (E) the condition of Improvements including, without limitation, the structural integrity and seismic compliance of such Improvements; (F) the inaccuracy, unreliability, or incompleteness of, or any defect or mistake in, any items delivered or made available to Buyer pursuant to Section 3.1; (G) to the extent not already covered by any of the foregoing clauses (A) through (F), above, the use, maintenance, development, construction, ownership or operation of the Property by Seller or any of Seller's predecessor(s)-in-interest in the Property; (H) any matters arising from or relating to the leases; or (G) any matters based on Seller's alleged superior knowledge or failure to close.

(b) Without limiting the scope or generality of the foregoing release and waiver provisions, those provisions shall specifically include and cover (1) any claim for or right to indemnification, contribution or other compensation based on or arising under any Environmental Law now or hereafter in effect, and (2) any claim for or based on trespass, nuisance, waste, negligence, negligence per se, strict liability, ultrahazardous activity, indemnification, contribution of other theory arising under the common law of the State of California (or any other applicable jurisdiction) or arising, under any applicable law now or hereafter in effect.

6.3 Waiver of Civil Code § 1542. Buyer hereby acknowledges that it has read and is familiar with the provisions of California Civil Code § 1542 ("Section 1542"), which are set forth below:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING

THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.”

Buyer hereby waives the provisions of Section 1542, and of any statute, principle of common law or case law which would limit the scope of the foregoing waiver and release, in connection with matters which are the subject of the foregoing waiver and release.

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Buyer's Initials

6.4 Representations of Seller. As of the date hereof and again as of Closing, Seller represents and warrants to Buyer, as to itself and with respect to its Real Property only, as follows:

(a) Except as disclosed to Buyer in writing prior to Close of Escrow, Seller has not received written notice of, and otherwise has no actual knowledge of, any defaults by any of the parties to any of the leases, contracts or agreements respecting the Property to be assigned to Buyer at Closing.

(b) Except as disclosed to Buyer pursuant to Section 3.1, Seller has not received written notice of (i) any litigation (other than unlawful detainer actions) or condemnation, environmental, zoning or other land-use regulation proceedings, either instituted or planned to be instituted, which would materially and adversely affect the ownership, use, operation or value of the Property, or (ii) any special assessment proceedings affecting the Property. Seller shall notify Buyer promptly of any such litigation or proceedings of which Seller becomes aware.

(c) Seller has not received written notice that removal or other remedial action with respect to Hazardous Materials in, on, under or about the Property is required by any governmental authority having jurisdiction over the Property. For purposes of this Agreement, the term “Hazardous Materials” shall mean any toxic or hazardous waste, material or substance, including, without limitation, asbestos, petroleum, petroleum products, underground storage tanks now or previously containing any other Hazardous Materials, substances defined as “hazardous substances”, “hazardous waste” or “toxic substances” in any Environmental Law.

(d) Seller is a limited partnership duly organized and validly existing under the laws of the State of California; this Agreement and all documents executed by Seller which are to be delivered to Buyer at the Closing are and at the time of Closing will be duly executed and delivered by Seller, are and at the time of Closing will be legal, valid and binding obligations of Seller enforceable against Seller in accordance with their respective terms and do not and at the time of Closing will not violate any provision of any agreement or judicial order to which Seller or the Property is subject. Seller has obtained all necessary authorizations, approvals and consents to the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby.

(e) Seller has not granted any option or right of first refusal or first opportunity to any party to acquire any interest in the Property.

(f) Seller is in compliance with the requirements of Executive Order No. 13224, 66 Fed. Reg. 49079 (Sept. 25, 2001) (the “Order”) and other similar requirements contained in the rules and regulations of the Office of Foreign Assets Control, Department of the Treasury (“OFAC”) and in any enabling legislation or other Executive Orders or regulations in respect thereof (the Order and such other rules, regulations, legislation or orders are collectively hereinafter referred to as the “Orders”). Seller (i) is not listed on the Specially Designated Nationals and Blocked Persons List maintained by OFAC pursuant to the Order and/or on any other list of terrorists or terrorist organizations maintained pursuant to any of the rules and regulations of OFAC or pursuant to any other applicable Orders (such lists are collectively referred to as the “Lists”), (ii) is not a Person (as defined in the Order) who has been determined by competent authority to be subject to the prohibitions contained in the Orders, or (iii) is not owned or controlled by (including without limitation by virtue of such person being a director or owning voting shares or interests), or acts for or on behalf of, any person on the Lists or any other person who has been determined by competent authority to be subject to the prohibitions contained in the Orders. Seller is not acting, directly or indirectly for, or on behalf of, any person, group, entity or nation named by any Executive Order (including the September 24, 2001, Executive Order Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism) or the United States Treasury Department as a terrorist, “Specially Designated National and Blocked Person,” or other banned or blocked person, entity, or nation pursuant to any Law that is enforced or administered by the Office of Foreign Assets Control, and is not engaging in the transactions contemplated herein, directly or indirectly, on behalf of, or instigating or facilitating the transactions contemplated herein, directly or indirectly, on behalf of, any such person, group, entity or nation.

(g) Seller has received no written notice from any governmental authority with jurisdiction over the Property of any current violation by the Property of any laws, ordinances or regulations applicable to the Property, and any such past written notices of past violations have been cured in accordance with law. Seller shall immediately provide Buyer with a copy of any such written notices received after the Effective Date.

For purposes of this Agreement, whenever the phrase “to Seller’s actual knowledge” or words of similar import are used, they shall be deemed to refer to the actual knowledge, without obligation for inquiry or investigation, of Michael Massie. If Seller becomes aware of any fact or circumstance which would materially change or render materially incorrect, in whole or in part, any representation or warranty made by Seller pursuant to this Section 6.4, whether as of the date given or at any time thereafter through the Closing Date, and whether or not such representation or warranty was based upon Seller’s knowledge as of a certain date, Seller will give prompt written notice of such changed fact or circumstance to Buyer. To the extent Buyer has or acquires knowledge prior to the Closing Date that any of Seller’s representations and warranties are inaccurate, untrue or incorrect in any way, such representations and warranties shall be deemed modified to reflect Buyer’s knowledge. Buyer shall be deemed to know a representation or warranty is untrue, inaccurate or incorrect if this Agreement or any due diligence items made available to Buyer pursuant to Section 3.1 contain information which is inconsistent with such representation or warranty. Upon receipt by Buyer of Seller’s notice of such material change in fact or circumstance, or upon Buyer’s obtaining knowledge of the material change in fact or

circumstance, Buyer may, as Buyer's sole and exclusive remedy, either (i) terminate this Agreement or (ii) waive the breach, representation or warranty and proceed to Closing, and Seller shall have no further obligation or liability to Buyer with respect thereto. Buyer shall make such election within five (5) days of Buyer's receipt of notice or knowledge of such changed fact or circumstance. The representations and warranties set forth herein shall expire and be of no further force or effect six (6) months following the Closing Date; provided that Buyer shall have commenced an action for breach of the representation or warranty prior to the expiration of such six (6) month period. In no event shall Buyer be permitted to bring an action for breach of a representation or warranty unless the damage to Buyer on account of such breach equal or exceeds Ten Thousand Dollars (\$10,000.00) in the aggregate and in no event shall the maximum total liability for breaches of representations or warranties exceed Twenty-Five Thousand Dollars (\$25,000.00) in the aggregate.

6.5 Buyer's Representations and Warranties. As of the date hereof and as of the Closing Date, Buyer represents and warrants to Seller as follows:

(a) Buyer is a limited partnership, duly organized and validly existing under the laws of the State of California; this Agreement and all documents executed by Buyer which are to be delivered to Seller at the Closing are and at the time of Closing will be duly executed and delivered by Buyer, are and at the time of Closing will be legal, valid and binding obligations of Buyer enforceable against Buyer in accordance with their respective terms and do not and at the time of Closing will not violate any provision of any agreement or judicial order to which Buyer or the Property is subject. Buyer has obtained all necessary authorizations, approvals and consents to the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby.

(b) Buyer is in compliance with the requirements of the Orders and other similar requirements contained in the rules and regulations of OFAC. Buyer (i) is not listed on the Specially Designated Nationals and Blocked Persons List maintained by OFAC pursuant to the Order and/or on any other maintained pursuant to any of the rules and regulations of OFAC or pursuant to any other Lists, (ii) is not a Person (as defined in the Order) who has been determined by competent authority to be subject to the prohibitions contained in the Orders, or (iii) is not owned or controlled by (including without limitation by virtue of such person being a director or owning voting shares or interests), or acts for or on behalf of, any person on the Lists or any other person who has been determined by competent authority to be subject to the prohibitions contained in the Orders. Buyer is not acting, directly or indirectly for, or on behalf of, any person, group, entity or nation named by any Executive Order (including the September 24, 2001, Executive Order Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism) or the United States Treasury Department as a terrorist, "Specially Designated National and Blocked Person," or other banned or blocked person, entity, or nation pursuant to any Law that is enforced or administered by the Office of Foreign Assets Control, and is not engaging in the transactions contemplated herein, directly or indirectly, on behalf of, or instigating or facilitating the transactions contemplated herein, directly or indirectly, on behalf of, any such person, group, entity or nation.

6.6 Seller's Covenants Pending Closing. During the term of this Agreement, Seller covenants and agrees as follows:

(a) Contracts. Seller will not enter into any agreement or contract, affecting a period after the Closing Date that cannot be terminated on thirty (30) days' notice without the prior written consent of Buyer, which consent may not unreasonably be withheld, conditioned or delayed. The failure of Buyer to respond to a request for approval of an agreement or contract within three (3) business days of Seller's request for approval shall be deemed to constitute Buyer's approval thereof. Seller will notify Buyer in writing of any agreements or contracts it enters into prior to Closing.

(b) Leases. From and after the expiration of the Due Diligence Period (assuming Buyer elects to proceed with the purchase), without the prior written consent of Buyer not to be unreasonably withheld, conditioned or delayed, none of the existing tenant leases will be amended to reduce the rents or other charges thereunder or will be renewed for rents or other charges either of which are less than those payable for similar apartment units in the Property; and no new lease or extension to an existing lease will be made unless it is for a term of not more than one year and at rent not less than that charged for similar apartment units in the Property. Buyer's failure to approve or disapprove the amendment, renewal or new lease within three (3) days of Seller's request shall be deemed to constitute Buyer's approval thereof.

(c) Insurance. Seller will maintain in effect all insurance policies now maintained on the Property, up to and including the Closing Date.

(d) Operation and Condition Pending Closing. Seller will continue to manage, operate and maintain the Property in the same manner as it has before the execution of this Agreement.

## VII

### DAMAGE, DESTRUCTION AND CONDEMNATION

7.1 Risk of Physical Loss. Buyer shall be obligated to acquire the Property pursuant to this Agreement, notwithstanding that the Property is damaged by fire or other casualty prior to the Closing Date, provided that (i) if the cost to repair the Property, in the reasonable judgment of Buyer, can be completed for less than two percent (2%) of the Purchase Price, (ii) the cost to repair such damage is covered by insurance maintained by or for Seller, (iii) Seller assigns to Buyer all insurance proceeds and/or rights to receive insurance proceeds by reason of such damage through Escrow on the Close of Escrow, other than proceeds expended in restoration and repair by Seller, and (iv) Seller credits to the account of Buyer in Escrow, the amount of any deductible under Seller's insurance (not to exceed the cost of repair). Any such casualty is hereinafter referred to as a "non-material insured casualty".

In the event of casualty damage to the Property, other than a non-material insured casualty, Buyer may, at its option, either terminate this Agreement by giving written notice of such termination to Seller within ten (10) days of Buyer's receipt of written notice of such casualty from Seller, or elect to proceed with its purchase of the Property, in which event Seller shall transfer



and assign to Buyer all insurance proceeds and all rights to receive insurance proceeds by reason of such damage through Escrow at its Close, other than proceeds expended in restoration and repair by Seller and rental loss proceeds applied to rents accruing through the Close of Escrow and shall credit Buyer's account in Escrow the amount of any deductible under Seller's insurance (not to exceed the cost of repair). If the right to receive any such insurance proceeds to be assigned to Buyer is not assignable by Seller to Buyer, Buyer may nevertheless elect to close the Escrow, in which event Seller shall promptly deliver to Buyer the proceeds of any such insurance received by it following the Close of Escrow, except to the extent such proceeds are in reimbursement for restoration and repair costs incurred or to be incurred by Seller prior to the Close of Escrow and/or rental loss proceeds for rents accruing prior to the Close of Escrow. In the event that such damage shall occur and Buyer elects not to purchase the Property, then this Agreement shall be terminated and Buyer shall be entitled to the return of all funds and documents deposited hereunder.

7.2 Condemnation. In the event that, prior to the Close of Escrow, any governmental entity shall commence any actions of eminent domain or similar type proceedings to take any portion of the Property, Buyer shall have the option either to (i) elect not to acquire the Property, or (ii) complete the acquisition of the Property, in which case Buyer shall be entitled to all the proceeds of such taking.

## VIII MISCELLANEOUS

8.1 Attorneys' Fees. In the event of any action between Buyer and Seller seeking enforcement of any of the terms and conditions to this Agreement, or otherwise in connection with the Property, the prevailing party in such action shall be awarded, in addition to damages, injunctive or other relief, its reasonable costs and expenses, including but not limited to reasonable attorneys' fees, court costs and expert witness fees.

8.2 Notices. All notices under this Agreement shall be effective upon (i) personal delivery to Buyer or Seller, as the case may be, or (ii) telecopier transmission with a hard copy deposited in overnight mail (Express Mail), or (iii) one (1) business day after deposit with an overnight courier service (e.g., Federal Express), (iv) upon delivery by electronic mail; or (v) three (3) business days after deposit in the United States mail, registered, certified, postage fully prepaid and addressed to the respective parties as follows:

To Seller: JAMBOREE-TAL HOUSING, L.P.  
c/o Jamboree Housing Corporation  
17701 Cowan Ave., Suite 200  
Irvine, CA 92614  
Attn: Michael Massie  
Facsimile: (949) 214-2361  
Email: mmassie@jamboreehousing.com

With a copy to: Rutan & Tucker, LLP  
18575 Jamboree Road, Suite 900  
Irvine, CA 92612  
Attn: Patrick D. McCalla

Facsimile: (714) 546-9035  
 Email: pmccalla@rutan.com

To Buyer: AMISTAD HOUSING PARTNERS I LP  
 c/o Jamboree Housing Corporation  
 17701 Cowan Ave., Suite 200  
 Irvine, CA 92614  
 Attn: Michael Massie  
 Facsimile: (949) 214-2361  
 Email: mmassie@jamboreehousing.com

With a copy to: Rutan & Tucker, LLP  
 18575 Jamboree Road, Suite 900  
 Irvine, CA 92612  
 Attn: Patrick D. McCalla  
 Facsimile: (714) 546-9035  
 Email: pmccalla@rutan.com

or to such other address as the parties may from time to time designate in writing.

8.3 Entire Agreement. This Agreement and the items incorporated herein contain all the agreements of the parties hereto with respect to the matters contained herein; and no prior agreement or understanding pertaining to any such matter (including, without limitation, the Letter of Intent) shall be effective for any purpose. No provisions of this Agreement may be amended or modified in any manner whatsoever except by an agreement in writing signed by duly authorized officers or representatives of each of the parties hereto.

8.4 Successors. The terms, covenants and conditions of this Agreement shall be binding upon and shall inure to the benefit of the heirs, executors, administrators and assigns of the respective parties hereto.

8.5 Assignment. Buyer may assign this Agreement and its rights hereunder to an entity in which Buyer owns a majority of the interests in profits and losses without the necessity of acquiring consent from Seller provided such party is designated not later than ten (10) days prior to the Close of Escrow. No other assignment may occur without the consent of Seller, which consent may be withheld in Seller's sole and absolute discretion. In no instance shall an assignment by either Buyer or Seller relieve the assigning party of its obligations hereunder.

8.6 Choice of Laws. This Agreement shall be governed by the laws of the State of California and any questions arising hereunder shall be construed or determined according to such law.

8.7 Headings. Headings at the beginning of each numbered Article and Section of this Agreement are solely for the convenience of the parties and are not a part of this Agreement.

8.8 Survival. This Agreement and all covenants, representations and warranties contained herein shall survive the close of this transaction and this Agreement shall remain a binding contract between the parties hereto.

8.9 Time. Time is of the essence of this Agreement, it being understood that each date set forth herein and the obligations of the parties to be satisfied by such date have been the subject of specific negotiation by the parties. Except as expressly provided for in this Agreement, the time for performance of any obligation or taking any action under this Agreement will be deemed to expire at 5:00 p.m. (California time) on the last day of the applicable time period provided for in this Agreement. If the time for performance of any obligation or taking any action under this Agreement expires on a Saturday, Sunday or California or Federal holiday, the time for performance or taking such action will be extended to the next succeeding day which is not a Saturday, Sunday or California or Federal holiday. Any reference in this Agreement to “days” shall mean calendar days unless the Agreement specifically states “business days”. The term “business days” shall not include any day which is a Saturday, Sunday or California or Federal holiday.

8.10 Counterparts. This Agreement may be signed by the parties in different counterparts and the signature pages combined to create a document binding on all parties.

8.11 Brokerage Commissions. Each party represents and warrants that it has retained no brokers or finders to represent its interests in connection with this transaction. Each party agrees to indemnify and hold the other harmless from and against all liabilities, costs, damages and expenses, including, without limitation, reasonable attorneys’ fees, resulting from any claims or fees or commissions, based upon agreements by it, if any, to pay any broker’s commission and/or finder’s fee.

8.12 Information Report. Escrow Holder shall file and Buyer and Seller agree to cooperate with Escrow Holder and with each other in completing any report (“Information Report”) and/or other information required to be delivered to the Internal Revenue Service pursuant to Internal Revenue Code Section 6045(e) regarding the real estate sales transaction contemplated by this Agreement, including, without limitation, Internal Revenue Service Form 1099-B as such may be hereinafter modified or amended by the Internal Revenue Service, or as may be required pursuant to any regulation now or hereinafter promulgated by the Treasury Department with respect thereto. Buyer and Seller also agree that Buyer and Seller, their respective employees and attorneys, and Escrow Holder and its employees may disclose to the Internal Revenue Service, whether pursuant to such Information Report or otherwise, any information regarding this Agreement or the transaction contemplated herein as such party reasonably deems to be required to be disclosed to the Internal Revenue Service by such party pursuant to Internal Revenue Code Section 6045(e), and further agree that neither Buyer nor Seller shall seek to hold any such party liable for the disclosure to the Internal Revenue Service of any such information.

8.13 Cooperation in 1031 Exchange. The parties each agree to cooperate with the other (at no cost or liability to the agreeing party) in effecting for the benefit of either party a concurrent, delayed or reverse like-kind exchange of real property pursuant to Section 1031 of the United States Internal Revenue Code and similar provisions of applicable state law; provided, however, that (i) neither party shall be obligated to accept title, or to otherwise become part of the chain of title, to an exchange property of the other party; and (ii) the Closing Date shall not be delayed as the result of such exchange (except as provided in Section 2.1). This Agreement and the parties’ obligations hereunder are not subject to or conditioned upon ability to consummate an exchange.

Each party's responsibility for reviewing exchange documents shall be limited to determining whether the terms and conditions of such exchange documents are such that they are in compliance with the foregoing provisions. Each party shall be responsible for the payment of all deposits and other costs required to be paid by the "buyer" pursuant to the exchange documents and for making all determinations as to the legal sufficiency or other consideration including, but not limited to, tax considerations, relating to such exchange documents. In so cooperating in any exchange transaction arranged by a party, the non-exchanging party shall in no event be responsible for, or in any way warrant, the tax consequences of the exchange transaction.

8.14 No Third Party Beneficiary. No term or provision of this Agreement is intended to, or shall be, for the benefit of any person not a party hereto and no such person shall have any right or cause of action hereunder.

8.15 Limited Liability. The obligations of Seller under this Agreement and under all of the documents referenced herein are intended to be binding only on the assets of Seller and shall not be personally binding upon, nor shall any resort be had to, the private properties of any member of Seller or any trustee, officer, director, employee or affiliate of Seller or any of its members.

8.16 Jury Waiver. TO THE EXTENT PERMITTED BY LAW, BUYER AND SELLER EACH WAIVES RIGHT TO A JURY IN ANY LITIGATION IN CONNECTION WITH THIS AGREEMENT, OR THE PROPERTY, OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT. BUYER AND SELLER EACH ACKNOWLEDGES THAT THIS WAIVER HAS BEEN FREELY GIVEN AFTER CONSULTATION BY IT WITH COMPETENT COUNSEL. THE PROVISIONS OF THIS SECTION 8.17 SHALL SURVIVE CLOSING OR ANY EARLY TERMINATION OF THIS AGREEMENT.

8.17 Arbitration. If a dispute arises between Seller and Buyer arising out of or relating to this Agreement or the Property, such dispute shall be determined and resolved by a single arbitrator appointed and acting pursuant to Code of Civil Procedure section 1280, et seq. and the Commercial Arbitration Rules of the American Arbitration Association ("AAA"). Any arbitrator selected under this Section shall be knowledgeable of the subject matter of the dispute. A qualified retired judge with at least five (5) years arbitration experience shall be selected as the arbitrator through panels maintained by the American Arbitration Association, any court in which the property is located or any private organization providing such services. The parties shall have the full right of discovery allowed under Code of Civil Procedure section 1283.05, and the arbitrator may, in the arbitrator's discretion, allow additional discovery. The fees charged by the arbitrator shall be paid equally by Seller and Buyer unless the arbitrator awards such fees to the prevailing party. The venue for the arbitration shall be in Orange County, California. The decision of the arbitrator shall be final and non-appealable and judgment may be entered on the award in accordance with applicable law. Nothing contained herein shall be construed to preclude a party from commencing an action to obtain provisional remedies; however, after granting the provisional relief, the action shall be stayed pending completion of the arbitration proceeding.

