

DRAFT
REAL PROPERTY PURCHASE AND SALE AGREEMENT
AND
MUTUAL ESCROW INSTRUCTIONS

**(NWC ALDER DRIVE AND BARBER LANE
APN NO. 086-02-086, MILPITAS, CA 95035)**

THIS REAL PROPERTY PURCHASE AND SALE AGREEMENT (the “Agreement”) is entered by and between the Successor Agency of the Former Redevelopment Agency of the City of Milpitas, a separate public entity (“Successor Agency” or “SELLER”) and _____, (“BUYER”) on _____, 2016.

RECITALS

A. The real property which is subject to this Agreement is generally located at the northwest corner of Alder Drive and Barber Lane, Milpitas, California, (commonly referred to as APN No. 086-02-086) and legally described in Exhibit “A” which is attached hereto and incorporated herein by reference (the “Property”). The property is vacant land.

B. The California State Legislature enacted Assembly Bill x1 26 in 2011 to dissolve redevelopment agencies formed under the Community Redevelopment Law (Health and Safety Code sections 33000 *et seq.*, as amended by Assembly Bill 1484 in 2012 and Senate Bill 107 in 2015) hereafter referenced as “Dissolution Law”. All references to Health and Safety Code sections in this Agreement are references to the Dissolution Law.

C. Prior to the effective date of the Dissolution Law, the Redevelopment Agency of the City of Milpitas (the “Former Redevelopment Agency”) owned fee interest title in and to the Property.

D. On February 1, 2012 and upon dissolution of the Former Redevelopment Agency, the City of Milpitas, acting in a separate limited capacity and as a separate legal entity, became the Successor Agency of the Former Redevelopment Agency of the City of Milpitas (“Successor Agency”).

E. Successor Agency (“SELLER”) now holds fee title interest in and to the Property.

F. SELLER is responsible for the disposition of the Property in accordance with the procedures and requirements of Dissolution Law. Pursuant to Health and Safety Code Section 34177, successor agencies are required to dispose of assets and properties of the Former Redevelopment Agency expeditiously and in a manner aimed at maximizing the value.

G. In accordance with Health and Safety Code Section 34191.5, the SELLER prepared and the Oversight Board of the Successor Agency (“Oversight Board”) approved a “Long-Range Property Management Plan” which included sale of the Property under a Request for Proposals (“RFP”) process.

H. On October 23, 2015, SELLER approved issuance of a Request for Proposals for the purchase of the Property.

I. BUYER was the successful bidder under the RFP process.

J. SELLER has submitted this Agreement to the Oversight Board for approval which has adopted a resolution approving the sale and submitted it to the California Department of Finance (DOF).

K. The parties acknowledge and agree that the purchase and sale of the Property pursuant to this Agreement may be reviewed by the California Department of Finance (DOF).

L. SELLER desires to convey fee title interest in and to the Property to BUYER in a manner consistent with the Dissolution Law requiring, *inter alia*, the disposition of its former property.

M. BUYER desires to purchase the Property from SELLER and SELLER desires to sell the Property on the terms and conditions contained in this Agreement.

AGREEMENT

The foregoing recitals are incorporated herein as if fully set forth. For valuable consideration and subject to the terms and conditions hereof, BUYER and SELLER agree as follows:

1. PURCHASE AND SALE.

A. Conveyance of Property. SELLER agrees to sell to BUYER and BUYER agrees to purchase from SELLER, the Property on the terms and conditions set forth in this Agreement. BUYER and SELLER agree that the Property is vacant land. The Legal Description of the Property is attached as Exhibit A.

B. Purchase Price for the Property. The total purchase price to be paid by BUYER to the SELLER for the Property is _____ (\$ _____) (the "Purchase Price").

C. Effective Date. The Effective Date is the last date set forth opposite the signatures of the parties at the end of this Agreement and which is entered at the beginning of this Agreement.

2. OPENING OF ESCROW AND DEPOSIT.

A. Opening Escrow. Within five (5) business days of the Effective Date of this Agreement, SELLER shall open an escrow (the "Escrow") with _____ (the "Title Company" or "Escrow Holder") for conveyance of the Property to BUYER. This Agreement shall constitute mutual instructions to the Escrow Holder. The Opening Date of escrow shall be the date on which Escrow Holder receives a fully executed copy of this Agreement. BUYER and SELLER shall execute additional escrow instructions as may be required to enable the Escrow Holder to

close the escrow consistent with the terms of this Agreement and as BUYER and SELLER may approve, which approval shall not be unreasonably withheld.