8.18 Acceptance of Grant Deed. The acceptance of the Grant Deed by the Buyer shall be deemed full compliance by the Seller of all the Seller's obligations under this Agreement except for those obligations of the Seller which are specifically stated to survive the close of this transaction.

8.19 Bulk Sale Requirements. Seller and Buyer hereby acknowledge and agree that the parties do not intend to comply with and have waived the provisions of any statutory bulk sale requirements applicable to the transaction to be effected by this Agreement, and to rely upon the adjustment provisions of this Agreement to address any matters that would otherwise be subject to such bulk sale requirements.

8.20 Incorporation. The exhibits attached to this Agreement are incorporated herein and made a part hereof.

*[Signatures appear on the following page.]*

IN WITNESS WHEREOF, Buyer and Seller have executed this Agreement as of the date first above written.

**BUYER:**

AMISTAD HOUSING PARTNERS I LP,  
a California limited partnership

By: JHC-AMISTAD LLC,  
a California limited liability company,  
its general partner

By: Jamboree Housing Corporation,  
a California nonprofit public benefit corporation,  
its manager

By: \_\_\_\_\_  
Name: Michael Massie  
Title: Executive Vice President and Chief  
Development Officer

**SELLER:**

JAMBOREE-TAL HOUSING, L.P.,  
a California limited partnership

By: Jamboree Housing Corporation,  
a California nonprofit public benefit corporation,  
its general partner

By: \_\_\_\_\_  
Name: Michael Massie  
Title: Executive Vice President and Chief  
Development Officer

ACCEPTANCE BY ESCROW HOLDER

The undersigned hereby acknowledges that it has received originally executed counterparts or a fully executed original of the foregoing Purchase and Sale Agreement and Escrow Instructions and agrees to act as Escrow Holder thereunder and to be bound by and perform the terms thereof as such terms apply to Escrow Holder.

Dated: \_\_\_\_\_, 2024

FIRST AMERICAN TITLE INSURANCE  
COMPANY

By: \_\_\_\_\_  
Ryan Hahn, Senior Escrow Officer

EXHIBIT "A"

LEGAL DESCRIPTION OF REAL PROPERTY

Real property in the City of San Clemente, County of Orange, State of California, described as follows:

LOT 1 OF TRACT NO. 13898, AS SHOWN ON A MAP FILED IN [BOOK 817, PAGES 36 TO 40](#) INCLUSIVE OF MISCELLANEOUS MAPS, RECORDS OF ORANGE COUNTY, CALIFORNIA.

EXCEPTING THEREFROM ALL OIL, GAS, AND MINERAL RIGHTS, AS RESERVED BY TALEGA ASSOCIATES, L.L.C., A DELAWARE LIMITED LIABILITY COMPANY, RECORDED AUGUST 8, 2000 AS INSTRUMENT NO. [20000414218](#) OF OFFICIAL RECORDS.

ALSO EXCEPTING THEREFROM ALL OIL, OIL RIGHTS, MINERALS, MINERAL RIGHTS, NATURAL GAS, NATURAL GAS RIGHTS AND OTHER HYDROCARBONS BY WHATSOEVER NAME KNOWN, GEOTHERMAL STEAM, AND ALL PRODUCTS DERIVED FROM ANY OF THE FOREGOING, THAT MAY BE WITHIN OR UNDER THE PARCEL OF LAND HEREINABOVE DESCRIBED, TOGETHER WITH THE PERPETUAL RIGHT OF DRILLING, MINING, EXPLORING AND OPERATING THEREFOR, AND STORING IN AND REMOVING THE SAME FROM SAID LAND OR ANY OTHER LAND, INCLUDING THE RIGHT TO WHIPSTOCK OR DIRECTIONALLY DRILL AND MINE FROM LANDS OTHER THAN THOSE HEREINABOVE DESCRIBED, OIL OR GAS WELLS, TUNNELS AND SHAFTS INTO, THROUGH OR ACROSS THE SUBSURFACE OF THE LAND HEREINABOVE DESCRIBED, AND TO BOTTOM SUCH WHIPSTOCKED OR DIRECTIONALLY DRILLED WELLS, TUNNELS AND SHAFTS UNDER AND BENEATH OR BEYOND THE EXTERIOR LIMITS THEREOF, AND TO REDRILL, RETUNNEL, EQUIP, MAINTAIN, REPAIR, DEEPEN AND OPERATE ANY SUCH WELLS OR MINES, WITHOUT, HOWEVER, THE RIGHT TO DRILL, MINE, STORE, EXPLORE AND OPERATE THROUGH THE SURFACE OR THE UPPER 500 FEET OF THE SUBSURFACE OF THE LAND HEREINABOVE DESCRIBED, AS RESERVED BY TALEGA ASSOCIATES, LLC, IN THE DEED RECORDED AUGUST 01, 2001 AS INSTRUMENT NO. [20010525823](#) OF OFFICIAL RECORDS.

ALSO EXCEPTING THEREFROM ALL WATER AND WATER RIGHTS, IF ANY, INCLUDING WITHIN AND UNDERLYING SAID LAND, AS RESERVED IN THE SAME DEED.

APN: 701-041-39

EXHIBIT "A"

PURCHASE AND SALE AGREEMENT  
AND ESCROW INSTRUCTIONS



EXHIBIT "B"

NOTE

[see attached]

**PROMISSORY NOTE SECURED  
BY SUBORDINATED DEED OF TRUST**

[\$2,774,095]

Irvine, California  
\_\_\_\_\_, 2024

FOR VALUE RECEIVED, the undersigned, AMISTAD HOUSING PARTNERS I LP, a California limited partnership ("Borrower") hereby promises to pay to the order of Jamboree-Tal Housing, L.P., a California limited partnership ("Lender"), whose address is 17701 Cowan Ave., Suite 200, Irvine, California 92614 or at such other place as Lender may from time to time designate in writing, the principal sum of \$[2,774,095] or such lesser amount as may be advanced to or for the account of Borrower pursuant to this Promissory Note ("Note"), together with all accrued interest on the unpaid balance this Note, and all other amounts now or hereafter owing by Borrower to Lender under this Note. The indebtedness evidenced by this Note is referred to as the "Loan". The Loan is being made by Lender to Borrower in connection with that certain Purchase and Sale Agreement and Escrow Instructions, dated as of \_\_\_\_\_, 2024 (the "Purchase Agreement"), pursuant to which Borrower is simultaneously acquiring from Lender certain real property more particularly described in such Purchase Agreement (the "Property"). Borrower shall pay interest at the rates, in the amounts and at the times hereinafter provided. The obligation of Borrower to Lender is set forth in and subject to the terms of this Note and that certain Subordinated Deed of Trust dated as of even date herewith executed by Borrower for the purpose of securing this Note, as the same shall be amended from time to time (the "Subordinated Deed of Trust"). Capitalized terms not otherwise defined herein shall have the meanings set forth Borrower's Limited Partnership Agreement, dated as of August 3, 2023 (the "Partnership Agreement").

1. Principal and Interest. From and after the date hereof through and including the Maturity Date (as hereinafter defined), simple interest shall accrue on the unpaid principal amount outstanding from time to time under this Note at an annual rate equal to [\_\_\_]% ***[Insert Term AFR for month of closing]*** per annum (the "Loan Rate").

2. Payments. Payments under this Note shall be made annually in arrears in immediately available funds for the previous calendar year on the 1st day of May, commencing with May 1 in the year immediately following the year in which the Property is initially occupied in an amount equal to 100% of Residual Receipts for the corresponding year. If the due date for any payment is not a business day, such due date shall be deemed for all purposes to fall on the next business day. As used in this Note, the term "business day" shall mean a day other than a Saturday, Sunday or a day on which banking institutions in the State of California are authorized or required by law to close.

As used herein, the term "Residual Receipts" shall mean Annual Revenue less the sum of:

- (A) Operating Expenses;
- (B) Debt Service;
- (C) Partnership Related Fees/Expenses;

- (D) payment of unpaid tax credit adjustment amounts or reimbursement of tax credit adjustment amounts paid by the administrative and/or managing general partners and/or the guarantors to the Property pursuant to the Partnership Agreement, if any;
- (E) repayment of loans, if any, made by the partner(s) of Borrower;
- (F) Deferred Developer Fee for the Property which remains unpaid; and
- (G) repayment of outstanding development and operating loans and/or contributions for capital expenses for which no revenues from operation of the Improvements are available, if any, made by the managing general partner and/or the guarantor to the Property.

“Annual Revenue” shall mean all gross income and all revenues from the operation of the Property in a calendar year received by Borrower determined on the basis of generally accepted accounting principles applied on a consistent basis. Notwithstanding the foregoing, Annual Revenue shall not include the following items: (a) security deposits from tenants (except when applied by Borrower to rent or other amounts owing by tenants); (b) capital contributions to Borrower by its members, partners or shareholders (including capital contributions required to pay any Deferred Developer Fee); (c) condemnation or insurance proceeds; or (d) proceeds of any loan.

“Operating Expenses” shall mean actual costs, fees and expenses attributable to the operation, maintenance, and management of the Property in a calendar year, including, without limitation, painting, cleaning, repairs, alterations, landscaping; utilities, refuse removal, certificates, permits and licenses, sewer charges, taxes, filing fees, assessments, insurance, security, advertising and promotion, janitorial services, cleaning and building supplies, purchase, repair, servicing and installation of appliances, equipment, fixtures and furnishings which are not paid from the capital replacement reserve, fees and expenses of property management and common area expenses, fees and expenses of accountants, attorneys and other professionals, the cost of social services for the tenant households and other actual, reasonable and customary operating costs which are directly incurred and paid by Borrower, but which are not paid from reserve accounts. Operating Expenses shall include costs, fees and expenses paid for the operation of Borrower, including administrative, accounting and legal fees and expenses.

“Debt Service” shall mean payments made in a calendar year pursuant to the financing obtained for the construction, ownership, and operation of the Property permitted pursuant to the Loan Documents, and those certain loans in effect as of the date hereof, as evidenced by the (i) First Deed of Trust (as defined below), (ii) the HCD Deed of Trust (as defined below), (iii) the HOME Deed of Trust, (iv) the OCDA Deed of Trust, (v) the City Deed of Trust, and (vi) any deeds of trust relating to any refinancing of the Property from a financial institution or governmental agency in an amount not to exceed the then-outstanding principal balance of the loans being prepaid plus reasonable closing costs, in the aggregate.

“Partnership Related Fees/Expenses” shall mean the fees and expenses of Borrower payable to the partners in Borrower or affiliates thereof pursuant to the Partnership Agreement. In the event insufficient Annual Revenues exist to provide for payment of all or part of the Partnership Related Fees/Expenses the unpaid balance will accrue.

“Deferred Developer Fee” means the portion of the Developer Fee (as defined in the [Partnership Agreement]) to be paid from cash flow from Annual Revenue.

3. **Maturity.** The entire unpaid principal balance of this Note, together with all accrued and unpaid interest, shall be due and payable on \_\_\_\_\_, 20\_\_ [**Insert 58 years from date of Closing**] (the "Maturity Date").

4. **Prepayment.** The principal of this Note may be voluntarily prepaid at any time, in its entirety or in any partial amount, without penalty.

5. **Events of Default.** The occurrence of any of the following, whatever the reason therefor, shall constitute an "Event of Default" hereunder:

a. Borrower fails to make any regularly scheduled payment of principal or interest hereunder, to the extent there are Residual Receipts (a "Required Payment"), within thirty (30) days of receipt by Borrower of written notice of such failure; or

b. Borrower fails to pay any other amount owing to Lender under this Note, or fails to perform any other obligation under this Note, the breach of which can be cured by the payment of money, within thirty (30) days after receipt by Borrower of written notice thereof; or

c. Borrower fails to perform any obligation under this Note (other than obligations the breach of which can be cured by the payment of money) within thirty (30) days after notice; *provided, however*, that, if cure cannot reasonably be effected within such thirty (30) day period, there shall be no Event of Default under this subparagraph (c) so long as Borrower promptly commences cure and thereafter diligently prosecutes such cure to completion; or

d. Borrower is dissolved, liquidated or terminated, or all or substantially all of the assets of Borrower are sold or otherwise transferred without Lender's prior consent; or

e. Borrower is the subject of an order for relief by a bankruptcy court, or is unable or admits its inability to pay its debts as they mature, or makes an assignment for the benefit of creditors; or Borrower applies for or consents to the appointment of any rehabilitator or similar officer for it or any part of its property; or any receiver, trustee, custodian, conservator, liquidator, rehabilitator or similar officer is appointed without the application or consent of Borrower and the appointment continues undischarged or unstayed for one hundred twenty (120) days; or Borrower institutes or consents to any bankruptcy, insolvency, reorganization, arrangement, readjustment or debt, dissolution, custodianship, conservatorship, liquidation, rehabilitation or similar proceeding relating to it or any part of its property; or any similar proceeding is instituted without the consent of Borrower, as the case may be, and continues undismitted or unstayed for one hundred twenty (120) days; or any judgment, writ, warrant or attachment or execution, or similar process is issued or levied against any property of Borrower and is not released, vacated or fully bonded within one hundred twenty (120) days after its issue or levy.

Notwithstanding anything to the contrary contained herein, prior to declaring any default or taking any remedy permitted hereunder or under applicable law based upon an alleged default under this Note, Lender shall give a written notice to the limited partner of Borrower at the notice address set forth herein and the limited partner shall have a period of not less than thirty (30) days to cure such alleged default; provided, however, if in order to cure such default the limited partner reasonably believes that it must remove the general partners of Borrower (or one of them)

pursuant to the provisions contained in the Partnership Agreement of Borrower, the limited partner shall so notify Lender and so long as the limited partner is diligently attempting to so remove such general partner(s), the limited partner shall have until the date thirty (30) days after the effective date of the removal of such general partner(s) to cure such default.

6. Limitation on Remedies. Notwithstanding anything to the contrary contained herein or in any other document evidencing or securing the Note, during any time prior to the expiration of the [Compliance Period (as defined in the Partnership Agreement)] in which Lender, or an affiliate of Lender, acts as general partner of Borrower, Lender shall have no right to declare a default hereunder or thereunder, initiate an arbitration pursuant to this Note, obtain a receiver or exercise any other remedy hereunder or under any other document evidencing or securing this Note without first obtaining the prior written consent of the limited partner of Borrower; provided, however, that Lender may bring an action for specific performance to compel any payments due Lender under this Note.

7. Acceleration and Other Remedies. Upon the occurrence of any Event of Default, the holder of this Note may, at its option, declare the outstanding principal balance of this Note, together with all accrued interest thereon, to be immediately due and payable. All rights and remedies provided to the holder of this Note are cumulative and shall be in addition to all other rights and remedies of the holder under other documents, at law or in equity, and all such rights and remedies may be exercised singly, successively and/or concurrently. Failure to exercise any right or remedy shall not be deemed a waiver of such right or remedy.

8. Due on Sale; Due on Encumbrance. Notwithstanding anything to the contrary contained herein, Lender may declare all obligations hereunder immediately due and payable if Borrower, without Lender's prior written consent, sells, conveys, leases with an option to purchase or further encumbers any interest in or any part of the Property. Any such sale, conveyance, transfer, pledge, lease or encumbrance made without Lender's prior written consent shall be void. Borrower shall not, without the prior written consent of Lender, assign the rents from the Property and any such assignment without the express written consent of Lender shall be null and void.

9. General Partner Change. The withdrawal, removal, and/or replacement of a general partner of the Partnership pursuant to the terms of the Partnership Agreement shall not constitute a default under this Note, and any such actions shall not accelerate the maturity of the Loan, provided that any required substitute general partner is reasonably acceptable to Lender and is selected with reasonable promptness.

10. Purchase Rights. The execution and delivery of the purchase option and right of first refusal agreement described in the Partnership Agreement shall not constitute a default under this Note or accelerate the maturity of the Loan. Any requisite consent of Lender to (a) the exercise of said purchase option and right of first refusal agreement by the Managing General Partner and to (b) the assumption without penalty of loan obligations by the Managing General Partner and the release of Borrower from such obligations, shall not be unreasonably withheld. Subject to any such consent requirement, the exercise of rights under such agreement shall not constitute a default or accelerate maturity of the Loan.

11. Lender Approvals, Etc. In any approval, consent, or other determination by Lender required under this Note, Lender shall act reasonably and in good faith.

12. Application of Payments. All payments made hereunder shall be applied first to interest due and then in reduction of the principal balance. If more than one annual payment

remains unpaid, amounts received shall be applied to such payments in reverse chronological order.

13. Expenses/Attorneys' Fees. If this Note is not paid when due, whether at each scheduled payment date, at maturity or by acceleration, Borrower promises to pay all costs of collection, including, but not limited to, reasonable attorneys' fees and all expenses incurred in connection with the protection or realization of the collateral securing the payment hereof or enforcement of any guarantee, incurred by Lender on account of such collection, whether or not suit is filed hereon.

14. Waivers. Except as expressly set forth in this Note, Borrower hereby waives presentment, demand, protest, notice of dishonor, notice of protest and all other notices and demands of every kind that would otherwise be available in connection with this Note.

15. Notice. All notices and other communications provided for in this Note shall be in writing and be delivered by messenger, overnight air courier or registered or certified U.S. mail with return receipt requested to the appropriate party at its address as follows:

If to Lender:                   Jamboree-Tal Housing, L.P.  
  c/o Jamboree Housing Corporation  
  17701 Cowan Ave., Suite 200  
  Irvine, CA 92614  
  Attention: Michael Massie

If to Borrower:                Amistad Housing Partners I LP  
  c/o Jamboree Housing Corporation  
  17701 Cowan Ave., Suite 200  
  Irvine, CA 92614  
  Attention: Michael Massie

Addresses for notice may be changed from time to time by written notice to the other party. Communications by mail shall be effective upon the earlier of (a) 96 hours after deposit in the U.S. mail with postage prepaid, (b) one day after deposit with a reputable national overnight courier service, or (c) actual receipt, as indicated by the return receipt; and communications by messenger shall be effective when delivered.

16. Miscellaneous. Time is of the essence hereof. All payments hereunder shall be made in lawful money of the United States of America. This Note shall be governed by the laws of the State of California. Neither this Note nor any term hereof may be waived, amended, discharged, modified, changed or terminated orally; nor shall any waiver of any provision hereof be effective except by an instrument in writing signed by Borrower and Lender. No delay or omission on the part of Lender in exercising any right hereunder shall operate as a waiver of such right or of any other right under this Note.

17. Subordination. The indebtedness evidenced by this Note is and shall be subordinate in right of payment to the prior payment in full of all amounts then due and payable (including, but not limited to, all amounts due and payable by virtue of any default or acceleration or upon maturity) with respect to (i) that certain \_\_\_\_\_, dated as of the date hereof, by Borrower in favor of First American Title Insurance Company, a California corporation, as trustee, for the benefit of \_\_\_\_\_, a \_\_\_\_\_, as beneficiary (the "First Deed of Trust"), (ii) that deed of trust relating to the loan from the Department of Housing

and Community Development, a public agency of the State of California, or its affiliates, encumbering the Property (collectively, the "HCD Deed of Trust"), (iii) that deed of trust relating to the loan from the County of Orange, or its affiliates, encumbering the Property (collectively, the "HOME Deed of Trust"), (iv) that deed of trust relating to the loan from the Orange County Development Agency, or its affiliates, encumbering the Property (collectively, the "OCDA Deed of Trust"), (v) that deed of trust relating to the loan from the City of San Clemente, or its affiliates, encumbering the Property (collectively, the "City Deed of Trust"), and (vi) any deeds of trust relating to any refinancing of the Property from a financial institution or governmental agency in an amount not to exceed the then-outstanding principal balance of the loans being prepaid plus reasonable closing costs, in the aggregate. Lender further agrees that upon the maturity of any debt or obligation senior in priority to the Subordinated Deed of Trust, Lender shall subordinate this Note and the Subordinated Deed of Trust to any new debt which is used to partially or fully repay said maturing senior debt or obligation.

18. Non-Recourse. Neither Borrower nor Borrower's officers, partners, directors, employees or agents nor their respective members, managers, officers, partners, shareholders, directors, employees or agents shall have personal liability for the payment or performance of any of Borrower's obligations under this Note or the Subordinated Deed of Trust. Lender's sole recourse shall be to realize against the collateral described in the Subordinated Deed of Trust.

Executed this \_\_\_ day of \_\_\_\_\_ 2024.

BORROWER:

AMISTAD HOUSING PARTNERS I LP,  
a California limited partnership

By: JHC-AMISTAD LLC,  
a California limited liability company,  
its general partner

By: Jamboree Housing Corporation,  
a California nonprofit public benefit corporation,  
its manager

By: \_\_\_\_\_  
Name: Michael Massie  
Title: Executive Vice President and Chief  
Development Officer

EXHIBIT "C"  
DEED OF TRUST

[see attached]



RECORDING REQUESTED BY AND  
WHEN RECORDED, RETURN TO:

Jamboree-Tal Housing, L.P.  
c/o Jamboree Housing Corporation  
17701 Cowan Ave., Suite 200  
Irvine, CA 92614  
Attention: Asset Management

### SUBORDINATED DEED OF TRUST

THIS SUBORDINATED DEED OF TRUST ("Subordinated Deed of Trust") is made on this \_\_\_\_ day of \_\_\_\_\_, 2024 by \_\_\_\_\_, a \_\_\_\_\_, as trustor ("Borrower") to First American Title Insurance Company ("Trustee"), for the benefit of Jamboree-Tal Housing, L.P., a California limited liability company, as beneficiary ("Lender").

Borrower, in consideration of the indebtedness recited and the trust created in this Subordinated Deed of Trust, irrevocably grants and conveys to Trustee, in trust, with power of sale certain real property owned in fee by Borrower and located in the County of Orange, State of California ("Property"). The Property is legally described in "Exhibit A" attached hereto and made a part hereof.

Together with all of the improvements now or hereafter erected on said property, and all easements, rights, appurtenances, rents (subject, however, to the rights and authorities given in this Subordinated Deed of Trust to Lender to collect and apply such rents), royalties, mineral, oil and gas rights and profits, water, water rights, and water stock, and all fixtures now or hereafter attached to said property, all of which including replacements and additions thereto, shall be deemed to be and remain a part of the property covered by this Subordinated Deed of Trust; and all of the foregoing, together with said property are referred to in this Subordinated Deed of Trust as the "Property";

To secure for the benefit of Lender the repayment of the indebtedness evidenced by Borrower's Promissory Note Secured by Subordinated Deed of Trust of even date herewith (the "Note") in the principal sum not to exceed \$[2,774,095] and the performance of the covenants and agreements of Borrower contained in this Subordinated Deed of Trust and in the Note.

Borrower covenants and agrees as follows:

1. PAYMENT OF PRINCIPAL AND INTEREST. Borrower shall pay when due the interest and the principal of the indebtedness evidenced by the Note from the sources and pursuant to the terms of the Note.
2. COMPLIANCE WITH SENIOR DEED OF TRUST. Borrower covenants and agrees to comply with the terms and conditions of any senior deeds of trust recorded against the Property (collectively, the "Senior Encumbrances").
3. CHARGES AND LIENS. Borrower shall pay all taxes, assessments and other charges, fines and impositions attributable to the Property which may attain a priority over this Subordinated Deed of Trust. Borrower shall promptly furnish to Lender all notices of amounts

due under this paragraph and in the event Borrower shall make payment directly, Borrower shall promptly furnish to Lender receipts evidencing such payments. Borrower shall promptly discharge any lien which has priority over this Subordinated Deed of Trust; provided that Borrower shall not be required to discharge any such lien so long as Borrower shall agree in writing to the payment of the obligation secured by such lien in a manner acceptable to Lender, or shall in good faith contest such lien by, or defend enforcement of such lien in, legal proceedings which operate to prevent the enforcement of the lien or forfeiture of the Property or any part thereof. Borrower shall not allow the attachment of any subordinate lien or other encumbrance on the Property without the prior written consent of Lender.

Borrower shall promptly pay when due all installments or payments required by Lender and comply with all obligations of any deed of trust that is prior to this Subordinated Deed of Trust.

4. **INSURANCE PROCEEDS.** Any insurance proceeds received as a result of damage to the Property from fire or other calamity shall be first expended as required by any Senior Encumbrances.

5. **PROTECTION OF LENDER'S SECURITY.** If Borrower fails to perform the covenants and agreements contained in this Subordinated Deed of Trust, or if any action or proceeding is commenced which materially affects Lender's interest in the Property, including, but not limited to, default on or foreclosure of a prior deed of trust, eminent domain, insolvency, code enforcement, or arrangement or proceedings involving a bankrupt or decedent, then Lender at Lender's option, upon notice to Borrower, may make such appearances, disburse such sums and take such action as is necessary to protect Lender's interest including, but not limited to, disbursement of reasonable attorney's fees and entry upon the Property to make repairs, but shall have no right of reimbursement.

6. **INSPECTION.** Lender may make or cause to be made reasonable entries upon and inspections of the Property, provided that Lender shall give Borrower notice prior to any such inspection specifying reasonable cause therefor related to Lender's interest in the Property.

7. **CONDEMNATION.** Subject to the rights of the holder of a prior deed of trust, the proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation or other taking of the Property, or part thereof, or for conveyance in lieu of condemnation, are hereby assigned and shall be paid to Lender.

In the event of a total taking of the Property, the proceeds shall be treated as if received from a sale of the Property. The proceeds shall be applied to the sums to be repaid in the amount and manner described in the Senior Encumbrances and the documents evidencing the indebtedness secured thereby. Any part of the proceeds remaining after these amounts have been paid shall be paid to Borrower. In the event of a partial taking of the Property, unless Borrower and Lender agree in writing, the proceeds shall be treated as if received from a sale of that portion of the Property which is taken in the condemnation. The percentage value of the portion taken, as compared to the full value of the entire Property, shall be determined by dividing the condemnation proceeds by the fair market value of the entire Property just prior to the taking. This percentage value, once determined, shall be used in the following manner to allocate the condemnation proceeds:

a. First, to the payment of any amount owing under the Senior Encumbrances and the documents evidencing the indebtedness secured thereby;

- b. Second, to payment of the Note;
- c. Third, to Borrower.

8. **BORROWER NOT RELEASED.** Extension of the time for payment or modification of amortization of the sums secured by this Subordinated Deed of Trust granted by Lender to any successor in interest of Borrower shall not operate to release, in any manner, the liability of the original Borrower and Borrower's successors in interest. Lender shall not be required to commence proceedings against such successor or refuse to extend time for payment or modification of amortization of the sums secured by this Subordinated Deed of Trust by reason of any demand made by the original Borrower and Borrower's successors in interest.

9. **FORBEARANCE BY LENDER NOT A WAIVER.** Any forbearance by Lender in exercising any right or remedy hereunder, otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of any such right or remedy. The procurement of insurance or the payment of taxes or other liens or charges by Lender shall not be a waiver of Lender's right to accelerate the maturity of the indebtedness secured by this Subordinated Deed of Trust.

10. **REMEDIES CUMULATIVE.** All remedies provided in this Subordinated Deed of Trust are distinct and cumulative to any other right or remedy under this Subordinated Deed of Trust or afforded by law or equity, and may be exercised concurrently, independently or successively.

11. **SUCCESSORS AND ASSIGNS BOUND; JOINT AND SEVERAL LIABILITY; CAPTIONS.** The covenants and agreements contained in this Subordinated Deed of Trust shall bind, and the rights hereunder shall inure to, the respective successors and assigns of Lender and Borrower, subject to the provisions of Section 15 hereof. All covenants and agreements of Borrower shall be joint and several. The captions and headings of the Sections of this Subordinated Deed of Trust are for convenience only and are not to be used to interpret or define the provisions hereof.

12. **NOTICE.** Except for any notice required under applicable law to be given in another manner, (a) any notice to Borrower provided for in this Subordinated Deed of Trust shall be given by facsimile, a nationally recognized overnight courier service, or by mailing such notice by certified mail addressed to Borrower at 17701 Cowan Ave., Suite 200, Irvine, California 92614, Attention: President, or at such other address as Borrower may designate by notice to Lender as provided in this Section 12, and (b) any notice to Lender shall be given by facsimile, a nationally recognized overnight courier service, or by mailing such notice by certified mail, return receipt requested, to Lender's address stated in this Subordinated Deed of Trust or to such other address as Lender may designate by notice to Borrower as provided in this Section 12. Any notice provided for in this Subordinated Deed of Trust shall be deemed to have been given to Borrower or Lender upon receipt or refusal of delivery by the addressee.

13. **GOVERNING LAW; SEVERABILITY.** This Subordinated Deed of Trust shall be governed by the laws of the State of California. In the event that any provision or clause of this Subordinated Deed of Trust or the Note as incorporated herein conflicts with applicable law, such conflict shall not affect other provisions of this Subordinated Deed of Trust or the Note which can be given effect without the conflicting provision, and to this end the provisions of the Subordinated Deed of Trust and Note are declared to be severable.

14. **BORROWER'S COPY.** Borrower shall be furnished a conformed copy of the Note and of this Subordinated Deed of Trust at the time of execution or after recordation hereof.

15. **TRANSFER OF THE PROPERTY.** If all or any of the Property or an interest in it is sold or transferred by Borrower, excluding permitted transfers pursuant to this Subordinated Deed of Trust, the Note or the Partnership Agreement (as defined in the Note), all the sums secured by this Subordinated Deed of Trust shall be immediately due and payable. In the event of such an acceleration, Lender shall mail Borrower notice of the acceleration in accordance with Section 12 hereof. Such notice shall provide a period of not less than 30 days from the date the notice is mailed within which Borrower may pay the sums declared due. If Borrower fails to pay such sums prior to the expiration of such period, Lender may, without further notice or demand on Borrower, invoke any remedies permitted by Section 16 hereof.

16. **ACCELERATION; REMEDIES** Except as provided in Section 15 hereof, upon Borrower's breach of any covenant or agreement of Borrower in this Subordinated Deed of Trust or the Note as incorporated by reference in this Subordinated Deed of Trust, including the covenants to pay, when due, any sums secured by this Subordinated Deed of Trust, Lender, prior to acceleration, shall mail notice to Borrower as provided in Section 12 hereof specifying: (a) the breach; (b) the action required to cure such breach; (c) a date by which such breach must be cured, which date shall be extended by Lender so long as Borrower or investor limited partner of Borrower is diligently prosecuting a cure of such breach; and (d) that failure to cure such breach on or before the date specified in the notice may result in acceleration of the sums secured by this Subordinated Deed of Trust and sale of the Property. If the breach is not cured on or before the date specified in the notice, Lender, at its option, may declare all of the sums determined by this Subordinated Deed of Trust to be immediately due and payable without further demand and may invoke the power of sale and any other remedies permitted by applicable law. Lender shall be entitled to collect all reasonable costs and expenses incurred in pursuing the remedies provided in this Section 16, including, but not limited to, reasonable attorneys' fees.

Notwithstanding anything to the contrary contained in this Subordinated Deed of Trust, the Note, or any other document evidencing or securing the Note, during the time prior to the Maturity Date (as defined in the Note) that Lender or any affiliate of Lender acts as a general partner of Borrower, Lender shall have no right to declare a default hereunder or thereunder, foreclose on the Project, accelerate the maturity of any amounts due, obtain a receiver or exercise any other remedy hereunder or under any other document evidencing or securing said note without first obtaining the prior written consent of Borrower, the investor limited partner of Borrower, and the beneficiary of the Senior Encumbrances; provided however, that Lender may bring an action for specific performance to compel any payments due Borrower pursuant to Borrower's Partnership Agreement.

Subject to the terms and conditions provided herein, if Lender invokes the power of sale, Lender shall have appraised, or shall cause Trustee to have appraised, the Property to determine its fair market value. Lender shall also execute or cause Trustee to execute a written notice of the occurrence of an event of default and of Lender's election to cause the Property to be sold, and shall cause such notice to be recorded in each county in which the Property or some part thereof is located. Lender or Trustee shall mail copies of such notice in a manner prescribed by applicable law. After the lapse of such time as may be required by applicable law, Trustee, without demand on Borrower, shall sell the Property at public auction to the highest bidder at the time and place and under the terms designated in the notice of sale in one or more parcels and in such order as Trustee may determine. Trustee may postpone sale of all or any parcel of the

Property by public announcement at the time and place of any previously scheduled sale. Lender or Lender's designee may purchase the Property at any sale.

Trustee shall deliver to the purchaser Trustee's deed conveying the Property so sold without any covenant or warranty, expressed or implied. The recitals in the Trustee's deed shall be prime facie evidence of the truth of the statements made therein. Trustee shall apply the proceeds of the sale in the following order: (a) to all reasonable costs and expenses of the sale, including, but not limited to, reasonable Trustee and attorneys' fees and costs of title evidence; (b) to all sums secured by the lien of some other or later security instrument, as evidenced by a note, by and between Borrower and Borrower's lender, that is either prior in lien priority to the priority of this Subordinated Deed of Trust or to which Lender has subordinated its lien rights and, thereby, placed itself in a subordinated position, (c) to all sums secured by this Subordinated Deed of Trust, as evidenced by the Note; and (d) the excess, if any, to the person or persons legally entitled thereto.

17. **BORROWER'S RIGHT TO REINSTATE.** Notwithstanding Lender's acceleration of the sums secured by this Subordinated Deed of Trust, Borrower shall have the right to have any proceedings begun by Lender to enforce covenants of this Subordinated Deed of Trust relating to sums due and payable by Borrower discontinued at any time prior to five days before the Property is scheduled for sale pursuant to the power of sale contained in this Subordinated Deed of Trust or at any time prior to entry of a judgment enforcing this Subordinated Deed of Trust if: (a) Borrower pays Lender all sums which would be then due under this Subordinated Deed of Trust and the Note, had no acceleration occurred; (b) Borrower pays all reasonable expenses incurred by Lender and Trustee in enforcing the covenants and agreements of Borrower contained in this Subordinated Deed of Trust and in enforcing Lender's and Trustee's remedies as provided in Section 16 hereof, including, but not limited to reasonable attorneys' fees; (c) Borrower takes such actions as Lender may reasonably require to assure that the lien of this Subordinated Deed of Trust, Lender's interest in the Property, and Borrower's obligation to pay the sums secured by this Subordinated Deed of Trust shall continue unimpaired. Upon such payment and cure by Borrower, this Subordinated Deed of Trust and the obligations secured hereby shall remain in full force and effect as if no acceleration had occurred.

18. **APPOINTMENT OF RECEIVER; LENDER IN POSSESSION.** Upon acceleration under Section 16 hereof or abandonment of the Property, Lender, in person, by agent or by judicially appointed receiver, shall be entitled to enter upon, take possession of, rent and manage the Property and to collect the rents of the Property. All rents collected by Lender or by a judicially appointed receiver shall be applied first to payment of the cost of management of the Property and collection of rents, including, but not limited to, receiver's fees, premiums on receiver's bonds and reasonable attorneys' fees, and then to the sums secured by this Subordinated Deed of Trust. Lender and the receiver shall be liable to account for those rents actually received and expenditures actually incurred.

19. **RECONVEYANCE.** Upon payment of all sums evidenced by the Note and secured by this Subordinated Deed of Trust, Trustee shall reconvey the Property without warranty and without charge to the person or persons legally entitled thereto. Such person or persons shall pay all costs of recordation, if any.

20. **SUBSTITUTE TRUSTEE.** Lender, at Lender's option, may from time to time remove Trustee and appoint a successor trustee to act as Trustee under this Subordinated Deed of Trust. Without conveyance of the Property, the successor trustee shall succeed to all the title,

power and duties conferred upon the Trustee in this Subordinated Deed of Trust and by applicable law.

21. **REQUEST FOR NOTICES.** Borrower requests that copies of the notice of default and notice of sale be sent to Borrower's address which is the Property address.

22. **STATEMENT OF OBLIGATION.** Lender may collect a fee not to exceed \$15.00 for furnishing the statement of obligation as provided by Section 2943 of the Civil Code of the State of California.

23. **SUBORDINATION ACKNOWLEDGMENT.** Beneficiary hereby acknowledges that the loan secured by this Subordinated Deed of Trust is subordinate in right of payment to the prior payment in full of all amounts then due and payable (including, but not limited to, all amounts due and payable by virtue of any default or acceleration or upon maturity) with respect to (i) that certain \_\_\_\_\_, dated as of the date hereof, by Borrower in favor of First American Title Insurance Company, a California corporation, as trustee, for the benefit of \_\_\_\_\_, a \_\_\_\_\_, as beneficiary (the "First Deed of Trust"), (ii) that deed of trust relating to the loan from the Department of Housing and Community Development, a public agency of the State of California, or its affiliates, encumbering the Property (collectively, the "HCD Deed of Trust"), (iii) that deed of trust relating to the loan from the County of Orange, or its affiliates, encumbering the Property (collectively, the "HOME Deed of Trust"), (iv) that deed of trust relating to the loan from the Orange County Development Agency, or its affiliates, encumbering the Property (collectively, the "OCDA Deed of Trust"), (v) that deed of trust relating to the loan from the City of San Clemente, or its affiliates, encumbering the Property (collectively, the "City Deed of Trust"), and (vi) any deeds of trust relating to any refinancing of the Property from a financial institution or governmental agency in an amount not to exceed the then-outstanding principal balance of the loans being prepaid plus reasonable closing costs, in the aggregate. Without limiting the generality of the foregoing, Beneficiary hereby acknowledges that the loan secured by this Subordinated Deed of Trust is also subordinate to the extended use agreement required to be executed by Borrower pursuant to Section 42(h)(6)(B) of the Internal Revenue Code, for purposes of the low-income housing tax credits to be allocated to Borrower. In addition, Beneficiary hereby acknowledges that the loan secured by this Subordinated Deed of Trust is further subordinate to Section 42(h)(6)(e)(ii) of the Internal Revenue Code, which prohibits the eviction or termination of a tenancy, other than for good cause, of an existing tenant of any low-income housing tax credit unit or any increase in the gross rent with respect to such unit, not otherwise permitted under Section 42, for a period of three (3) years after the date the Property is acquired by Lender through foreclosure or instrument in lieu of foreclosure.

24. **NON-RECOURSE.** This is a non-recourse Subordinated Deed of Trust. Neither Borrower, nor any of its partners shall have any personal liability for the payment of any portion of the indebtedness evidenced by the Note or performance of Borrower's obligations under this Subordinated Deed of Trust. In the event of a default by Borrower under the terms of the Note or this Subordinated Deed of Trust, the Beneficiary's sole remedy shall be limited to exercising its rights under the Note and this Subordinated Deed of Trust, including foreclosure and the exercise of the power of sale or other rights granted under the Note and this Subordinated Deed of Trust, but shall not include a right to proceed directly against Borrower, or any of its partners, or the right to obtain a deficiency judgment after foreclosure against Borrower or any of its partners.

[SIGNATURES ON FOLLOWING PAGE.]

IN WITNESS THEREOF, Borrower has executed this Subordinated Deed of Trust on the day and year first above written.

BORROWER:

AMISTAD HOUSING PARTNERS I LP,  
a California limited partnership

By: JHC-AMISTAD LLC,  
a California limited liability company,  
its general partner

By: Jamboree Housing Corporation,  
a California nonprofit public benefit corporation,  
its manager

By: \_\_\_\_\_  
Name: Michael Massie  
Title: Executive Vice President and Chief  
Development Officer

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

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

On \_\_\_\_\_, before me, \_\_\_\_\_,  
(insert name and title of the officer)

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

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

WITNESS my hand and official seal.

Signature \_\_\_\_\_

(Seal)

EXHIBIT "A"

## LEGAL DESCRIPTION OF THE PROPERTY

Real property in the City of San Clemente, County of Orange, State of California, described as follows:

LOT 1 OF TRACT NO. 13898, AS SHOWN ON A MAP FILED IN [BOOK 817, PAGES 36 TO 40](#) INCLUSIVE OF MISCELLANEOUS MAPS, RECORDS OF ORANGE COUNTY, CALIFORNIA.

EXCEPTING THEREFROM ALL OIL, GAS, AND MINERAL RIGHTS, AS RESERVED BY TALEGA ASSOCIATES, L.L.C., A DELAWARE LIMITED LIABILITY COMPANY, RECORDED AUGUST 8, 2000 AS INSTRUMENT NO. [20000414218](#) OF OFFICIAL RECORDS.

ALSO EXCEPTING THEREFROM ALL OIL, OIL RIGHTS, MINERALS, MINERAL RIGHTS, NATURAL GAS, NATURAL GAS RIGHTS AND OTHER HYDROCARBONS BY WHATSOEVER NAME KNOWN, GEOTHERMAL STEAM, AND ALL PRODUCTS DERIVED FROM ANY OF THE FOREGOING, THAT MAY BE WITHIN OR UNDER THE PARCEL OF LAND HEREINABOVE DESCRIBED, TOGETHER WITH THE PERPETUAL RIGHT OF DRILLING, MINING, EXPLORING AND OPERATING THEREFOR, AND STORING IN AND REMOVING THE SAME FROM SAID LAND OR ANY OTHER LAND, INCLUDING THE RIGHT TO WHIPSTOCK OR DIRECTIONALLY DRILL AND MINE FROM LANDS OTHER THAN THOSE HEREINABOVE DESCRIBED, OIL OR GAS WELLS, TUNNELS AND SHAFTS INTO, THROUGH OR ACROSS THE SUBSURFACE OF THE LAND HEREINABOVE DESCRIBED, AND TO BOTTOM SUCH WHIPSTOCKED OR DIRECTIONALLY DRILLED WELLS, TUNNELS AND SHAFTS UNDER AND BENEATH OR BEYOND THE EXTERIOR LIMITS THEREOF, AND TO REDRILL, RETUNNEL, EQUIP, MAINTAIN, REPAIR, DEEPEN AND OPERATE ANY SUCH WELLS OR MINES, WITHOUT, HOWEVER, THE RIGHT TO DRILL, MINE, STORE, EXPLORE AND OPERATE THROUGH THE SURFACE OR THE UPPER 500 FEET OF THE SUBSURFACE OF THE LAND HEREINABOVE DESCRIBED, AS RESERVED BY TALEGA ASSOCIATES, LLC, IN THE DEED RECORDED AUGUST 01, 2001 AS INSTRUMENT NO. [20010525823](#) OF OFFICIAL RECORDS.

ALSO EXCEPTING THEREFROM ALL WATER AND WATER RIGHTS, IF ANY, INCLUDING WITHIN AND UNDERLYING SAID LAND, AS RESERVED IN THE SAME DEED.