B. Deposit.

- (1) **Initial Deposit.** Together with BUYER's response to the Request for Proposal, BUYER delivered to SELLER a check in the sum of Two Hundred Fifty Thousand Dollars (\$250,000.00) ("Initial Deposit"). Immediately upon the opening of Escrow, SELLER shall deliver the Initial Deposit to Escrow Holder for the benefit of BUYER.
- (2) **Additional Deposit.** Within ten (10) days of the Effective Date of this Agreement, BUYER shall deposit into Escrow such additional funds ("Additional Deposit") such that said Additional Deposit, together with the Initial Deposit equal ten percent (10%) of the Purchase Price.
- (3) **DEPOSIT.** Collectively, the Initial Deposit and the Additional Deposit shall be referred to as the "DEPOSIT".
- (4) **Conditions for Refund of DEPOSIT.** The DEPOSIT shall become nonrefundable to BUYER upon expiration of the Due Diligence Period if this Agreement has not been terminated; except that the DEPOSIT shall be refundable to BUYER if: (i) Escrow fails to close due to SELLER's default or breach of its representations or warranties under this Agreement or (ii) Closing fails to occur due to the failure of any condition to Closing set forth in this Agreement which is for the benefit of the BUYER. A full refund or partial refund of DEPOSIT may also be made to BUYER pursuant to Section 3.B of this Agreement. If upon termination of this Agreement SELLER is entitled to retain any portion of the Deposit, then BUYER shall within one (1) business day thereafter instruct Escrow Holder to immediately release such portion of the Deposit to SELLER (which obligation shall survive the termination of this Agreement). Upon termination of this Agreement, the parties shall have no further obligations hereunder except for the Surviving Obligations. As used in this Agreement, "Surviving Obligations" shall mean all obligations of BUYER and/or SELLER which are expressly stated in this Agreement to survive Close of Escrow (defined in Section 6.A) or termination of this Agreement.
- (5) **Handling of Deposit.** The Deposit shall be deposited in an interest bearing money market or savings account with a national banking association or federally chartered savings and loan association, which interest shall accrue to the benefit of the BUYER and shall be applied to the Purchase Price at the Closing.

3. **DUE DILIGENCE PERIOD AND INSPECTIONS.**

A. Due Diligence Period. BUYER shall have until one hundred twenty (120) days following the Effective Date to conduct BUYER's due diligence, as BUYER deems necessary, but at BUYER's sole cost and expense, including but not limited the right to review and approve the Property Materials, to inquire and meet with all governmental or quasi-governmental authorities, and to inspect and approve the physical conditions of and all other matters concerning the Property (the "Due Diligence Period"). If BUYER is not satisfied for whatever reason, or no reason, with the condition of the Property, BUYER has the affirmative duty to terminate this Agreement not later than the expiration of the Due Diligence Period by providing SELLER and Escrow Holder written notice thereof ("Buyer's Termination Notice") prior to the end of the Due Diligence Period. If BUYER fails to deliver BUYER's Termination Notice, then, BUYER shall be deemed to have elected not to terminate this Agreement.

B. Return of Deposit During Due Diligence Period. Upon receipt of Buyer's Termination Notice in escrow pursuant to Section 3.A., the DEPOSIT or portion thereof shall be returned as follows:

- (i) The full DEPOSIT shall be refunded upon notification by the Successful Proposer within the first (30) days of the Due Diligence Period that it is cancelling the contract.
- (ii) Seventy five percent (750%) of the DEPOSIT shall be refunded upon notification by the Successful Proposer more than thirty (30) but less than (60) days of the Due Diligence Period that it is cancelling the contract.
- (iii) Fifty percent (50%) of the DEPOSIT shall be refunded upon notification by the Successful Proposer more than sixty (60) but less than ninety (90) days of the Due Diligence Period that it is cancelling the contract.
- (iv) Twenty five percent (25%) of the DEPOSIT shall refunded upon notification by the Successful Proposer more than ninety (90) but less than one hundred twenty (120) days of the Due Diligence Period that it is cancelling the contract.

After the Due Diligence Period, if the Agreement is not terminated pursuant to Section 3.A., the DEPOSIT shall become nonrefundable.

C. Property Materials. Not later than three (3) days following the Effective Date, SELLER shall deliver to BUYER for BUYER's review and copying the following documents relating to the Property to the extent in the possession or control of SELLER (collectively, the "Property Materials"): (i) all soils, groundwater, environmental, property inspection and other reports and test results relating to the physical condition of the Property, including without limitation engineers' and consultants' plans, reports, and studies relating to the physical condition of the Property; (ii) all notices of violations of laws, if any, from any governmental or quasi-governmental authorities related to the Property; and (iii) other correspondence and notices from any governmental or quasi-governmental authorities related to the Property.