APN: 701-041-39



PURCHASE AND SALE AGREEMENT AND ESCROW INSTRUCTIONS

by and between

JAMBOREE-TAL HOUSING, L.P.,  
a California limited partnership

(“Seller”)

and

AMISTAD HOUSING PARTNERS I LP,  
a California limited partnership

(“Buyer”)

**TABLE OF CONTENTS**

	<b><u>Page</u></b>
I	AGREEMENT TO PURCHASE..... 1
1.1	The Property..... 1
1.2	Purchase Price..... 2
1.3	Carryback Financing..... 2
1.4	Assumed Loans..... 2
II	ESCROW ..... 3
2.1	Escrow Holder ..... 3
2.2	Closing Date..... 3
2.3	Escrow Instructions..... 3
2.4	Conveyance of Title..... 3
2.5	Additional Closing Obligations of Seller..... 5
2.6	Closing Obligations of Buyer ..... 7
2.7	Delivery of Documents by Escrow Holder ..... 9
III	INSPECTIONS, REVIEW ..... 9
3.1	Access to Books and Records; Items to be Inspected and Reviewed by Buyer..... 9
3.2	Physical Inspection ..... 9
3.3	Preliminary Title Report ..... 10
IV	CONDITIONS TO AGREEMENT ..... 11
4.1	Buyer's Conditions Precedent..... 11
4.2	Seller's Conditions Precedent..... 12
4.3	Satisfaction of Conditions..... 13
4.4	Waiver..... 13
4.5	Termination..... 13
V	PRORATIONS, POSSESSION AND DEPOSITS ..... 13
5.1	Proration of Taxes..... 13
5.2	Proration of Rents ..... 14
5.3	Tenants' Deposits..... 14
5.4	Utilities..... 14
5.5	Maintenance Contracts..... 14
5.6	Method of Adjustment ..... 14
5.7	Insurance ..... 14
5.8	Possession ..... 15
5.9	Closing Costs ..... 15
5.10	Closing Statement ..... 15
5.11	BREACH BY SELLER ..... 16
VI	AS-IS PURCHASE..... 17
6.1	Disclaimer ..... 17
6.2	Release and Waiver..... 18
6.3	Waiver of Civil Code § 1542 ..... 18

	<u>Page</u>
6.4	Representations of Seller ..... 19
6.5	Buyer's Representations and Warranties ..... 21
6.6	Seller's Covenants Pending Closing ..... 22
VII	DAMAGE, DESTRUCTION AND CONDEMNATION ..... 22
7.1	Risk of Physical Loss ..... 22
7.2	Condemnation ..... 23
VIII	MISCELLANEOUS ..... 23
8.1	Attorneys' Fees ..... 23
8.2	Notices ..... 23
8.3	Entire Agreement ..... 24
8.4	Successors ..... 24
8.5	Assignment ..... 24
8.6	Choice of Laws ..... 24
8.7	Headings ..... 24
8.8	Survival ..... 25
8.9	Time ..... 25
8.10	Counterparts ..... 25
8.11	Brokerage Commissions ..... 25
8.12	Information Report ..... 25
8.13	Cooperation in 1031 Exchange ..... 25
8.14	No Third Party Beneficiary ..... 26
8.15	Limited Liability ..... 26
8.16	Jury Waiver ..... 26
8.17	Arbitration ..... 26
8.18	Acceptance of Grant Deed ..... 27
8.19	Bulk Sale Requirements ..... 27
8.20	Incorporation ..... 27

PURCHASE AND SALE AGREEMENT AND ESCROW INSTRUCTIONS

THIS PURCHASE AND SALE AGREEMENT AND ESCROW INSTRUCTIONS (“Agreement”) is made as of this \_\_\_ day of \_\_\_, 2024 (the “Effective Date”) by and between JAMBOREE-TAL HOUSING II, L.P., a California limited partnership (“Seller”), and AMISTAD HOUSING PARTNERS II LP, a California limited partnership (“Buyer”).

R E C I T A L S

A. Seller is the owner of that certain real property (the “Real Property”) located in the City of San Clemente (the “City”), County of Orange, State of California, legally described on Exhibit “A”, which Real Property is improved with a 62 unit affordable housing development project.

B. Buyer wishes to purchase and Seller wishes to sell the Real Property, including the buildings, parking areas, improvements and fixtures now or hereafter located thereon (the “Improvements”), on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of \$100.00 paid by Buyer to Seller and in consideration of the mutual covenants, promises and undertakings set forth herein, Buyer and Seller hereby agree as follows:

I  
AGREEMENT TO PURCHASE

1.1 The Property. Subject to all of the terms, conditions and provisions of this Agreement, and for the consideration herein set forth, Seller hereby agrees to sell and Buyer hereby agrees to buy the following:

- (a) Seller’s fee estate in and to the Real Property, together with the Improvements and all tenements, hereditaments and appurtenances thereto;
- (b) All furniture, personal property, machinery, apparatus and equipment which is owned by Seller and is located on the Real Property (the “Personal Property”);
- (c) All signs, logos, trade names or styles relating to the Real Property, if any, owned by Seller and to be assigned to Buyer pursuant to Section 2.5(k) hereof;
- (d) To the extent assignable, all labor, service, supply and maintenance contracts relating to the Improvements or the Real Property which are to be assumed by Buyer pursuant to Section 3.2 below;
- (e) All leases, lease deposits, and prepaid rentals related to the Real Property or the Improvements; and
- (f) Any and all transferable guaranties and warranties covering the Real Property, the Improvements or any part thereof, if any, owned by Seller and which are

assignable by Seller, in each case, excluding any cash and any Personal Property of third parties.

The Real Property and the other property described in Paragraphs (a) through (f) above are hereinafter collectively referred to as the "Property".

1.2 Purchase Price. The purchase price which Seller agrees to accept and Buyer agrees to pay for the Property is the sum of NINE MILLION FIFTY THOUSAND DOLLARS (\$9,050,000) ("Purchase Price"). At Closing, Buyer shall receive a credit against the Purchase Price in the amount of \$239,677 for the existing replacement and operating reserves (the "Reserve Credit").

1.3 Carryback Financing. In connection with the sale of the Property, Seller has agreed to make a loan to Buyer in the current estimated amount of One Million One Hundred Eighty Five Thousand Five Hundred Eleven Dollars (\$1,185,511) (the "Seller Loan"), which comprises the sum of the Purchase Price adjusted for closing costs and prorations, less the amounts assumed by Buyer pursuant to Section 1.4 below. To evidence the Loan, Buyer shall execute and deliver a Promissory Note Secured by Subordinated Deed of Trust in the form of Exhibit "B" attached hereto (the "Note") and a Subordinated Deed of Trust in the form of Exhibit "C" attached hereto (the "Seller Deed of Trust"). The Seller Deed of Trust shall be recorded against the Real Property and against Buyer's leasehold interest in certain other real property at Closing. Notwithstanding the foregoing, Buyer and Seller may agree to adjust the amount of the Seller Loan at or prior to Closing. The provisions of this Section shall survive the Closing.

1.4 Assumed Loans. Buyer shall assume:

(a) OCDA Loan. That certain loan from the Orange County Development Agency ("OCDA"), or its affiliates, encumbering the Property in the original principal amount of Seven Hundred Twenty Eight Thousand One Hundred Seventy Six Dollars (\$728,176), plus accrued interest in the current estimated amount of Three Hundred Forty Five Thousand Seven Hundred Sixty Seven Dollars (\$345,767), for a total outstanding amount of One Million Seventy Three Thousand Nine Hundred Forty Dollars (\$1,073,940), pursuant to a Loan Agreement dated June 11, 2004, between County and Seller (the "OCDA Loan").

(b) City Loan. That certain loan from the City of San Clemente ("City"), or its affiliates, encumbering the Property in the original principal amount of Three Hundred Fifty One Thousand Five Hundred Forty Dollars (\$351,540), pursuant to an Affordable Housing Project Agreement (Phase 2) dated June 6, 2001, between the City and Seller (the "City Loan").

## II ESCROW

2.1 Escrow Holder. Closing of the sale of the Property shall take place through an escrow ("Escrow") to be established with First American Title Insurance Company ("Escrow Holder"), 18500 Von Karman Avenue, Suite 600, Irvine, CA 92612, Attention: Ryan Hahn. Escrow shall be deemed open upon delivery of a fully executed copy of this Agreement to Escrow

Holder. Escrow Holder shall immediately notify Buyer and Seller of the date of Opening of Escrow and the escrow number.

2.2 Closing Date. The “Closing Date” shall be on or before June 17, 2024. The terms “Close of Escrow” and “Closing” shall mean the date the Grant Deed (hereafter defined) is either filed for record or, subject to the following sentence, sent for recording in the Official Records of Orange County, California (“Official Records”). The parties agree to effectuate the Closing through a so-called “gap” closing and Seller agrees to provide a customary gap indemnity to the Title Company (as hereinafter defined).

2.3 Escrow Instructions. Articles 1, 2, 4, 5, 7 and 8 also constitute escrow instructions to Escrow Holder. Additionally, Buyer and Seller agree to execute any form of escrow instructions as the Escrow Holder customarily requires as escrow holder in real property escrows administered by it. In the event of a conflict between any such additional terms and provisions of this Agreement, this Agreement shall supersede and be controlling.

2.4 Conveyance of Title. At the Closing Date, Seller shall deliver to Escrow Holder a duly executed and acknowledged Grant Deed (“Grant Deed”) in a form reasonably approved by Buyer and Seller prior to the expiration of the Due Diligence Period. The Grant Deed shall convey all of Seller’s interest in fee title to the Real Property to Buyer at Closing. Escrow Holder is hereby instructed to record the Grant Deed in the Official Records, if and when Escrow Holder holds instruments and funds accruing to Buyer and Seller and can obtain for Buyer a CLTA standard coverage owner’s policy of title insurance without endorsement issued by First American Title Insurance Company (“Title Company”) with liability in an amount equal to the Purchase Price for the Property, showing the Real Property vested in Buyer, subject only to:

- (a) The Seller Deed of Trust;
- (b) Non-delinquent real property taxes and assessments;
- (c) Title exceptions approved by Buyer pursuant to Section 3.3 below;
- (d) Title exceptions, if any, resulting from documents being recorded or delivered through Escrow (including, without limitation, any documents related to or arising from any new financing arranged by Buyer);
- (e) Rights of tenants in possession, as tenants only;
- (f) Any of the labor, service, supply and maintenance contracts referenced in Section 1.1(d) above;
- (g) Discrepancies, conflicts in boundary lines, shortages in area, encroachments and any state of facts shown on the survey delivered to the Title Company;
- (h) The standard preprinted exceptions and exclusions to the CLTA standard coverage owner’s policy of title insurance;

(i) The Deed of Trust, Assignment of Rents and Security Agreement recorded on July 24, 2002, in the Official Records as Instrument Number No. 20020612337 (as amended or modified from time to time, the "OCDA Deed of Trust") relating to the OCDA Loan that Buyer has agreed to assume, which will not be paid off and released as of the Closing Date;

(j) The Deed of Trust recorded on March 31, 2003, in the Official Records as Instrument Number No. 2003000347377 (as amended or modified from time to time, the "City Deed of Trust") relating to the City Loan that Buyer has agreed to assume, which will not be paid off and released as of the Closing Date;

(k) The Master Declaration of Covenants, Conditions, Restrictions and Reservation of Easements for Talega recorded on September 24, 1999, in the Official Records as Instrument Number 19990686286 (as amended or modified from time to time, the "Master Declaration") that Buyer has agreed to assume;

(l) The Talega Lifestyle Fee Agreement recorded June 28, 2002, in the Official Records as Instrument Number 20020548429 (as amended or modified from time to time, the "Talega Lifestyle Fee Agreement") that Buyer has agreed to assume;

(m) The Regulatory Agreement and Declaration of Covenants and Restrictions recorded on June 28, 2002, in the Official Records as Instrument Number 20020548433 (as amended or modified from time to time, the "City Regulatory Agreement") that Buyer has agreed to assume;

(n) The Regulatory Agreement and Declaration of Restrictive Covenants recorded on July 24, 2002, in the Official Records as Instrument Number 20020612336 (as amended or modified from time to time, the "Bond Regulatory Agreement") that Buyer has agreed to assume;

(o) The Regulatory Agreement and Declaration of Restrictive Covenants recorded on June 21, 2004, in the Official Records as Instrument Number 2004000555674 (as amended or modified from time to time, the "OCDA Regulatory Agreement") relating to the OCDA Loan that Buyer has agreed to assume, which will not be paid off and released as of the Closing Date;

(p) That certain Regulatory Agreement recorded on December 02, 2004, in the Official Records as Instrument Number 2004001071788 (as amended or modified from time to time, the "TCAC Regulatory Agreement") that Buyer has agreed to assume; and

(q) The Declaration of Development Covenants, Conditions and Restrictions Concerning Lot 2 of Tract 13898 recorded on June 28, 2002, in the Official Records as Instrument Number 20020548427 (as amended or modified from time to time, the "Talega Declaration") that Buyer has agreed to assume.

2.5 Additional Closing Obligations of Seller. On or before 12:00 noon on the business day preceding the Closing Date, Seller shall deliver to Escrow Holder (unless indicated to be delivered directly to Buyer) copies of the following documents and other items:

- (a) Two (2) duplicate copies of a Bill of Sale conveying the Personal Property related to its Real Property to Buyer in a form reasonably approved by Buyer and Seller prior to the expiration of the Due Diligence Period, duly executed by such Seller;
- (b) Two (2) duplicate copies of an Assignment of Leases by Seller to Buyer (the "Assignment of Leases") in a form reasonably approved by Buyer and Seller prior to the expiration of the Due Diligence Period, duly executed by such Seller;
- (c) A Certificate of Non-Foreign Status (the "Non-Foreign Affidavit") duly executed by such Seller in a form reasonably approved by Buyer and Seller prior to the expiration of the Due Diligence Period and a California Franchise Tax Board Real Estate Withholding Certificate duly executed by such Seller;
- (d) One (1) original of an assignment and assumption of the OCDA Loan and OCDA Deed of Trust ("Assignment of OCDA Loan Documents") in a form approved by Buyer, Seller and OCDA duly executed and acknowledged by the Seller;
- (e) One (1) original of an assignment and assumption of the OCDA Regulatory Agreement in a form approved by Buyer, Seller and OCDA duly executed and acknowledged by Seller ("Assignment of OCDA Regulatory Agreement");
- (f) One (1) original of an assignment and assumption of the City Loan and City Deed of Trust ("Assignment of City Loan Documents") in a form approved by Buyer, Seller and City duly executed and acknowledged by the Seller;
- (g) One (1) original of an assignment and assumption of the City Regulatory Agreement ("Assignment of City Regulatory Agreement") in a form approved by Buyer, Seller and City duly executed and acknowledged by Seller;
- (h) One (1) original of an assignment and assumption of the TCAC Regulatory Agreement ("Assignment of TCAC Regulatory Agreement") in a form approved by Buyer and Seller duly executed and acknowledged by Seller;
- (i) One (1) original of an assignment and assumption of the Bond Regulatory Agreement ("Assignment of Bond Regulatory Agreement") in a form approved by Buyer and Seller duly executed and acknowledged by Seller;
- (j) Originals or copies of all assumable contracts relating to the Property which Buyer is to assume pursuant to Section 3.2 hereof (to be delivered to Buyer at the Property);
- (k) An assignment to Buyer of Seller's right, title and interest in and to (i) all contracts which Buyer is to assume pursuant to Section 3.2 below; (ii) all assignable permits, licenses and certificates of occupancy relating to the Property; (iii) all trade names, logos, signs, trademarks, telephone listings and numbers and similar items in Seller's possession included within the Property; and (iv) all warranties and guaranties then in effect, if any, with respect to the Improvements in a form reasonably approved by Buyer and Seller prior to the expiration of the Due Diligence Period ("Assignment of Contracts"), duly executed by such Seller;



(l) All soils, seismic, geologic, drainage, toxic waste, and environmental reports, surveys, “as-built” plans and specifications, working drawings, grading plans, elevations and similar information with respect to its Real Property heretofore obtained by such Seller which such Seller has in its possession and/or control to the extent such items have not been delivered previously by such Seller to Buyer pursuant to Section 3.1 below (to be delivered to Buyer at the Property);

(m) All keys to the Improvements which such Seller or such Seller’s agents have in their possession (to be delivered to Buyer at the Property);

(n) The original executed copy of each lease of the Property (to the extent that Seller has the original leases in its possession or control), including any amendments thereto (to be delivered to Buyer at the Property);

(o) Two (2) duplicate copies of the Closing Statement (as hereinafter defined) duly executed by such Seller;

(p) A notice to each of the tenants of the Property in compliance with the provisions of California Civil Code Section 1950.5(h) (to be delivered to each tenant outside of Escrow); and

(q) Any other documents, instruments and records required to be delivered to Buyer under the terms of this Agreement which have not been previously delivered.

2.6 Closing Obligations of Buyer. On or before 12:00 noon on the business day preceding the Closing Date, Buyer shall deliver to Escrow Holder copies of the following documents and other items:

(a) One (1) original of all documents required by HCD in connection with the Buyer’s HCD Loan (collectively, the “HCD Documents”);

(b) One (1) original of the Assignment of OCDA Loan Documents, duly executed and acknowledged by Buyer;

(c) One (1) original of the Assignment of OCDA Regulatory Agreement, duly executed and acknowledged by Buyer;

(d) One (1) original of the Assignment of City Loan Documents, duly executed and acknowledged by Buyer;

(e) One (1) original of the Assignment of City Regulatory Agreement, duly executed and acknowledged by Buyer;

(f) One (1) original of the Assignment of TCAC Regulatory Agreement, duly executed and acknowledged by Buyer;

(g) One (1) original of the Assignment of Bond Regulatory Agreement, duly executed and acknowledged by Buyer;

- (h) One (1) original of the Note, duly executed by Buyer;
- (i) One (1) original of the Seller Deed of Trust, duly executed and acknowledged by Buyer;
- (j) Two (2) duplicate copies of the Assignment of Leases, duly executed by Buyer;
- (k) Two (2) duplicate copies of the Assignment of Contracts, duly executed by Buyer;
- (l) Two (2) duplicate copies of the Closing Statement, duly executed by Buyer;
- (m) Evidence of the existence, organizational authority of Buyer and of the authority of persons executing documents on behalf of Buyer reasonably satisfactory to Escrow Holder and the Title Company; and
- (n) Any other documents, instruments or funds required to be delivered by Buyer under the terms of this Agreement or otherwise required by Escrow Holder or Title Company in order to close Escrow which have not previously been delivered.

2.7 Delivery of Documents by Escrow Holder. All of the items listed in Section 2.5 above shall be delivered to Buyer through Escrow on the Closing Date (unless indicated to the contrary), except that Escrow Holder is hereby instructed to record the original Grant Deed, Seller Deed of Trust, HCD Documents (as applicable), Assignment of OCDA Loan Documents, Assignment of OCDA Regulatory Agreement, Assignment of City Loan Documents, Assignment of City Regulatory Agreement, Assignment of the TCAC Regulatory Agreement and Assignment of Bond Regulatory Agreement (collectively, the "Recordable Documents") in the Official Records upon Close of Escrow in the order approved by Buyer and Seller and to deliver the original Recordable Documents to Buyer after recordation thereof and a conformed copy of the recorded Recordable Documents to Seller. Escrow Holder shall deliver to Seller one (1) duplicate copy of all of the items listed in Section 2.6 on the Close of Escrow and conformed copies of the Recordable Documents.

### III INSPECTIONS, REVIEW

3.1 Access to Books and Records; Items to be Inspected and Reviewed by Buyer. Within five (5) days following the execution of this Agreement by Buyer and Seller, Seller shall make available to Buyer for Buyer's inspection at the Property or at Seller's property manager's offices during normal business hours upon not less than forty-eight (48) hours' prior notice, copies of all books, records, reports, surveys, bills, labor, service, supply and maintenance contracts, copies of all leases, rental applications and lease files, books and records of Seller relating to the Property in Seller's possession which are reasonably requested by Buyer. Seller has not made any independent investigation to determine the truth or accuracy of any such documents and materials and shall have no liability to Buyer for any inaccuracy, misrepresentation or omission in such documents or materials. Notwithstanding anything to the contrary contained herein, Seller shall have no obligation to deliver to Buyer (i) those documents, reports, presentations, summaries and

the like prepared for any of Seller's partners or investors in connection with its consideration of the acquisition or sale of the Property, (ii) Seller's attorney-client privileged materials, (iii) appraisals, or (iv) any information which is subject to a confidentiality agreement between Seller and a third party. In addition, prior to the expiration of the Due Diligence Period (as hereinafter defined), Seller shall deliver to Buyer a lead-based paint disclosure statement in the form required by applicable law and a natural hazards disclosure statement in the form prescribed by California Civil Code § 1103.2 prepared by a licensed professional described in California Civil Code § 1103.4(c).

3.2 Physical Inspection. From and after the date hereof through for a period of thirty (30) days (the "Due Diligence Period"), Seller shall permit Buyer, its engineers, analysts, contractors, agents and consultants, at the sole cost and expense of Buyer, to conduct physical inspections of the Property and Improvements, including the structural, electrical and mechanical aspects of the Improvements to the Property, supports, site work, foundations, soil, subsurface soils, drainage, seismic and other geological and topographical matters, location of asbestos, lead-based paint, mold, fungi, toxic substances, hazardous materials or wastes, if any, and any other investigations as Buyer deems prudent with respect to the physical condition of the Property. Such investigations may be made by Buyer and/or its agents during any normal business hours. Buyer shall also have the right to investigate all matters relating to the zoning, use and compliance with other applicable laws which relate to the use and occupancy of the Property. Seller shall reasonably cooperate with Buyer in completing such inspections and special investigations at no cost or expense to Seller. Such inspections and investigations shall be conducted only upon no less than forty-eight (48) hours' notice to Seller and shall be conducted at such times and in such a manner as to minimize any disruption to tenants upon the Property. Seller shall have the right, but not the obligation, to accompany Buyer during such investigations and/or inspections. Notwithstanding the foregoing, Buyer shall not perform any invasive or destructive testing of the Property without the prior written consent of Seller, which consent may be withheld in Seller's sole and absolute discretion. Buyer shall repair any and all damage to the Property or to any tenants' property caused by such inspections or investigations in a timely manner and shall indemnify, defend (with counsel acceptable to Seller) and hold harmless Seller and its partners, affiliates, officers, employees, agents and consultants (the "Indemnified Parties") from and against any liability whatsoever sought by the Indemnified Parties arising from or related to Buyer's physical inspection of the Property or access to the Property granted hereunder to Buyer, its engineers, analysts, contractors, agents and consultants, including any such liability to which the negligence of the indemnified parties may have contributed but excepting any liability to the extent arising from the gross negligence or willful misconduct of the indemnified parties. As a condition to allowing Buyer, or its engineers, analysts, contractors, agents or consultants access to the Property, Buyer shall obtain and deliver to Seller a certificate of insurance evidencing liability insurance policy in an amount not less than TWO MILLION DOLLARS (\$2,000,000.00) and naming Seller as an additional insured. Prior to the expiration of the Due Diligence Period, if, in Buyer's sole and absolute discretion, Buyer is dissatisfied with the results of its review of the documents related to the Property or the inspections or investigations of the Property, then Buyer may terminate this Agreement by giving written notice of termination to Seller and Escrow Holder. In addition, Buyer shall, not later than the expiration of the Due Diligence Period, advise Seller in writing of the labor, service, supply and maintenance contracts which it elects to assume; provided, however, that Buyer shall be obligated to assume those contracts which cannot be terminated by Seller without payment of a fee or penalty. If Buyer notifies Seller of its disapproval of its due

diligence investigation of the Property on or before the expiration of the Due Diligence Period, this Agreement and the escrow established hereunder shall terminate.