D. Access. Subject to this Section below, until the earlier to occur of the Close of Escrow or termination of this Agreement, BUYER shall have the right to enter upon the Property to inspect, investigate and conduct tests upon the Property, as BUYER, in its sole discretion deems necessary but at its sole cost and expense. BUYER shall keep the Property free and clear of any and all liens related to BUYER's inspections, test, and investigations. All entry onto and inspections of the Property shall be subject to the following:

- (1) BUYER shall give SELLER not less than one (1) business day prior notice of any entry onto the Property by BUYER or by BUYER's agents, employees, consultants, and contractors (collectively, "BUYER's Representatives").
- (2) If the Property is physically damaged in connection with any of BUYER's or BUYER's Representatives' activities on, in or about the Property pursuant to this Agreement, then BUYER, at BUYER's sole cost and expense, shall promptly repair such damage.
- (3) BUYER shall indemnify, protect, defend (with counsel reasonably acceptable to SELLER) and hold harmless SELLER and each of SELLER's employees, agents, officer, directors, and City Council for, from and against any and all claims, damages, liens, suits, causes of action, legal or administrative proceedings, finds, penalties, judgments, demands, obligations, costs, liabilities and losses (including mechanics' liens) and expenses (including, without limitation, reasonable attorneys' fees) (all collectively and each individually referred to herein as the "Claims and Liabilities") for property damage (both real and personal), death or personal injury to the extent caused by the acts or negligence of BUYER or BUYER's Representatives acting on behalf of BUYER pursuant to this Agreement while on, in, or about the Property, subject to this Section 4.C below, which obligation shall survive Close of Escrow or termination of this Agreement.

4. REPRESENTATIONS, WARRANTIES AND COVENANTS.

A. Representations by SELLER. SELLER represents and warrants to BUYER based on information and belief as follows:

- (1) The Dissolution Law requires that the Oversight Board's approval of the disposition of this property be submitted to the California Department of Finance (DOF). No other consent or approval is required for the execution and delivery of this Agreement by SELLER or the performance by SELLER of its obligations hereunder other than those already obtained by SELLER, or specifically set forth in this Agreement.
- (2) To the best of SELLER's knowledge based on information and belief presently available to SELLER at the time of this Agreement, the Property Materials delivered to BUYER are complete copies of such documents in the actual possession or control of SELLER, and are all of the Property Materials known to be in the actual possession or control of SELLER. Prior to Closing, SELLER agrees to promptly deliver to BUYER any additional documents received by SELLER relating to the physical condition, use, and operation of the Property.
- (3) SELLER has not received written notice from any governmental or quasi-governmental authority of existing violations of any laws or other legal requirements specifically with respect to the Property.

- (4) As of the Closing, there shall be no outstanding contracts made by SELLER for any improvements to the Property which have not been fully paid for, and SELLER shall cause to be discharged and removed as an exception to title all mechanics' and materialmen's liens arising from any labor and material furnished prior to the Closing (other than those caused by work performed by BUYER).

The representations and warranties of SELLER set forth in this Section 4.A shall survive the Close of Escrow.

B. Representations by BUYER. BUYER represents and warrants to SELLER that no consent or approval from anyone other than BUYER is required for the execution and delivery of this Agreement by BUYER or the performance of BUYER of its obligations hereunder. The representations and warranties of BUYER set forth in this Section 4.B shall survive the Close of Escrow.

C. Mutual Representations and Indemnity. Each party represents and warrants to the other that it has had no dealings with any real estate broker, agent, or finder in connection with the negotiation of this Agreement. In the event of a claim for broker's fee, finder's fee, commission or other similar compensation in connection with this Agreement, BUYER, if such claim is based upon an alleged relationship with or any agreement alleged to have been made by BUYER, hereby agrees to indemnify, protect and defend with counsel reasonably acceptable to SELLER and hold SELLER and its officers, agents, employees, successors and assigns harmless against any and all such claims and liabilities which SELLER may or does sustain or incur by reason of such claim or claims. In the event of a claim for broker's fee, finder's fee, commission or other similar compensation in connection herewith, SELLER, if such claim is based upon an alleged relationship with or any agreement alleged to have been made by SELLER, hereby agrees to indemnify, protect, and defend with counsel reasonably acceptable to BUYER, and hold BUYER, officers, agents, employees, successors and assigns harmless against any and all Claims and Liabilities which BUYER may sustain or incur by reason of such claim or claims. The provisions of this Section 4.C shall survive the Close of Escrow or termination of this Agreement.