3.3 Preliminary Title Report. Within five (5) days of the Effective Date, Buyer shall obtain from Title Company a preliminary title report describing the state of title of the Property (the "Preliminary Title Report"). Buyer shall notify Seller in writing ("Buyer's Objection Notice") of any objections Buyer may have to title exceptions contained in the Preliminary Title Report not later than seven (7) business days prior to the expiration of the Due Diligence Period ("Title Review Period"). In the event Buyer fails to deliver Buyer's Objection Notice prior to the expiration of the Title Review Period, Buyer shall conclusively be deemed to have approved the state of title of the Property. Seller shall have a period of five (5) business days after receipt of Buyer's Objection Notice in which to deliver written notice to Buyer ("Seller's Notice") of Seller's election to either (i) agree to remove the objectionable items prior to the Close of Escrow, or (ii) decline to remove any such title exceptions and terminate Escrow and this Agreement. If Seller fails to deliver Seller's notice within said five (5) business day period, Seller shall be deemed to have elected to decline to remove such title exceptions and terminate Escrow and this Agreement. If Seller notifies or is deemed to have notified Buyer of its election to terminate Escrow rather than remove the objectionable items, Buyer shall have the right, by written notice delivered to Seller not later than the expiration of the Due Diligence Period to agree to accept the Property subject to the objectionable items, in which event Seller's election to terminate the Escrow shall be of no effect, and Buyer shall take title at the Close of Escrow subject to such objectionable items without any adjustment to or credit against the Purchase Price. Notwithstanding the foregoing, except as set forth herein, Seller shall, on or before the Close of Escrow, remove (i) all deeds of trust and financing statements, including, without limitation, that certain Department of Housing and Community Development Multifamily Housing Program NOFA of October 25, 2001 Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing (Permanent Financing) recorded on June 21, 2004, in the Official Records as Instrument Number 2004000555668 (collectively, "Monetary Liens"), and (ii) that certain Department of Housing and Community Development Multifamily Housing Program (NOFA 10/25/01) recorded on June 21, 2004, in the Official Records as Instrument Number 2004000555667, as encumbrances to title, without the necessity for Buyer to object thereto. Upon the issuance of any amendment or supplement to the Preliminary Title Report which has additional exceptions for matters not shown on the original Preliminary Title Report, the foregoing right of review and approval shall also apply to said amendment or supplement (provided that the period for Buyer to review such amendment or supplement shall be the later of the expiration of the Title Review Period or five (5) days from receipt of the amendment or supplement). If Buyer properly notifies Seller of its disapproval of the state of title to the Property on or before the expiration of the Title Review Period (or such longer period as may be provided in the immediately sentence), this Agreement and the escrow established hereunder shall terminate.

#### IV

#### CONDITIONS TO AGREEMENT

4.1 Buyer's Conditions Precedent. Buyer's obligation to purchase the Property shall be conditioned upon the fulfillment of the following conditions precedent, all of which shall be satisfied or waived in writing pursuant to Section 4.4 below prior to the Close of Escrow except as indicated otherwise:

(a) Seller has delivered to Escrow Holder all of the documents required to be delivered under Section 2.5.

(b) The due performance by Seller of all material obligations to be performed by Seller hereunder and the truth in all material respects of the representations and warranties made by Seller pursuant to Section 6.4.

(c) No order or injunction of any court or administrative agency of competent jurisdiction nor any statute, rule, regulation or executive order promulgated by any governmental authority of competent jurisdiction shall be in effect as of the Close of Escrow which restrains or prohibits the transfer of the Property or the consummation of any other transaction contemplated hereby.

(d) The Department of Housing and Community Development, a public agency of the State of California (“HCD”) has approved of a new loan to Buyer (the “Buyer’s HCD Loan”).

(e) OCDA has approved of the transfer of the Property to Buyer and the Assignment of the OCDA Loan Documents and Assignment of OCDA Regulatory Agreement.

(f) The City has approved of the transfer of the Property to Buyer and the Assignment of the City Loan Documents and Assignment of City Regulatory Agreement.

(g) TCAC has approved of the transfer of the Property to Buyer and the Assignment of TCAC Regulatory Agreement.

4.2 Seller’s Conditions Precedent. Seller’s obligation to convey the Property to Buyer shall be conditioned upon the satisfaction or written waiver in writing, in whole or in part by Seller of the following conditions precedent:

(a) Buyer has delivered to Escrow Holder all of the documents required to be delivered under Section 2.6.

(b) The due performance by Buyer of all material obligations to be performed by Buyer hereunder and the truth in all material respects of the representations and warranties made by Buyer pursuant to Section 6.5.

(c) No order or injunction of any court or administrative agency of competent jurisdiction nor any statute, rule, regulation or executive order promulgated by any governmental authority of competent jurisdiction shall be in effect as of the Close of Escrow which restrains or prohibits the transfer of the Property or the consummation of any other transaction contemplated hereby.

(d) HCD has approved the Buyer’s HCD Loan.

(e) OCDA has approved of the transfer of the Property to Buyer and the Assignment of the OCDA Loan Documents and the Assignment of the OCDA Regulatory

Agreement, and the release of Seller from liability under the OCDA Loan Documents and the OCDA Regulatory Agreement for matters first arising after the Closing Date.

(f) The City has approved of the transfer of the Property to Buyer and the Assignment of the City Loan Documents and the Assignment of the City Regulatory Agreement, and the release of Seller from liability under the City Loan Documents and the City Regulatory Agreement for matters first arising after the Closing Date.

(g) TCAC has approved of the transfer of the Property to Buyer and the Assignment of the TCAC Regulatory Agreement, and the release of Seller from liability under the TCAC City Regulatory Agreement for matters first arising after the Closing Date.

4.3 Satisfaction of Conditions. Where satisfaction of any of the foregoing conditions requires action by Buyer or Seller, each party shall use its diligent best efforts, in good faith, and at its own cost, to satisfy such condition; provided, however, that in no event shall Seller be required to expend money related to Buyer's financing or in order to satisfy any condition of Buyer.

4.4 Waiver. Buyer may at any time or times, at its election, waive any of the conditions set forth in Section 4.1 above to its obligations hereunder, but any such waiver shall be effective only if contained in a writing signed by Buyer and delivered to Seller. Seller may at any time or times, at its election, waive any of the conditions set forth in Section 4.2 above to its obligations hereunder, but any such waiver shall be effective only if contained in a writing signed by Seller and delivered to Buyer.

4.5 Termination. In the event each of the conditions set forth in Section 4.1 is not fulfilled within the time provided in Section 4.1 or waived by Buyer pursuant to Section 4.4, Buyer may, at its option, terminate this Agreement and the Escrow opened hereunder, thereby releasing the parties from further obligations hereunder, and all documents delivered by Buyer to Seller or Escrow Holder shall be returned to Buyer and all documents delivered by Seller to Buyer or Escrow Holder returned to Seller. In the event that the conditions set forth in Section 4.2 are not fulfilled or waived by Seller pursuant to Section 4.4 prior to the Closing Date, Seller may, at its option, terminate this Agreement and the Escrow opened hereunder, thereby releasing the parties from further obligations hereunder, and all documents delivered by Seller to Buyer or Escrow Holder shall be returned immediately to Seller. In the event this Agreement terminates for any reason pursuant to this Section 4.5, within five (5) days of the date of termination, Buyer shall deliver to Seller all due diligence materials delivered to Buyer pursuant to Section 3.1 above as well as true, correct and complete copies of all reports, studies, documents or surveys generated in connection with Buyer's due diligence investigation of the Property without representation or warranty as to the accuracy or completeness of such documents.

## V

### PRORATIONS, POSSESSION AND DEPOSITS

5.1 Proration of Taxes. Real and personal property taxes and assessments for the Property shall be prorated by the parties based on a 365-day year as of 11:59 p.m. on the Closing Date with Seller paying such taxes on the day of Closing. All tax prorations shall be based upon

the latest available tax statement. If the tax statements for the fiscal tax year during which Escrow closes do not become available until after the Closing Date, the parties shall re-prorate said taxes and assessments outside of Escrow following the Closing Date when such tax statements become available. Seller shall be responsible for and shall pay or reimburse Buyer upon demand for any real or personal property taxes payable following the Closing Date with respect to its Real Property applicable to any period of time prior to the Closing Date as a result of any change in the tax assessment by reason of reassessment, changes in use of the Property, changes in ownership, errors by the Assessor or otherwise. Any tax refunds which relate to any period of time prior to Close of Escrow shall accrue to the benefit of Seller.

5.2 Proration of Rents. Rents of the tenants under the leases shall be prorated on a 365-day year as of 11:59 p.m. in on the Closing Date based on rents actually collected with Seller receiving the rents on the day of Closing. Any such rents collected after the Closing Date by Buyer which are attributable to the period prior to the Closing Date shall be paid to Seller upon collection. Rents collected after the Closing Date from tenants whose rental was delinquent at Closing shall be deemed to first apply to costs of collecting such rents, second to rentals which were delinquent at Closing and third to rents due at the time of payment accruing after the Closing Date. Buyer shall have no obligation to commence litigation or to collect rents or to terminate the tenant's right to occupancy based upon tenant's failure to pay rentals which were delinquent at Closing; however, Buyer shall use reasonable efforts to collect such delinquent rents and shall reasonably and in good faith cooperate with Seller's attempts to collect such rents at no cost or expense to Buyer.

5.3 Tenants' Deposits. The security deposits and other tenant deposits (to the extent not previously applied by Seller) shall be credited to Buyer at the Closing. From and after the Closing, Buyer hereby assumes the obligations of the landlord under the leases with respect to the security deposits and any other tenant deposits. This provision shall survive the closing.

5.4 Utilities. Seller shall use its best efforts to have utility meters read as of the date that Escrow closes and shall be responsible for all utility services to the Property until the Closing Date. In the event Seller is unable to have the utility meters read as of the date Escrow closes, Buyer and Seller shall jointly prepare and deposit an estimated utility statement based upon the average daily usage on the most recent utility bill preceding the Close of Escrow with Seller paying the utility costs for the day of Closing. Escrow Holder shall initially prorate utilities based upon such estimated utility statements and the parties shall subsequently prorate utilities based upon the actual utility usage upon receipt of such utility statements.

5.5 Maintenance Contracts. Seller shall be responsible for payment of all maintenance services, such as janitorial services, guard services and similar services through the Closing. Buyer shall be responsible for such services thereafter for any such contracts which it assumes pursuant to Section 3.2 above.

5.6 Method of Adjustment. The obligations of Sections 5.1, 5.2, 5.3, 5.4, and 5.5 shall be handled by Buyer and Seller outside of Escrow once a final accounting of all figures have been obtained. Seller and Buyer shall complete all adjustments for items to be prorated pursuant to this Article V within the earlier of ninety (90) days after the Closing Date or promptly after the receipt of actual bills or verifiable information relating to the item to be adjusted.

5.7 Insurance. Seller shall cause its policies of insurance for the Property to be terminated effective immediately after the Closing Date and Buyer shall be responsible for obtaining its own insurance.

5.8 Possession. Subject to the rights of tenants in possession, Buyer shall be entitled to possession of the Property on the Closing Date.

5.9 Closing Costs. Buyer shall pay all costs in connection with the closing of this transaction, including the premium for a policy of title insurance, any county or city documentary or transfer taxes payable on account of the conveyance of the Real Property, the escrow fees which may be charged by Escrow Holder, the cost of any survey required by the Title Company to issue its title policy, the cost of recording the Recordable Documents, any and all costs and expenses associated with or arising from Buyer's new financing.

5.10 Closing Statement. No later than three (3) business days prior to the Closing Date, Escrow Holder shall prepare for approval by Buyer and Seller a closing statement ("Closing Statement") on Escrow Holder's standard form indicating, among other things, the Replacement Reserve Credit, the Short Term Work Credit and Escrow Holder's estimate of all closing costs and prorations made pursuant to this Agreement. Buyer and Seller shall assist Escrow Holder in determining the amount of all prorations.

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**5.11 BREACH BY SELLER. IN THE EVENT THAT SELLER BREACHES ANY OF ITS OBLIGATIONS UNDER THIS AGREEMENT WHETHER PRIOR TO OR AFTER THE CLOSE OF ESCROW, BUYER'S SOLE REMEDY SHALL BE THE RIGHT TO SUE FOR ACTUAL DAMAGES (NOT TO EXCEED \$25,000), AND THIS AGREEMENT SHALL TERMINATE AND, EXCEPT AS SPECIFICALLY PROVIDED FOR ELSEWHERE IN THIS AGREEMENT, NEITHER PARTY SHALL HAVE ANY FURTHER OBLIGATION OR LIABILITY TO THE OTHER AT LAW OR IN EQUITY. IN NO EVENT SHALL SELLER EVER BE LIABLE TO BUYER UNDER ANY STATUTORY, COMMON LAW, EQUITABLE OR OTHER THEORY OF LAW EITHER PRIOR TO OR FOLLOWING THE CLOSING FOR ANY LOST RENTS, PROFITS, BUSINESS OPPORTUNITIES OR ANY FORM OF CONSEQUENTIAL OR PUNITIVE DAMAGES IN CONNECTION WITH ANY CLAIM, LIABILITY, DEMAND OR CAUSE OF ACTION IN ANY WAY OR MANNER RELATING TO THE PROPERTY, THE CONDITION OF THE PROPERTY, THIS AGREEMENT, OR ANY TRANSACTION OR MATTER BETWEEN THE PARTIES CONTEMPLATED HEREUNDER. BUYER HEREBY WAIVES, RELEASES AND FOREVER RELINQUISHES ANY RIGHT BUYER MAY NOW HAVE OR MAY LATER ACQUIRE TO SEEK SPECIFIC PERFORMANCE, TO PLACE ANY LIENS OR ENCUMBRANCES, INCLUDING A NOTICE OF LIS PENDENS, ON THE PROPERTY.**

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Buyer's Initials

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Seller's Initials

**a. LIQUIDATED DAMAGES. IN THE EVENT THAT CLOSING FAILS TO OCCUR DUE TO A DEFAULT OF BUYER, THE DAMAGES THAT SELLER WILL INCUR BY REASON THEREOF ARE AND WILL BE IMPRACTICAL AND EXTREMELY DIFFICULT TO ESTABLISH. BUYER AND SELLER, IN A REASONABLE EFFORT TO ASCERTAIN WHAT SELLER'S DAMAGES WOULD BE IN THE EVENT OF EITHER SUCH A DEFAULT BY BUYER, HAVE AGREED THAT SUCH DAMAGES SHALL BE IN AN AMOUNT EQUAL TO \$25,000, AND THAT SUCH AMOUNT SHALL BE DELIVERED TO SELLER UPON SUCH DEFAULT BY BUYER OR FAILURE OF CONDITION AND RETAINED BY SELLER AS LIQUIDATED DAMAGES, WHICH DAMAGES SHALL BE SELLER'S SOLE AND EXCLUSIVE REMEDY AT LAW OR IN EQUITY IN THE EVENT OF AND FOR SUCH DEFAULT BY BUYER. WITHOUT LIMITING THE FOREGOING PROVISIONS OF THIS PARAGRAPH, SELLER WAIVES ANY AND ALL RIGHTS WHICH SELLER OTHERWISE WOULD HAVE HAD UNDER CALIFORNIA CIVIL CODE SECTION 3389 TO SPECIFICALLY ENFORCE THIS AGREEMENT. SELLER AND BUYER ACKNOWLEDGE AND AGREE THAT THEY HAVE READ AND UNDERSTAND THE PROVISIONS OF THIS PARAGRAPH AND BY THEIR INITIALS AGREE TO BE BOUND BY ITS TERMS.**

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Buyer's Initials

\_\_\_\_\_  
Seller's Initials

VI  
AS-IS PURCHASE

6.1 Disclaimer. Buyer acknowledges and agrees that it has been provided the opportunity to thoroughly inspect, investigate and exercise due diligence, and the opportunity to fully and independently become familiar with, and fully satisfy itself regarding, any and all matters relating to the Property. Except as expressly provided in Section 6.4 of this Agreement, Seller has not made, does not make and specifically negates and disclaims any representations, warranties, promises, covenants, agreements or guaranties of any kind or character whatsoever, whether express or implied or arising by operation of law, oral or written, past, present or future, of, as to, concerning or with respect to (i) the value of the Property; (ii) the income to be derived from the Property; (iii) the suitability of the Property for any and all activities and uses which Buyer may conduct thereon, including, without limitation, the possibilities for future development of the Property; (iv) the habitability, merchantability, marketability, profitability or fitness for a particular purpose of the Property; (v) the manner, quality, state of repair or lack of repair of the Property; (vi) the nature, quality or condition of the Property, including, without limitation, the water, soil and geology; (vii) the compliance of or by the Property or its operation with any laws, rules, ordinances or regulations of any applicable governmental authority or body including, without limitation, Title III of the Americans With Disabilities Act of 1990; (viii) the manner or quality of the construction or materials incorporated into the Property; (ix) compliance with any environmental protection, pollution or land use laws, rules, regulations, orders or requirements including, without limitation, the Federal Water Pollution Control Act, the Federal Resource Conservation and Recovery Act, the U.S. Environmental Protection Agency Regulations at 40 C.F.R., Part 261, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, the Resource Conservation and Recovery Act of 1976, the Clean Water Act, the Safe Drinking Water Act, the Hazardous Materials Transportation Act, the Toxic Substance Control Act, and regulations promulgated under any of the foregoing (collectively, “Environmental Laws”); (x) the presence or absence of hazardous materials at, on, under, or adjacent to the Property including, but not limited to, petroleum products, asbestos, lead-based paint, mold or fungi, (xi) the content, completeness or accuracy of any items delivered or made available to Buyer pursuant to Section 3.1; (xii) the conformity of the Improvements to any plans or specifications for the Property, including any plans and specifications that may have been or may be provided to Buyer; (xiii) the conformity of the Property to past, current or future applicable zoning or building requirements; (xiv) deficiency of any undershoring; (xv) deficiency of any drainage; (xvi) the fact that all or a portion of the Property may be located on or near an earthquake fault line; (xvii) the existence of vested land use, zoning or building entitlements affecting the Property; and (xviii) any matters arising from or relating to Seller’s alleged superior knowledge or breach of any duty to disclose. Seller is not liable or bound in any manner by any oral or written statements, representations or information pertaining to the Property, or the operation thereof, furnished by any real estate broker, agent, employee, servant or other person. Except as provided in Section 6.4, Buyer further acknowledges and agrees that to the maximum extent permitted by law, the sale of the Property as provided for herein is made on an “AS-IS” “WHERE IS” condition and basis as of the Closing Date with all faults, and that Seller has no obligations to make repairs, replacements or improvements, whether before or after the Close of Escrow. Buyer represents, warrants and covenants to Seller, which representation, warranty, and covenant will survive the Close of Escrow and not be merged with the deed, that, except for the representations and warranties set forth in Section 6.4 of this Agreement, Buyer will solely rely upon Buyer’s own

investigation of the Property and all other matters relating to the Property, and not on any information provided or to be provided by Seller or anyone acting on Seller's behalf.

## 6.2 Release and Waiver.

(a) Except with respect to the representations and warranties of Seller set forth in Section 6.4 of this Agreement, Buyer hereby fully and forever releases, acquits and discharges Seller of and from, and hereby fully and forever waives any and all claims, actions, causes of action, suits, proceedings, demands, rights, damages, costs, expenses or other compensation whatsoever, whether known or unknown, direct or indirect, foreseeable or unforeseeable, absolute or contingent, that Buyer now has or may have or which may arise in the future arising out of, directly or indirectly, or in any way connected with the Property or any other matters relating to the Property, including, without limitation: (A) any condition of environmental contamination or pollution at the Property, however and whenever occurring (including, without limitation, the contamination or pollution of any soils, subsoil media, surface waters or groundwaters at the Property) including, but not limited to, petroleum products, asbestos, lead-based paint, mold or fungi; (B) to the extent not already included in (A) above, the prior, present or future existence, release or discharge, or threatened release, of any Hazardous Materials at the Property, however and whenever occurring; (C) the violation of, or non-compliance with, any applicable law now or hereafter in effect, however or whenever occurring; (D) the condition of the soil at the Property; (E) the condition of Improvements including, without limitation, the structural integrity and seismic compliance of such Improvements; (F) the inaccuracy, unreliability, or incompleteness of, or any defect or mistake in, any items delivered or made available to Buyer pursuant to Section 3.1; (G) to the extent not already covered by any of the foregoing clauses (A) through (F), above, the use, maintenance, development, construction, ownership or operation of the Property by Seller or any of Seller's predecessor(s)-in-interest in the Property; (H) any matters arising from or relating to the leases; or (G) any matters based on Seller's alleged superior knowledge or failure to close.

(b) Without limiting the scope or generality of the foregoing release and waiver provisions, those provisions shall specifically include and cover (1) any claim for or right to indemnification, contribution or other compensation based on or arising under any Environmental Law now or hereafter in effect, and (2) any claim for or based on trespass, nuisance, waste, negligence, negligence per se, strict liability, ultrahazardous activity, indemnification, contribution of other theory arising under the common law of the State of California (or any other applicable jurisdiction) or arising, under any applicable law now or hereafter in effect.

6.3 Waiver of Civil Code § 1542. Buyer hereby acknowledges that it has read and is familiar with the provisions of California Civil Code § 1542 ("Section 1542"), which are set forth below:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS  
WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO  
EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING

THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.”

Buyer hereby waives the provisions of Section 1542, and of any statute, principle of common law or case law which would limit the scope of the foregoing waiver and release, in connection with matters which are the subject of the foregoing waiver and release.

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Buyer's Initials

6.4 Representations of Seller. As of the date hereof and again as of Closing, Seller represents and warrants to Buyer, as to itself and with respect to its Real Property only, as follows:

(a) Except as disclosed to Buyer in writing prior to Close of Escrow, Seller has not received written notice of, and otherwise has no actual knowledge of, any defaults by any of the parties to any of the leases, contracts or agreements respecting the Property to be assigned to Buyer at Closing.

(b) Except as disclosed to Buyer pursuant to Section 3.1, Seller has not received written notice of (i) any litigation (other than unlawful detainer actions) or condemnation, environmental, zoning or other land-use regulation proceedings, either instituted or planned to be instituted, which would materially and adversely affect the ownership, use, operation or value of the Property, or (ii) any special assessment proceedings affecting the Property. Seller shall notify Buyer promptly of any such litigation or proceedings of which Seller becomes aware.

(c) Seller has not received written notice that removal or other remedial action with respect to Hazardous Materials in, on, under or about the Property is required by any governmental authority having jurisdiction over the Property. For purposes of this Agreement, the term “Hazardous Materials” shall mean any toxic or hazardous waste, material or substance, including, without limitation, asbestos, petroleum, petroleum products, underground storage tanks now or previously containing any other Hazardous Materials, substances defined as “hazardous substances”, “hazardous waste” or “toxic substances” in any Environmental Law.

(d) Seller is a limited partnership duly organized and validly existing under the laws of the State of California; this Agreement and all documents executed by Seller which are to be delivered to Buyer at the Closing are and at the time of Closing will be duly executed and delivered by Seller, are and at the time of Closing will be legal, valid and binding obligations of Seller enforceable against Seller in accordance with their respective terms and do not and at the time of Closing will not violate any provision of any agreement or judicial order to which Seller or the Property is subject. Seller has obtained all necessary authorizations, approvals and consents to the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby.

(e) Seller has not granted any option or right of first refusal or first opportunity to any party to acquire any interest in the Property.

(f) Seller is in compliance with the requirements of Executive Order No. 13224, 66 Fed. Reg. 49079 (Sept. 25, 2001) (the "Order") and other similar requirements contained in the rules and regulations of the Office of Foreign Assets Control, Department of the Treasury ("OFAC") and in any enabling legislation or other Executive Orders or regulations in respect thereof (the Order and such other rules, regulations, legislation or orders are collectively hereinafter referred to as the "Orders"). Seller (i) is not listed on the Specially Designated Nationals and Blocked Persons List maintained by OFAC pursuant to the Order and/or on any other list of terrorists or terrorist organizations maintained pursuant to any of the rules and regulations of OFAC or pursuant to any other applicable Orders (such lists are collectively referred to as the "Lists"), (ii) is not a Person (as defined in the Order) who has been determined by competent authority to be subject to the prohibitions contained in the Orders, or (iii) is not owned or controlled by (including without limitation by virtue of such person being a director or owning voting shares or interests), or acts for or on behalf of, any person on the Lists or any other person who has been determined by competent authority to be subject to the prohibitions contained in the Orders. Seller is not acting, directly or indirectly for, or on behalf of, any person, group, entity or nation named by any Executive Order (including the September 24, 2001, Executive Order Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism) or the United States Treasury Department as a terrorist, "Specially Designated National and Blocked Person," or other banned or blocked person, entity, or nation pursuant to any Law that is enforced or administered by the Office of Foreign Assets Control, and is not engaging in the transactions contemplated herein, directly or indirectly, on behalf of, or instigating or facilitating the transactions contemplated herein, directly or indirectly, on behalf of, any such person, group, entity or nation.

(g) Seller has received no written notice from any governmental authority with jurisdiction over the Property of any current violation by the Property of any laws, ordinances or regulations applicable to the Property, and any such past written notices of past violations have been cured in accordance with law. Seller shall immediately provide Buyer with a copy of any such written notices received after the Effective Date.

For purposes of this Agreement, whenever the phrase "to Seller's actual knowledge" or words of similar import are used, they shall be deemed to refer to the actual knowledge, without obligation for inquiry or investigation, of Michael Massie. If Seller becomes aware of any fact or circumstance which would materially change or render materially incorrect, in whole or in part, any representation or warranty made by Seller pursuant to this Section 6.4, whether as of the date given or at any time thereafter through the Closing Date, and whether or not such representation or warranty was based upon Seller's knowledge as of a certain date, Seller will give prompt written notice of such changed fact or circumstance to Buyer. To the extent Buyer has or acquires knowledge prior to the Closing Date that any of Seller's representations and warranties are inaccurate, untrue or incorrect in any way, such representations and warranties shall be deemed modified to reflect Buyer's knowledge. Buyer shall be deemed to know a representation or warranty is untrue, inaccurate or incorrect if this Agreement or any due diligence items made available to Buyer pursuant to Section 3.1 contain information which is inconsistent with such representation or warranty. Upon receipt by Buyer of Seller's notice of such material change in fact or circumstance, or upon Buyer's obtaining knowledge of the material change in fact or

circumstance, Buyer may, as Buyer's sole and exclusive remedy, either (i) terminate this Agreement or (ii) waive the breach, representation or warranty and proceed to Closing, and Seller shall have no further obligation or liability to Buyer with respect thereto. Buyer shall make such election within five (5) days of Buyer's receipt of notice or knowledge of such changed fact or circumstance. The representations and warranties set forth herein shall expire and be of no further force or effect six (6) months following the Closing Date; provided that Buyer shall have commenced an action for breach of the representation or warranty prior to the expiration of such six (6) month period. In no event shall Buyer be permitted to bring an action for breach of a representation or warranty unless the damage to Buyer on account of such breach equal or exceeds Ten Thousand Dollars (\$10,000.00) in the aggregate and in no event shall the maximum total liability for breaches of representations or warranties exceed Twenty-Five Thousand Dollars (\$25,000.00) in the aggregate.

6.5 Buyer's Representations and Warranties. As of the date hereof and as of the Closing Date, Buyer represents and warrants to Seller as follows:

(a) Buyer is a limited partnership, duly organized and validly existing under the laws of the State of California; this Agreement and all documents executed by Buyer which are to be delivered to Seller at the Closing are and at the time of Closing will be duly executed and delivered by Buyer, are and at the time of Closing will be legal, valid and binding obligations of Buyer enforceable against Buyer in accordance with their respective terms and do not and at the time of Closing will not violate any provision of any agreement or judicial order to which Buyer or the Property is subject. Buyer has obtained all necessary authorizations, approvals and consents to the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby.

(b) Buyer is in compliance with the requirements of the Orders and other similar requirements contained in the rules and regulations of OFAC. Buyer (i) is not listed on the Specially Designated Nationals and Blocked Persons List maintained by OFAC pursuant to the Order and/or on any other maintained pursuant to any of the rules and regulations of OFAC or pursuant to any other Lists, (ii) is not a Person (as defined in the Order) who has been determined by competent authority to be subject to the prohibitions contained in the Orders, or (iii) is not owned or controlled by (including without limitation by virtue of such person being a director or owning voting shares or interests), or acts for or on behalf of, any person on the Lists or any other person who has been determined by competent authority to be subject to the prohibitions contained in the Orders. Buyer is not acting, directly or indirectly for, or on behalf of, any person, group, entity or nation named by any Executive Order (including the September 24, 2001, Executive Order Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism) or the United States Treasury Department as a terrorist, "Specially Designated National and Blocked Person," or other banned or blocked person, entity, or nation pursuant to any Law that is enforced or administered by the Office of Foreign Assets Control, and is not engaging in the transactions contemplated herein, directly or indirectly, on behalf of, or instigating or facilitating the transactions contemplated herein, directly or indirectly, on behalf of, any such person, group, entity or nation.

6.6 Seller's Covenants Pending Closing. During the term of this Agreement, Seller covenants and agrees as follows:

(a) Contracts. Seller will not enter into any agreement or contract, affecting a period after the Closing Date that cannot be terminated on thirty (30) days' notice without the prior written consent of Buyer, which consent may not unreasonably be withheld, conditioned or delayed. The failure of Buyer to respond to a request for approval of an agreement or contract within three (3) business days of Seller's request for approval shall be deemed to constitute Buyer's approval thereof. Seller will notify Buyer in writing of any agreements or contracts it enters into prior to Closing.

(b) Leases. From and after the expiration of the Due Diligence Period (assuming Buyer elects to proceed with the purchase), without the prior written consent of Buyer not to be unreasonably withheld, conditioned or delayed, none of the existing tenant leases will be amended to reduce the rents or other charges thereunder or will be renewed for rents or other charges either of which are less than those payable for similar apartment units in the Property; and no new lease or extension to an existing lease will be made unless it is for a term of not more than one year and at rent not less than that charged for similar apartment units in the Property. Buyer's failure to approve or disapprove the amendment, renewal or new lease within three (3) days of Seller's request shall be deemed to constitute Buyer's approval thereof.

(c) Insurance. Seller will maintain in effect all insurance policies now maintained on the Property, up to and including the Closing Date.

(d) Operation and Condition Pending Closing. Seller will continue to manage, operate and maintain the Property in the same manner as it has before the execution of this Agreement.

## VII

### DAMAGE, DESTRUCTION AND CONDEMNATION

7.1 Risk of Physical Loss. Buyer shall be obligated to acquire the Property pursuant to this Agreement, notwithstanding that the Property is damaged by fire or other casualty prior to the Closing Date, provided that (i) if the cost to repair the Property, in the reasonable judgment of Buyer, can be completed for less than two percent (2%) of the Purchase Price, (ii) the cost to repair such damage is covered by insurance maintained by or for Seller, (iii) Seller assigns to Buyer all insurance proceeds and/or rights to receive insurance proceeds by reason of such damage through Escrow on the Close of Escrow, other than proceeds expended in restoration and repair by Seller, and (iv) Seller credits to the account of Buyer in Escrow, the amount of any deductible under Seller's insurance (not to exceed the cost of repair). Any such casualty is hereinafter referred to as a "non-material insured casualty".

In the event of casualty damage to the Property, other than a non-material insured casualty, Buyer may, at its option, either terminate this Agreement by giving written notice of such termination to Seller within ten (10) days of Buyer's receipt of written notice of such casualty from Seller, or elect to proceed with its purchase of the Property, in which event Seller shall transfer

and assign to Buyer all insurance proceeds and all rights to receive insurance proceeds by reason of such damage through Escrow at its Close, other than proceeds expended in restoration and repair by Seller and rental loss proceeds applied to rents accruing through the Close of Escrow and shall credit Buyer's account in Escrow the amount of any deductible under Seller's insurance (not to exceed the cost of repair). If the right to receive any such insurance proceeds to be assigned to Buyer is not assignable by Seller to Buyer, Buyer may nevertheless elect to close the Escrow, in which event Seller shall promptly deliver to Buyer the proceeds of any such insurance received by it following the Close of Escrow, except to the extent such proceeds are in reimbursement for restoration and repair costs incurred or to be incurred by Seller prior to the Close of Escrow and/or rental loss proceeds for rents accruing prior to the Close of Escrow. In the event that such damage shall occur and Buyer elects not to purchase the Property, then this Agreement shall be terminated and Buyer shall be entitled to the return of all funds and documents deposited hereunder.

7.2 Condemnation. In the event that, prior to the Close of Escrow, any governmental entity shall commence any actions of eminent domain or similar type proceedings to take any portion of the Property, Buyer shall have the option either to (i) elect not to acquire the Property, or (ii) complete the acquisition of the Property, in which case Buyer shall be entitled to all the proceeds of such taking.

## VIII MISCELLANEOUS

8.1 Attorneys' Fees. In the event of any action between Buyer and Seller seeking enforcement of any of the terms and conditions to this Agreement, or otherwise in connection with the Property, the prevailing party in such action shall be awarded, in addition to damages, injunctive or other relief, its reasonable costs and expenses, including but not limited to reasonable attorneys' fees, court costs and expert witness fees.

8.2 Notices. All notices under this Agreement shall be effective upon (i) personal delivery to Buyer or Seller, as the case may be, or (ii) telecopier transmission with a hard copy deposited in overnight mail (Express Mail), or (iii) one (1) business day after deposit with an overnight courier service (e.g., Federal Express), (iv) upon delivery by electronic mail; or (v) three (3) business days after deposit in the United States mail, registered, certified, postage fully prepaid and addressed to the respective parties as follows:

To Seller: JAMBOREE-TAL HOUSING II, L.P.  
c/o Jamboree Housing Corporation  
17701 Cowan Ave., Suite 200  
Irvine, CA 92614  
Attn: Michael Massie  
Facsimile: (949) 214-2361  
Email: mmassie@jamboreehousing.com

With a copy to: Rutan & Tucker, LLP  
18575 Jamboree Road, Suite 900  
Irvine, CA 92612  
Attn: Patrick D. McCalla



Facsimile: (714) 546-9035  
 Email: pmccalla@rutan.com

To Buyer: AMISTAD HOUSING PARTNERS II LP  
 c/o Jamboree Housing Corporation  
 17701 Cowan Ave., Suite 200  
 Irvine, CA 92614  
 Attn: Michael Massie  
 Facsimile: (949) 214-2361  
 Email: mmassie@jamboreehousing.com

With a copy to: Rutan & Tucker, LLP  
 18575 Jamboree Road, Suite 900  
 Irvine, CA 92612  
 Attn: Patrick D. McCalla  
 Facsimile: (714) 546-9035  
 Email: pmccalla@rutan.com

or to such other address as the parties may from time to time designate in writing.

8.3 Entire Agreement. This Agreement and the items incorporated herein contain all the agreements of the parties hereto with respect to the matters contained herein; and no prior agreement or understanding pertaining to any such matter (including, without limitation, the Letter of Intent) shall be effective for any purpose. No provisions of this Agreement may be amended or modified in any manner whatsoever except by an agreement in writing signed by duly authorized officers or representatives of each of the parties hereto.

8.4 Successors. The terms, covenants and conditions of this Agreement shall be binding upon and shall inure to the benefit of the heirs, executors, administrators and assigns of the respective parties hereto.

8.5 Assignment. Buyer may assign this Agreement and its rights hereunder to an entity in which Buyer owns a majority of the interests in profits and losses without the necessity of acquiring consent from Seller provided such party is designated not later than ten (10) days prior to the Close of Escrow. No other assignment may occur without the consent of Seller, which consent may be withheld in Seller's sole and absolute discretion. In no instance shall an assignment by either Buyer or Seller relieve the assigning party of its obligations hereunder.

8.6 Choice of Laws. This Agreement shall be governed by the laws of the State of California and any questions arising hereunder shall be construed or determined according to such law.

8.7 Headings. Headings at the beginning of each numbered Article and Section of this Agreement are solely for the convenience of the parties and are not a part of this Agreement.

8.8 Survival. This Agreement and all covenants, representations and warranties contained herein shall survive the close of this transaction and this Agreement shall remain a binding contract between the parties hereto.

8.9 Time. Time is of the essence of this Agreement, it being understood that each date set forth herein and the obligations of the parties to be satisfied by such date have been the subject of specific negotiation by the parties. Except as expressly provided for in this Agreement, the time for performance of any obligation or taking any action under this Agreement will be deemed to expire at 5:00 p.m. (California time) on the last day of the applicable time period provided for in this Agreement. If the time for performance of any obligation or taking any action under this Agreement expires on a Saturday, Sunday or California or Federal holiday, the time for performance or taking such action will be extended to the next succeeding day which is not a Saturday, Sunday or California or Federal holiday. Any reference in this Agreement to “days” shall mean calendar days unless the Agreement specifically states “business days”. The term “business days” shall not include any day which is a Saturday, Sunday or California or Federal holiday.

8.10 Counterparts. This Agreement may be signed by the parties in different counterparts and the signature pages combined to create a document binding on all parties.

8.11 Brokerage Commissions. Each party represents and warrants that it has retained no brokers or finders to represent its interests in connection with this transaction. Each party agrees to indemnify and hold the other harmless from and against all liabilities, costs, damages and expenses, including, without limitation, reasonable attorneys’ fees, resulting from any claims or fees or commissions, based upon agreements by it, if any, to pay any broker’s commission and/or finder’s fee.

8.12 Information Report. Escrow Holder shall file and Buyer and Seller agree to cooperate with Escrow Holder and with each other in completing any report (“Information Report”) and/or other information required to be delivered to the Internal Revenue Service pursuant to Internal Revenue Code Section 6045(e) regarding the real estate sales transaction contemplated by this Agreement, including, without limitation, Internal Revenue Service Form 1099-B as such may be hereinafter modified or amended by the Internal Revenue Service, or as may be required pursuant to any regulation now or hereinafter promulgated by the Treasury Department with respect thereto. Buyer and Seller also agree that Buyer and Seller, their respective employees and attorneys, and Escrow Holder and its employees may disclose to the Internal Revenue Service, whether pursuant to such Information Report or otherwise, any information regarding this Agreement or the transaction contemplated herein as such party reasonably deems to be required to be disclosed to the Internal Revenue Service by such party pursuant to Internal Revenue Code Section 6045(e), and further agree that neither Buyer nor Seller shall seek to hold any such party liable for the disclosure to the Internal Revenue Service of any such information.

8.13 Cooperation in 1031 Exchange. The parties each agree to cooperate with the other (at no cost or liability to the agreeing party) in effecting for the benefit of either party a concurrent, delayed or reverse like-kind exchange of real property pursuant to Section 1031 of the United States Internal Revenue Code and similar provisions of applicable state law; provided, however, that (i) neither party shall be obligated to accept title, or to otherwise become part of the chain of title, to an exchange property of the other party; and (ii) the Closing Date shall not be delayed as the result of such exchange (except as provided in Section 2.1). This Agreement and the parties’ obligations hereunder are not subject to or conditioned upon ability to consummate an exchange.

Each party's responsibility for reviewing exchange documents shall be limited to determining whether the terms and conditions of such exchange documents are such that they are in compliance with the foregoing provisions. Each party shall be responsible for the payment of all deposits and other costs required to be paid by the "buyer" pursuant to the exchange documents and for making all determinations as to the legal sufficiency or other consideration including, but not limited to, tax considerations, relating to such exchange documents. In so cooperating in any exchange transaction arranged by a party, the non-exchanging party shall in no event be responsible for, or in any way warrant, the tax consequences of the exchange transaction.

8.14 No Third Party Beneficiary. No term or provision of this Agreement is intended to, or shall be, for the benefit of any person not a party hereto and no such person shall have any right or cause of action hereunder.

8.15 Limited Liability. The obligations of Seller under this Agreement and under all of the documents referenced herein are intended to be binding only on the assets of Seller and shall not be personally binding upon, nor shall any resort be had to, the private properties of any member of Seller or any trustee, officer, director, employee or affiliate of Seller or any of its members.

8.16 Jury Waiver. TO THE EXTENT PERMITTED BY LAW, BUYER AND SELLER EACH WAIVES RIGHT TO A JURY IN ANY LITIGATION IN CONNECTION WITH THIS AGREEMENT, OR THE PROPERTY, OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT. BUYER AND SELLER EACH ACKNOWLEDGES THAT THIS WAIVER HAS BEEN FREELY GIVEN AFTER CONSULTATION BY IT WITH COMPETENT COUNSEL. THE PROVISIONS OF THIS SECTION 8.17 SHALL SURVIVE CLOSING OR ANY EARLY TERMINATION OF THIS AGREEMENT.

8.17 Arbitration. If a dispute arises between Seller and Buyer arising out of or relating to this Agreement or the Property, such dispute shall be determined and resolved by a single arbitrator appointed and acting pursuant to Code of Civil Procedure section 1280, et seq. and the Commercial Arbitration Rules of the American Arbitration Association ("AAA"). Any arbitrator selected under this Section shall be knowledgeable of the subject matter of the dispute. A qualified retired judge with at least five (5) years arbitration experience shall be selected as the arbitrator through panels maintained by the American Arbitration Association, any court in which the property is located or any private organization providing such services. The parties shall have the full right of discovery allowed under Code of Civil Procedure section 1283.05, and the arbitrator may, in the arbitrator's discretion, allow additional discovery. The fees charged by the arbitrator shall be paid equally by Seller and Buyer unless the arbitrator awards such fees to the prevailing party. The venue for the arbitration shall be in Orange County, California. The decision of the arbitrator shall be final and non-appealable and judgment may be entered on the award in accordance with applicable law. Nothing contained herein shall be construed to preclude a party from commencing an action to obtain provisional remedies; however, after granting the provisional relief, the action shall be stayed pending completion of the arbitration proceeding.

8.18 Acceptance of Grant Deed. The acceptance of the Grant Deed by the Buyer shall be deemed full compliance by the Seller of all the Seller's obligations under this Agreement except for those obligations of the Seller which are specifically stated to survive the close of this transaction.

8.19 Bulk Sale Requirements. Seller and Buyer hereby acknowledge and agree that the parties do not intend to comply with and have waived the provisions of any statutory bulk sale requirements applicable to the transaction to be effected by this Agreement, and to rely upon the adjustment provisions of this Agreement to address any matters that would otherwise be subject to such bulk sale requirements.

8.20 Incorporation. The exhibits attached to this Agreement are incorporated herein and made a part hereof.

*[Signatures appear on the following page.]*

IN WITNESS WHEREOF, Buyer and Seller have executed this Agreement as of the date first above written.

**BUYER:**

AMISTAD HOUSING PARTNERS II LP,  
a California limited partnership

By: JHC-AMISTAD II LLC,  
a California limited liability company,  
its general partner

By: Jamboree Housing Corporation,  
a California nonprofit public benefit corporation,  
its manager

By: \_\_\_\_\_  
Name: Michael Massie  
Title: Executive Vice President and Chief  
Development Officer

**SELLER:**

JAMBOREE-TAL HOUSING II, L.P.,  
a California limited partnership

By: Jamboree Housing Corporation,  
a California nonprofit public benefit corporation,  
its general partner

By: \_\_\_\_\_  
Name: Michael Massie  
Title: Executive Vice President and Chief  
Development Officer

ACCEPTANCE BY ESCROW HOLDER

The undersigned hereby acknowledges that it has received originally executed counterparts or a fully executed original of the foregoing Purchase and Sale Agreement and Escrow Instructions and agrees to act as Escrow Holder thereunder and to be bound by and perform the terms thereof as such terms apply to Escrow Holder.

Dated: \_\_\_\_\_, 2024

FIRST AMERICAN TITLE INSURANCE  
COMPANY

By: \_\_\_\_\_  
Ryan Hahn, Senior Escrow Officer

EXHIBIT "A"

LEGAL DESCRIPTION OF REAL PROPERTY

Real property in the City of San Clemente, County of Orange, State of California, described as follows:

LOT 2 OF TRACT NO. 13898, AS SHOWN ON A MAP FILED IN [BOOK 817, PAGES 36 TO 40](#) INCLUSIVE OF MISCELLANEOUS MAPS, RECORDS OF ORANGE COUNTY, CALIFORNIA.

EXCEPTING THEREFROM ALL WATER AND WATER RIGHTS, IF ANY, INCLUDED WITHIN AND UNDERLYING THE DISTINCTIVE BORDER OF THIS TRACT MAP AS DEDICATED TO THE SANTA MARGARITA WATER DISTRICT ON THE MAP OF SAID TRACT.

ALSO EXCEPTING THEREFROM ANY AND ALL UNPROCESSED OIL, OIL RIGHTS, MINERALS, MINERAL RIGHTS, NATURAL GAS RIGHTS AND OTHER HYDROCARBONS BY WHATSOEVER NAME KNOWN, GEOTHERMAL STEAM AND ALL PRODUCTS DERIVED FROM ANY OF THE FOREGOING, THAT MAY BE WITHIN OR UNDER THE PROPERTY, TOGETHER WITH THE PERPETUAL RIGHT OF DRILLING, MINING, EXPLORING, AND OPERATING THEREFOR AND STORING IN AND REMOVING THE SAME FROM THE PROPERTY OR ANY OTHER LAND AS DESCRIBED THEREIN, BUT WITHOUT THE RIGHT TO ENTER UPON OR USE THE SURFACE OF THE PROPERTY TO DRILL, MINE, STORE, EXPLORE, OR OPERATE THROUGH THE SURFACE OR THE UPPER 500 FEET OF THE SUBSURFACE OF THE PROPERTY, RECORDED JUNE 28, 2002 AS INSTRUMENT NO. [20020548428](#).

APN: 701-041-38

EXHIBIT "A"

PURCHASE AND SALE AGREEMENT  
AND ESCROW INSTRUCTIONS

EXHIBIT "B"

NOTE

[see attached]



**PROMISSORY NOTE SECURED  
BY SUBORDINATED DEED OF TRUST**

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

Irvine, California  
\_\_\_\_\_, 2024

FOR VALUE RECEIVED, the undersigned, AMISTAD HOUSING PARTNERS II LP, a California limited partnership ("Borrower") hereby promises to pay to the order of Jamboree-Tal Housing II, L.P., a California limited partnership ("Lender"), whose address is 17701 Cowan Ave., Suite 200, Irvine, California 92614 or at such other place as Lender may from time to time designate in writing, the principal sum of [\$1,185,511] or such lesser amount as may be advanced to or for the account of Borrower pursuant to this Promissory Note ("Note"), together with all accrued interest on the unpaid balance this Note, and all other amounts now or hereafter owing by Borrower to Lender under this Note. The indebtedness evidenced by this Note is referred to as the "Loan". The Loan is being made by Lender to Borrower in connection with that certain Purchase and Sale Agreement and Escrow Instructions, dated as of \_\_\_\_\_, 2024 (the "Purchase Agreement"), pursuant to which Borrower is simultaneously acquiring from Lender certain real property more particularly described in such Purchase Agreement (the "Property"). Borrower shall pay interest at the rates, in the amounts and at the times hereinafter provided. The obligation of Borrower to Lender is set forth in and subject to the terms of this Note and that certain Subordinated Deed of Trust dated as of even date herewith executed by Borrower for the purpose of securing this Note, as the same shall be amended from time to time (the "Subordinated Deed of Trust"). Capitalized terms not otherwise defined herein shall have the meanings set forth Borrower's Limited Partnership Agreement, dated as of August 3, 2023 (the "Partnership Agreement").

1. Principal and Interest. From and after the date hereof through and including the Maturity Date (as hereinafter defined), simple interest shall accrue on the unpaid principal amount outstanding from time to time under this Note at an annual rate equal to [\_\_\_\_\_] % ***[Insert Term AFR for month of closing]*** per annum (the "Loan Rate").

2. Payments. Payments under this Note shall be made annually in arrears in immediately available funds for the previous calendar year on the 1st day of May, commencing with May 1 in the year immediately following the year in which the Property is initially occupied in an amount equal to 100% of Residual Receipts for the corresponding year. If the due date for any payment is not a business day, such due date shall be deemed for all purposes to fall on the next business day. As used in this Note, the term "business day" shall mean a day other than a Saturday, Sunday or a day on which banking institutions in the State of California are authorized or required by law to close.

As used herein, the term "Residual Receipts" shall mean Annual Revenue less the sum of:

- (A) Operating Expenses;
- (B) Debt Service;
- (C) Partnership Related Fees/Expenses;

- (D) payment of unpaid tax credit adjustment amounts or reimbursement of tax credit adjustment amounts paid by the administrative and/or managing general partners and/or the guarantors to the Property pursuant to the Partnership Agreement, if any;
- (E) repayment of loans, if any, made by the partner(s) of Borrower;
- (F) Deferred Developer Fee for the Property which remains unpaid; and
- (G) repayment of outstanding development and operating loans and/or contributions for capital expenses for which no revenues from operation of the Improvements are available, if any, made by the managing general partner and/or the guarantor to the Property.

“Annual Revenue” shall mean all gross income and all revenues from the operation of the Property in a calendar year received by Borrower determined on the basis of generally accepted accounting principles applied on a consistent basis. Notwithstanding the foregoing, Annual Revenue shall not include the following items: (a) security deposits from tenants (except when applied by Borrower to rent or other amounts owing by tenants); (b) capital contributions to Borrower by its members, partners or shareholders (including capital contributions required to pay any Deferred Developer Fee); (c) condemnation or insurance proceeds; or (d) proceeds of any loan.

“Operating Expenses” shall mean actual costs, fees and expenses attributable to the operation, maintenance, and management of the Property in a calendar year, including, without limitation, painting, cleaning, repairs, alterations, landscaping; utilities, refuse removal, certificates, permits and licenses, sewer charges, taxes, filing fees, assessments, insurance, security, advertising and promotion, janitorial services, cleaning and building supplies, purchase, repair, servicing and installation of appliances, equipment, fixtures and furnishings which are not paid from the capital replacement reserve, fees and expenses of property management and common area expenses, fees and expenses of accountants, attorneys and other professionals, the cost of social services for the tenant households and other actual, reasonable and customary operating costs which are directly incurred and paid by Borrower, but which are not paid from reserve accounts. Operating Expenses shall include costs, fees and expenses paid for the operation of Borrower, including administrative, accounting and legal fees and expenses.

“Debt Service” shall mean payments made in a calendar year pursuant to the financing obtained for the construction, ownership, and operation of the Property permitted pursuant to the Loan Documents, and those certain loans in effect as of the date hereof, as evidenced by the (i) First Deed of Trust (as defined below), (ii) the HCD Deed of Trust (as defined below), (iii) the HOME Deed of Trust, (iv) the OCDA Deed of Trust, (v) the City Deed of Trust, and (vi) any deeds of trust relating to any refinancing of the Property from a financial institution or governmental agency in an amount not to exceed the then-outstanding principal balance of the loans being prepaid plus reasonable closing costs, in the aggregate.

“Partnership Related Fees/Expenses” shall mean the fees and expenses of Borrower payable to the partners in Borrower or affiliates thereof pursuant to the Partnership Agreement. In the event insufficient Annual Revenues exist to provide for payment of all or part of the Partnership Related Fees/Expenses the unpaid balance will accrue.

“Deferred Developer Fee” means the portion of the Developer Fee (as defined in the [Partnership Agreement]) to be paid from cash flow from Annual Revenue.

3. **Maturity.** The entire unpaid principal balance of this Note, together with all accrued and unpaid interest, shall be due and payable on \_\_\_\_\_, 20\_\_ [**Insert 58 years from date of Closing**] (the "Maturity Date").

4. **Prepayment.** The principal of this Note may be voluntarily prepaid at any time, in its entirety or in any partial amount, without penalty.

5. **Events of Default.** The occurrence of any of the following, whatever the reason therefor, shall constitute an "Event of Default" hereunder:

a. Borrower fails to make any regularly scheduled payment of principal or interest hereunder, to the extent there are Residual Receipts (a "Required Payment"), within thirty (30) days of receipt by Borrower of written notice of such failure; or

b. Borrower fails to pay any other amount owing to Lender under this Note, or fails to perform any other obligation under this Note, the breach of which can be cured by the payment of money, within thirty (30) days after receipt by Borrower of written notice thereof; or

c. Borrower fails to perform any obligation under this Note (other than obligations the breach of which can be cured by the payment of money) within thirty (30) days after notice; *provided, however*, that, if cure cannot reasonably be effected within such thirty (30) day period, there shall be no Event of Default under this subparagraph (c) so long as Borrower promptly commences cure and thereafter diligently prosecutes such cure to completion; or

d. Borrower is dissolved, liquidated or terminated, or all or substantially all of the assets of Borrower are sold or otherwise transferred without Lender's prior consent; or

e. Borrower is the subject of an order for relief by a bankruptcy court, or is unable or admits its inability to pay its debts as they mature, or makes an assignment for the benefit of creditors; or Borrower applies for or consents to the appointment of any rehabilitator or similar officer for it or any part of its property; or any receiver, trustee, custodian, conservator, liquidator, rehabilitator or similar officer is appointed without the application or consent of Borrower and the appointment continues undischarged or unstayed for one hundred twenty (120) days; or Borrower institutes or consents to any bankruptcy, insolvency, reorganization, arrangement, readjustment or debt, dissolution, custodianship, conservatorship, liquidation, rehabilitation or similar proceeding relating to it or any part of its property; or any similar proceeding is instituted without the consent of Borrower, as the case may be, and continues undismitted or unstayed for one hundred twenty (120) days; or any judgment, writ, warrant or attachment or execution, or similar process is issued or levied against any property of Borrower and is not released, vacated or fully bonded within one hundred twenty (120) days after its issue or levy.

Notwithstanding anything to the contrary contained herein, prior to declaring any default or taking any remedy permitted hereunder or under applicable law based upon an alleged default under this Note, Lender shall give a written notice to the limited partner of Borrower at the notice address set forth herein and the limited partner shall have a period of not less than thirty (30) days to cure such alleged default; provided, however, if in order to cure such default the limited partner reasonably believes that it must remove the general partners of Borrower (or one of them)

pursuant to the provisions contained in the Partnership Agreement of Borrower, the limited partner shall so notify Lender and so long as the limited partner is diligently attempting to so remove such general partner(s), the limited partner shall have until the date thirty (30) days after the effective date of the removal of such general partner(s) to cure such default.

6. Limitation on Remedies. Notwithstanding anything to the contrary contained herein or in any other document evidencing or securing the Note, during any time prior to the expiration of the [Compliance Period (as defined in the Partnership Agreement)] in which Lender, or an affiliate of Lender, acts as general partner of Borrower, Lender shall have no right to declare a default hereunder or thereunder, initiate an arbitration pursuant to this Note, obtain a receiver or exercise any other remedy hereunder or under any other document evidencing or securing this Note without first obtaining the prior written consent of the limited partner of Borrower; provided, however, that Lender may bring an action for specific performance to compel any payments due Lender under this Note.

7. Acceleration and Other Remedies. Upon the occurrence of any Event of Default, the holder of this Note may, at its option, declare the outstanding principal balance of this Note, together with all accrued interest thereon, to be immediately due and payable. All rights and remedies provided to the holder of this Note are cumulative and shall be in addition to all other rights and remedies of the holder under other documents, at law or in equity, and all such rights and remedies may be exercised singly, successively and/or concurrently. Failure to exercise any right or remedy shall not be deemed a waiver of such right or remedy.

8. Due on Sale; Due on Encumbrance. Notwithstanding anything to the contrary contained herein, Lender may declare all obligations hereunder immediately due and payable if Borrower, without Lender's prior written consent, sells, conveys, leases with an option to purchase or further encumbers any interest in or any part of the Property. Any such sale, conveyance, transfer, pledge, lease or encumbrance made without Lender's prior written consent shall be void. Borrower shall not, without the prior written consent of Lender, assign the rents from the Property and any such assignment without the express written consent of Lender shall be null and void.

9. General Partner Change. The withdrawal, removal, and/or replacement of a general partner of the Partnership pursuant to the terms of the Partnership Agreement shall not constitute a default under this Note, and any such actions shall not accelerate the maturity of the Loan, provided that any required substitute general partner is reasonably acceptable to Lender and is selected with reasonable promptness.

10. Purchase Rights. The execution and delivery of the purchase option and right of first refusal agreement described in the Partnership Agreement shall not constitute a default under this Note or accelerate the maturity of the Loan. Any requisite consent of Lender to (a) the exercise of said purchase option and right of first refusal agreement by the Managing General Partner and to (b) the assumption without penalty of loan obligations by the Managing General Partner and the release of Borrower from such obligations, shall not be unreasonably withheld. Subject to any such consent requirement, the exercise of rights under such agreement shall not constitute a default or accelerate maturity of the Loan.

11. Lender Approvals, Etc. In any approval, consent, or other determination by Lender required under this Note, Lender shall act reasonably and in good faith.

12. Application of Payments. All payments made hereunder shall be applied first to interest due and then in reduction of the principal balance. If more than one annual payment

remains unpaid, amounts received shall be applied to such payments in reverse chronological order.

13. Expenses/Attorneys' Fees. If this Note is not paid when due, whether at each scheduled payment date, at maturity or by acceleration, Borrower promises to pay all costs of collection, including, but not limited to, reasonable attorneys' fees and all expenses incurred in connection with the protection or realization of the collateral securing the payment hereof or enforcement of any guarantee, incurred by Lender on account of such collection, whether or not suit is filed hereon.

14. Waivers. Except as expressly set forth in this Note, Borrower hereby waives presentment, demand, protest, notice of dishonor, notice of protest and all other notices and demands of every kind that would otherwise be available in connection with this Note.

15. Notice. All notices and other communications provided for in this Note shall be in writing and be delivered by messenger, overnight air courier or registered or certified U.S. mail with return receipt requested to the appropriate party at its address as follows:

If to Lender: Jamboree-Tal Housing II, L.P.  
c/o Jamboree Housing Corporation  
17701 Cowan Ave., Suite 200  
Irvine, CA 92614  
Attention: Michael Massie

If to Borrower: Amistad Housing Partners II LP  
c/o Jamboree Housing Corporation  
17701 Cowan Ave., Suite 200  
Irvine, CA 92614  
Attention: Michael Massie

Addresses for notice may be changed from time to time by written notice to the other party. Communications by mail shall be effective upon the earlier of (a) 96 hours after deposit in the U.S. mail with postage prepaid, (b) one day after deposit with a reputable national overnight courier service, or (c) actual receipt, as indicated by the return receipt; and communications by messenger shall be effective when delivered.

16. Miscellaneous. Time is of the essence hereof. All payments hereunder shall be made in lawful money of the United States of America. This Note shall be governed by the laws of the State of California. Neither this Note nor any term hereof may be waived, amended, discharged, modified, changed or terminated orally; nor shall any waiver of any provision hereof be effective except by an instrument in writing signed by Borrower and Lender. No delay or omission on the part of Lender in exercising any right hereunder shall operate as a waiver of such right or of any other right under this Note.

17. Subordination. The indebtedness evidenced by this Note is and shall be subordinate in right of payment to the prior payment in full of all amounts then due and payable (including, but not limited to, all amounts due and payable by virtue of any default or acceleration or upon maturity) with respect to (i) that certain \_\_\_\_\_, dated as of the date hereof, by Borrower in favor of First American Title Insurance Company, a California corporation, as trustee, for the benefit of \_\_\_\_\_, a \_\_\_\_\_, as beneficiary (the "First Deed of Trust"), (ii) that deed of trust relating to the loan from the Department of Housing

and Community Development, a public agency of the State of California, or its affiliates, encumbering the Property (collectively, the "HCD Deed of Trust"), (iii) that deed of trust relating to the loan from the County of Orange, or its affiliates, encumbering the Property (collectively, the "HOME Deed of Trust"), (iv) that deed of trust relating to the loan from the Orange County Development Agency, or its affiliates, encumbering the Property (collectively, the "OCDA Deed of Trust"), (v) that deed of trust relating to the loan from the City of San Clemente, or its affiliates, encumbering the Property (collectively, the "City Deed of Trust"), and (vi) any deeds of trust relating to any refinancing of the Property from a financial institution or governmental agency in an amount not to exceed the then-outstanding principal balance of the loans being prepaid plus reasonable closing costs, in the aggregate. Lender further agrees that upon the maturity of any debt or obligation senior in priority to the Subordinated Deed of Trust, Lender shall subordinate this Note and the Subordinated Deed of Trust to any new debt which is used to partially or fully repay said maturing senior debt or obligation.

18. Non-Recourse. Neither Borrower nor Borrower's officers, partners, directors, employees or agents nor their respective members, managers, officers, partners, shareholders, directors, employees or agents shall have personal liability for the payment or performance of any of Borrower's obligations under this Note or the Subordinated Deed of Trust. Lender's sole recourse shall be to realize against the collateral described in the Subordinated Deed of Trust.

Executed this \_\_\_ day of \_\_\_\_\_ 2024.

BORROWER:

AMISTAD HOUSING PARTNERS II LP,  
a California limited partnership

By: JHC-AMISTAD II LLC,  
a California limited liability company,  
its general partner

By: Jamboree Housing Corporation,  
a California nonprofit public benefit corporation,  
its manager

By: \_\_\_\_\_  
Name: Michael Massie  
Title: Executive Vice President and Chief  
Development Officer

EXHIBIT "C"  
DEED OF TRUST

[see attached]

RECORDING REQUESTED BY AND  
WHEN RECORDED, RETURN TO:

Jamboree-Tal Housing II, L.P.  
c/o Jamboree Housing Corporation  
17701 Cowan Ave., Suite 200  
Irvine, CA 92614  
Attention: Asset Management

### SUBORDINATED DEED OF TRUST

THIS SUBORDINATED DEED OF TRUST ("Subordinated Deed of Trust") is made on this \_\_\_\_ day of \_\_\_\_\_, 2024 by \_\_\_\_\_, a \_\_\_\_\_, as trustor ("Borrower") to First American Title Insurance Company ("Trustee"), for the benefit of Jamboree-Tal Housing II, L.P., a California limited liability company, as beneficiary ("Lender").

Borrower, in consideration of the indebtedness recited and the trust created in this Subordinated Deed of Trust, irrevocably grants and conveys to Trustee, in trust, with power of sale certain real property owned in fee by Borrower and located in the County of Orange, State of California ("Property"). The Property is legally described in "Exhibit A" attached hereto and made a part hereof.

Together with all of the improvements now or hereafter erected on said property, and all easements, rights, appurtenances, rents (subject, however, to the rights and authorities given in this Subordinated Deed of Trust to Lender to collect and apply such rents), royalties, mineral, oil and gas rights and profits, water, water rights, and water stock, and all fixtures now or hereafter attached to said property, all of which including replacements and additions thereto, shall be deemed to be and remain a part of the property covered by this Subordinated Deed of Trust; and all of the foregoing, together with said property are referred to in this Subordinated Deed of Trust as the "Property";

To secure for the benefit of Lender the repayment of the indebtedness evidenced by Borrower's Promissory Note Secured by Subordinated Deed of Trust of even date herewith (the "Note") in the principal sum not to exceed \$[1,185,511] and the performance of the covenants and agreements of Borrower contained in this Subordinated Deed of Trust and in the Note.

Borrower covenants and agrees as follows:

1. PAYMENT OF PRINCIPAL AND INTEREST. Borrower shall pay when due the interest and the principal of the indebtedness evidenced by the Note from the sources and pursuant to the terms of the Note.

2. COMPLIANCE WITH SENIOR DEED OF TRUST. Borrower covenants and agrees to comply with the terms and conditions of any senior deeds of trust recorded against the Property (collectively, the "Senior Encumbrances").

3. CHARGES AND LIENS. Borrower shall pay all taxes, assessments and other charges, fines and impositions attributable to the Property which may attain a priority over this Subordinated Deed of Trust. Borrower shall promptly furnish to Lender all notices of amounts



due under this paragraph and in the event Borrower shall make payment directly, Borrower shall promptly furnish to Lender receipts evidencing such payments. Borrower shall promptly discharge any lien which has priority over this Subordinated Deed of Trust; provided that Borrower shall not be required to discharge any such lien so long as Borrower shall agree in writing to the payment of the obligation secured by such lien in a manner acceptable to Lender, or shall in good faith contest such lien by, or defend enforcement of such lien in, legal proceedings which operate to prevent the enforcement of the lien or forfeiture of the Property or any part thereof. Borrower shall not allow the attachment of any subordinate lien or other encumbrance on the Property without the prior written consent of Lender.

Borrower shall promptly pay when due all installments or payments required by Lender and comply with all obligations of any deed of trust that is prior to this Subordinated Deed of Trust.

4. **INSURANCE PROCEEDS.** Any insurance proceeds received as a result of damage to the Property from fire or other calamity shall be first expended as required by any Senior Encumbrances.

5. **PROTECTION OF LENDER'S SECURITY.** If Borrower fails to perform the covenants and agreements contained in this Subordinated Deed of Trust, or if any action or proceeding is commenced which materially affects Lender's interest in the Property, including, but not limited to, default on or foreclosure of a prior deed of trust, eminent domain, insolvency, code enforcement, or arrangement or proceedings involving a bankrupt or decedent, then Lender at Lender's option, upon notice to Borrower, may make such appearances, disburse such sums and take such action as is necessary to protect Lender's interest including, but not limited to, disbursement of reasonable attorney's fees and entry upon the Property to make repairs, but shall have no right of reimbursement.

6. **INSPECTION.** Lender may make or cause to be made reasonable entries upon and inspections of the Property, provided that Lender shall give Borrower notice prior to any such inspection specifying reasonable cause therefor related to Lender's interest in the Property.

7. **CONDEMNATION.** Subject to the rights of the holder of a prior deed of trust, the proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation or other taking of the Property, or part thereof, or for conveyance in lieu of condemnation, are hereby assigned and shall be paid to Lender.

In the event of a total taking of the Property, the proceeds shall be treated as if received from a sale of the Property. The proceeds shall be applied to the sums to be repaid in the amount and manner described in the Senior Encumbrances and the documents evidencing the indebtedness secured thereby. Any part of the proceeds remaining after these amounts have been paid shall be paid to Borrower. In the event of a partial taking of the Property, unless Borrower and Lender agree in writing, the proceeds shall be treated as if received from a sale of that portion of the Property which is taken in the condemnation. The percentage value of the portion taken, as compared to the full value of the entire Property, shall be determined by dividing the condemnation proceeds by the fair market value of the entire Property just prior to the taking. This percentage value, once determined, shall be used in the following manner to allocate the condemnation proceeds:

a. First, to the payment of any amount owing under the Senior Encumbrances and the documents evidencing the indebtedness secured thereby;

- b. Second, to payment of the Note;
- c. Third, to Borrower.

8. **BORROWER NOT RELEASED.** Extension of the time for payment or modification of amortization of the sums secured by this Subordinated Deed of Trust granted by Lender to any successor in interest of Borrower shall not operate to release, in any manner, the liability of the original Borrower and Borrower's successors in interest. Lender shall not be required to commence proceedings against such successor or refuse to extend time for payment or modification of amortization of the sums secured by this Subordinated Deed of Trust by reason of any demand made by the original Borrower and Borrower's successors in interest.

9. **FORBEARANCE BY LENDER NOT A WAIVER.** Any forbearance by Lender in exercising any right or remedy hereunder, otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of any such right or remedy. The procurement of insurance or the payment of taxes or other liens or charges by Lender shall not be a waiver of Lender's right to accelerate the maturity of the indebtedness secured by this Subordinated Deed of Trust.

10. **REMEDIES CUMULATIVE.** All remedies provided in this Subordinated Deed of Trust are distinct and cumulative to any other right or remedy under this Subordinated Deed of Trust or afforded by law or equity, and may be exercised concurrently, independently or successively.

11. **SUCCESSORS AND ASSIGNS BOUND; JOINT AND SEVERAL LIABILITY; CAPTIONS.** The covenants and agreements contained in this Subordinated Deed of Trust shall bind, and the rights hereunder shall inure to, the respective successors and assigns of Lender and Borrower, subject to the provisions of Section 15 hereof. All covenants and agreements of Borrower shall be joint and several. The captions and headings of the Sections of this Subordinated Deed of Trust are for convenience only and are not to be used to interpret or define the provisions hereof.

12. **NOTICE.** Except for any notice required under applicable law to be given in another manner, (a) any notice to Borrower provided for in this Subordinated Deed of Trust shall be given by facsimile, a nationally recognized overnight courier service, or by mailing such notice by certified mail addressed to Borrower at 17701 Cowan Ave., Suite 200, Irvine, California 92614, Attention: President, or at such other address as Borrower may designate by notice to Lender as provided in this Section 12, and (b) any notice to Lender shall be given by facsimile, a nationally recognized overnight courier service, or by mailing such notice by certified mail, return receipt requested, to Lender's address stated in this Subordinated Deed of Trust or to such other address as Lender may designate by notice to Borrower as provided in this Section 12. Any notice provided for in this Subordinated Deed of Trust shall be deemed to have been given to Borrower or Lender upon receipt or refusal of delivery by the addressee.

13. **GOVERNING LAW; SEVERABILITY.** This Subordinated Deed of Trust shall be governed by the laws of the State of California. In the event that any provision or clause of this Subordinated Deed of Trust or the Note as incorporated herein conflicts with applicable law, such conflict shall not affect other provisions of this Subordinated Deed of Trust or the Note which can be given effect without the conflicting provision, and to this end the provisions of the Subordinated Deed of Trust and Note are declared to be severable.

14. **BORROWER'S COPY.** Borrower shall be furnished a conformed copy of the Note and of this Subordinated Deed of Trust at the time of execution or after recordation hereof.

15. **TRANSFER OF THE PROPERTY.** If all or any of the Property or an interest in it is sold or transferred by Borrower, excluding permitted transfers pursuant to this Subordinated Deed of Trust, the Note or the Partnership Agreement (as defined in the Note), all the sums secured by this Subordinated Deed of Trust shall be immediately due and payable. In the event of such an acceleration, Lender shall mail Borrower notice of the acceleration in accordance with Section 12 hereof. Such notice shall provide a period of not less than 30 days from the date the notice is mailed within which Borrower may pay the sums declared due. If Borrower fails to pay such sums prior to the expiration of such period, Lender may, without further notice or demand on Borrower, invoke any remedies permitted by Section 16 hereof.

16. **ACCELERATION; REMEDIES** Except as provided in Section 15 hereof, upon Borrower's breach of any covenant or agreement of Borrower in this Subordinated Deed of Trust or the Note as incorporated by reference in this Subordinated Deed of Trust, including the covenants to pay, when due, any sums secured by this Subordinated Deed of Trust, Lender, prior to acceleration, shall mail notice to Borrower as provided in Section 12 hereof specifying: (a) the breach; (b) the action required to cure such breach; (c) a date by which such breach must be cured, which date shall be extended by Lender so long as Borrower or investor limited partner of Borrower is diligently prosecuting a cure of such breach; and (d) that failure to cure such breach on or before the date specified in the notice may result in acceleration of the sums secured by this Subordinated Deed of Trust and sale of the Property. If the breach is not cured on or before the date specified in the notice, Lender, at its option, may declare all of the sums determined by this Subordinated Deed of Trust to be immediately due and payable without further demand and may invoke the power of sale and any other remedies permitted by applicable law. Lender shall be entitled to collect all reasonable costs and expenses incurred in pursuing the remedies provided in this Section 16, including, but not limited to, reasonable attorneys' fees.

Notwithstanding anything to the contrary contained in this Subordinated Deed of Trust, the Note, or any other document evidencing or securing the Note, during the time prior to the Maturity Date (as defined in the Note) that Lender or any affiliate of Lender acts as a general partner of Borrower, Lender shall have no right to declare a default hereunder or thereunder, foreclose on the Project, accelerate the maturity of any amounts due, obtain a receiver or exercise any other remedy hereunder or under any other document evidencing or securing said note without first obtaining the prior written consent of Borrower, the investor limited partner of Borrower, and the beneficiary of the Senior Encumbrances; provided however, that Lender may bring an action for specific performance to compel any payments due Borrower pursuant to Borrower's Partnership Agreement.

Subject to the terms and conditions provided herein, if Lender invokes the power of sale, Lender shall have appraised, or shall cause Trustee to have appraised, the Property to determine its fair market value. Lender shall also execute or cause Trustee to execute a written notice of the occurrence of an event of default and of Lender's election to cause the Property to be sold, and shall cause such notice to be recorded in each county in which the Property or some part thereof is located. Lender or Trustee shall mail copies of such notice in a manner prescribed by applicable law. After the lapse of such time as may be required by applicable law, Trustee, without demand on Borrower, shall sell the Property at public auction to the highest bidder at the time and place and under the terms designated in the notice of sale in one or more parcels and in such order as Trustee may determine. Trustee may postpone sale of all or any parcel of the

Property by public announcement at the time and place of any previously scheduled sale. Lender or Lender's designee may purchase the Property at any sale.

Trustee shall deliver to the purchaser Trustee's deed conveying the Property so sold without any covenant or warranty, expressed or implied. The recitals in the Trustee's deed shall be prime facie evidence of the truth of the statements made therein. Trustee shall apply the proceeds of the sale in the following order: (a) to all reasonable costs and expenses of the sale, including, but not limited to, reasonable Trustee and attorneys' fees and costs of title evidence; (b) to all sums secured by the lien of some other or later security instrument, as evidenced by a note, by and between Borrower and Borrower's lender, that is either prior in lien priority to the priority of this Subordinated Deed of Trust or to which Lender has subordinated its lien rights and, thereby, placed itself in a subordinated position, (c) to all sums secured by this Subordinated Deed of Trust, as evidenced by the Note; and (d) the excess, if any, to the person or persons legally entitled thereto.

17. **BORROWER'S RIGHT TO REINSTATE.** Notwithstanding Lender's acceleration of the sums secured by this Subordinated Deed of Trust, Borrower shall have the right to have any proceedings begun by Lender to enforce covenants of this Subordinated Deed of Trust relating to sums due and payable by Borrower discontinued at any time prior to five days before the Property is scheduled for sale pursuant to the power of sale contained in this Subordinated Deed of Trust or at any time prior to entry of a judgment enforcing this Subordinated Deed of Trust if: (a) Borrower pays Lender all sums which would be then due under this Subordinated Deed of Trust and the Note, had no acceleration occurred; (b) Borrower pays all reasonable expenses incurred by Lender and Trustee in enforcing the covenants and agreements of Borrower contained in this Subordinated Deed of Trust and in enforcing Lender's and Trustee's remedies as provided in Section 16 hereof, including, but not limited to reasonable attorneys' fees; (c) Borrower takes such actions as Lender may reasonably require to assure that the lien of this Subordinated Deed of Trust, Lender's interest in the Property, and Borrower's obligation to pay the sums secured by this Subordinated Deed of Trust shall continue unimpaired. Upon such payment and cure by Borrower, this Subordinated Deed of Trust and the obligations secured hereby shall remain in full force and effect as if no acceleration had occurred.

18. **APPOINTMENT OF RECEIVER; LENDER IN POSSESSION.** Upon acceleration under Section 16 hereof or abandonment of the Property, Lender, in person, by agent or by judicially appointed receiver, shall be entitled to enter upon, take possession of, rent and manage the Property and to collect the rents of the Property. All rents collected by Lender or by a judicially appointed receiver shall be applied first to payment of the cost of management of the Property and collection of rents, including, but not limited to, receiver's fees, premiums on receiver's bonds and reasonable attorneys' fees, and then to the sums secured by this Subordinated Deed of Trust. Lender and the receiver shall be liable to account for those rents actually received and expenditures actually incurred.

19. **RECONVEYANCE.** Upon payment of all sums evidenced by the Note and secured by this Subordinated Deed of Trust, Trustee shall reconvey the Property without warranty and without charge to the person or persons legally entitled thereto. Such person or persons shall pay all costs of recordation, if any.

20. **SUBSTITUTE TRUSTEE.** Lender, at Lender's option, may from time to time remove Trustee and appoint a successor trustee to act as Trustee under this Subordinated Deed of Trust. Without conveyance of the Property, the successor trustee shall succeed to all the title,

power and duties conferred upon the Trustee in this Subordinated Deed of Trust and by applicable law.

21. **REQUEST FOR NOTICES.** Borrower requests that copies of the notice of default and notice of sale be sent to Borrower's address which is the Property address.

22. **STATEMENT OF OBLIGATION.** Lender may collect a fee not to exceed \$15.00 for furnishing the statement of obligation as provided by Section 2943 of the Civil Code of the State of California.

23. **SUBORDINATION ACKNOWLEDGMENT.** Beneficiary hereby acknowledges that the loan secured by this Subordinated Deed of Trust is subordinate in right of payment to the prior payment in full of all amounts then due and payable (including, but not limited to, all amounts due and payable by virtue of any default or acceleration or upon maturity) with respect to (i) that certain \_\_\_\_\_, dated as of the date hereof, by Borrower in favor of First American Title Insurance Company, a California corporation, as trustee, for the benefit of \_\_\_\_\_, a \_\_\_\_\_, as beneficiary (the "First Deed of Trust"), (ii) that deed of trust relating to the loan from the Department of Housing and Community Development, a public agency of the State of California, or its affiliates, encumbering the Property (collectively, the "HCD Deed of Trust"), (iii) that deed of trust relating to the loan from the Orange County Development Agency, or its affiliates, encumbering the Property (collectively, the "OCDA Deed of Trust"), (iv) that deed of trust relating to the loan from the City of San Clemente, or its affiliates, encumbering the Property (collectively, the "City Deed of Trust"), and (v) any deeds of trust relating to any refinancing of the Property from a financial institution or governmental agency in an amount not to exceed the then-outstanding principal balance of the loans being prepaid plus reasonable closing costs, in the aggregate. Without limiting the generality of the foregoing, Beneficiary hereby acknowledges that the loan secured by this Subordinated Deed of Trust is also subordinate to the extended use agreement required to be executed by Borrower pursuant to Section 42(h)(6)(B) of the Internal Revenue Code, for purposes of the low-income housing tax credits to be allocated to Borrower. In addition, Beneficiary hereby acknowledges that the loan secured by this Subordinated Deed of Trust is further subordinate to Section 42(h)(6)(e)(ii) of the Internal Revenue Code, which prohibits the eviction or termination of a tenancy, other than for good cause, of an existing tenant of any low-income housing tax credit unit or any increase in the gross rent with respect to such unit, not otherwise permitted under Section 42, for a period of three (3) years after the date the Property is acquired by Lender through foreclosure or instrument in lieu of foreclosure.

24. **NON-RECOURSE.** This is a non-recourse Subordinated Deed of Trust. Neither Borrower, nor any of its partners shall have any personal liability for the payment of any portion of the indebtedness evidenced by the Note or performance of Borrower's obligations under this Subordinated Deed of Trust. In the event of a default by Borrower under the terms of the Note or this Subordinated Deed of Trust, the Beneficiary's sole remedy shall be limited to exercising its rights under the Note and this Subordinated Deed of Trust, including foreclosure and the exercise of the power of sale or other rights granted under the Note and this Subordinated Deed of Trust, but shall not include a right to proceed directly against Borrower, or any of its partners, or the right to obtain a deficiency judgment after foreclosure against Borrower or any of its partners.

[SIGNATURES ON FOLLOWING PAGE.]

IN WITNESS THEREOF, Borrower has executed this Subordinated Deed of Trust on the day and year first above written.

BORROWER:

AMISTAD HOUSING PARTNERS II LP,  
a California limited partnership

By: JHC-AMISTAD II LLC,  
a California limited liability company,  
its general partner

By: Jamboree Housing Corporation,  
a California nonprofit public benefit corporation,  
its manager

By: \_\_\_\_\_  
Name: Michael Massie  
Title: Executive Vice President and Chief  
Development Officer

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

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

On \_\_\_\_\_, before me, \_\_\_\_\_,  
(insert name and title of the officer)

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

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

WITNESS my hand and official seal.

Signature \_\_\_\_\_

(Seal)

EXHIBIT "A"

LEGAL DESCRIPTION OF THE PROPERTY

Real property in the City of San Clemente, County of Orange, State of California, described as follows:

LOT 2 OF TRACT NO. 13898, AS SHOWN ON A MAP FILED IN [BOOK 817, PAGES 36 TO 40](#) INCLUSIVE OF MISCELLANEOUS MAPS, RECORDS OF ORANGE COUNTY, CALIFORNIA.

EXCEPTING THEREFROM ALL WATER AND WATER RIGHTS, IF ANY, INCLUDED WITHIN AND UNDERLYING THE DISTINCTIVE BORDER OF THIS TRACT MAP AS DEDICATED TO THE SANTA MARGARITA WATER DISTRICT ON THE MAP OF SAID TRACT.

ALSO EXCEPTING THEREFROM ANY AND ALL UNPROCESSED OIL, OIL RIGHTS, MINERALS, MINERAL RIGHTS, NATURAL GAS RIGHTS AND OTHER HYDROCARBONS BY WHATSOEVER NAME KNOWN, GEOTHERMAL STEAM AND ALL PRODUCTS DERIVED FROM ANY OF THE FOREGOING, THAT MAY BE WITHIN OR UNDER THE PROPERTY, TOGETHER WITH THE PERPETUAL RIGHT OF DRILLING, MINING, EXPLORING, AND OPERATING THEREFOR AND STORING IN AND REMOVING THE SAME FROM THE PROPERTY OR ANY OTHER LAND AS DESCRIBED THEREIN, BUT WITHOUT THE RIGHT TO ENTER UPON OR USE THE SURFACE OF THE PROPERTY TO DRILL, MINE, STORE, EXPLORE, OR OPERATE THROUGH THE SURFACE OR THE UPPER 500 FEET OF THE SUBSURFACE OF THE PROPERTY, RECORDED JUNE 28, 2002 AS INSTRUMENT NO. [20020548428](#).

APN: 701-041-38

PURCHASE AND SALE AGREEMENT AND ESCROW INSTRUCTIONS

by and between

JAMBOREE-TAL HOUSING II, L.P.,  
a California limited partnership

(“Seller”)

and

AMISTAD HOUSING PARTNERS II LP,  
a California limited partnership

(“Buyer”)



**TABLE OF CONTENTS**

	<b><u>Page</u></b>
I	AGREEMENT TO PURCHASE..... 1
1.1	The Property..... 1
1.2	Purchase Price..... 2
1.3	Carryback Financing..... 2
1.4	Assumed Loans..... 2
II	ESCROW ..... 3
2.1	Escrow Holder ..... 3
2.2	Closing Date..... 3
2.3	Escrow Instructions..... 3
2.4	Conveyance of Title..... 3
2.5	Additional Closing Obligations of Seller..... 5
2.6	Closing Obligations of Buyer ..... 7
2.7	Delivery of Documents by Escrow Holder ..... 9
III	INSPECTIONS, REVIEW ..... 9
3.1	Access to Books and Records; Items to be Inspected and Reviewed by Buyer..... 9
3.2	Physical Inspection ..... 9
3.3	Preliminary Title Report ..... 10
IV	CONDITIONS TO AGREEMENT ..... 11
4.1	Buyer's Conditions Precedent..... 11
4.2	Seller's Conditions Precedent..... 12
4.3	Satisfaction of Conditions..... 13
4.4	Waiver..... 13
4.5	Termination..... 13
V	PRORATIONS, POSSESSION AND DEPOSITS..... 13
5.1	Proration of Taxes..... 13
5.2	Proration of Rents ..... 14
5.3	Tenants' Deposits..... 14
5.4	Utilities..... 14
5.5	Maintenance Contracts..... 14
5.6	Method of Adjustment ..... 14
5.7	Insurance ..... 14
5.8	Possession ..... 15
5.9	Closing Costs ..... 15
5.10	Closing Statement..... 15
5.11	BREACH BY SELLER ..... 16
VI	AS-IS PURCHASE..... 17
6.1	Disclaimer ..... 17
6.2	Release and Waiver..... 18
6.3	Waiver of Civil Code § 1542..... 18

	<u>Page</u>
6.4	Representations of Seller ..... 19
6.5	Buyer's Representations and Warranties ..... 21
6.6	Seller's Covenants Pending Closing ..... 22
VII	DAMAGE, DESTRUCTION AND CONDEMNATION ..... 22
7.1	Risk of Physical Loss ..... 22
7.2	Condemnation ..... 23
VIII	MISCELLANEOUS ..... 23
8.1	Attorneys' Fees ..... 23
8.2	Notices ..... 23
8.3	Entire Agreement ..... 24
8.4	Successors ..... 24
8.5	Assignment ..... 24
8.6	Choice of Laws ..... 24
8.7	Headings ..... 24
8.8	Survival ..... 25
8.9	Time ..... 25
8.10	Counterparts ..... 25
8.11	Brokerage Commissions ..... 25
8.12	Information Report ..... 25
8.13	Cooperation in 1031 Exchange ..... 25
8.14	No Third Party Beneficiary ..... 26
8.15	Limited Liability ..... 26
8.16	Jury Waiver ..... 26
8.17	Arbitration ..... 26
8.18	Acceptance of Grant Deed ..... 27
8.19	Bulk Sale Requirements ..... 27
8.20	Incorporation ..... 27