D. Covenants of SELLER. SELLER hereby agrees as follows:

- (1) After the Effective Date and prior to the Closing, no part of the Property, or any interest therein, shall be sold, encumbered or otherwise transferred without BUYER's prior written consent.
- (2) Prior to Closing, SELLER Shall promptly notify BUYER of any fact or circumstance of which SELLER becomes aware which would make any of SELLER's representations and warranties untrue in any material respect, or any covenant of SELLER under this Agreement incapable or improbably of being cured or performed.

E. Covenants of BUYER.

- (1) BUYER shall not cause or be the reason for the imposition of any mechanics' and materialmen's liens to be placed on or attached to the Property prior to Closing.
- (2) Prior to Closing, BUYER shall promptly notify SELLER of any fact or circumstance of which BUYER becomes aware which would make any of BUYER's representations and warranties untrue in any material respect, or any covenant of BUYER under this Agreement incapable of being cured or performed.

5. AS-IS.

A. "AS-IS" Purchase. BUYER EXPRESSLY ACKNOWLEDGES AND AGREES, AND REPRESENTS AND WARRANTS TO SELLER, THAT, EXCEPT FOR THE SELLER REPRESENTATIONS AND COVENANTS EXPRESSLY SET FORTH HEREIN BUYER IS PURCHASING THE PROPERTY "AS-IS", AND "WITH ALL FAULTS", AFTER SUCH INSPECTION, ANALYSIS, EXAMINATION AND INVESTIGATION BUYER DESIRES TO MAKE AND EXPRESSLY WITHOUT SELLER'S COVENANT, WARRANTY OR REPRESENTATION AS TO PHYSICAL CONDITION, TITLE, LEASES, RENTS, REVENUES, INCOME, EXPENSES, OPERATION, ACCESS, ZONING OR OTHER REGULATION, COMPLIANCE WITH LAW, SUITABILITY FOR PARTICULAR PURPOSES OR ANY OTHER MATTER WHATSOEVER, EXCEPT FOR THE SELLER REPRESENTATIONS AND COVENANTS SET FORTH IN THIS AGREEMENT OR ANY REPRESENTATIONS AND COVENANTS OF SELLER SET FORTH IN ANY DOCUMENT DELIVERED BY SELLER AT THE CLOSING. SELLER HAS NO OBLIGATION TO MAKE REPAIRS, REPLACEMENTS OR IMPROVEMENTS TO THE PROPERTY, OR TO PAY ANY FEES, COSTS OR EXPENSES RELATED TO THE PROPERTY EXCEPT AS PROVIDED IN THIS AGREEMENT. BUYER ACKNOWLEDGES AND AGREES THAT, EXCEPT FOR THE SELLER REPRESENTATIONS AND COVENANTS HEREIN AND ANY REPRESENTATIONS AND COVENANTS OF SELLER SET FORTH IN ANY DOCUMENT DELIVERED BY SELLER AT THE CLOSING, 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, ORAL OR WRITTEN, PAST, PRESENT OR FUTURE, OF, AS TO, CONCERNING OR WITH RESPECT TO: (A) THE VALUE OF THE PROPERTY; (B) THE INCOME TO BE DERIVED FROM THE PROPERTY; (C) THE SUITABILITY OF THE PROPERTY FOR ANY AND ALL ACTIVITIES AND USES WHICH BUYER MAY CONDUCT THEREON, INCLUDING THE POSSIBILITIES FOR DEVELOPMENT OF THE PROPERTY; (D) THE HABITABILITY, MARKETABILITY, MERCHANTABILITY, PROFITABILITY OR FITNESS FOR A PARTICULAR PURPOSE OF THE PROPERTY; (E) THE MANNER, QUALITY, STATE OF REPAIR OR LACK OF REPAIR OF THE PROPERTY; (F) THE NATURE, QUALITY OR CONDITION OF THE PROPERTY, INCLUDING WITHOUT LIMITATION, SOILS AND GEOLOGY; (G) THE COMPLIANCE OF OR BY THE PROPERTY OR ITS OPERATION WITH ANY LAWS, RULES, ORDINANCES OR REGULATIONS OF ANY APPLICABLE GOVERNMENTAL AUTHORITY OR BODY; (H) COMPLIANCE WITH ANY ENVIRONMENTAL PROTECTION, POLLUTION OR LAND USE LAWS, RULES,

REGULATION, ORDERS OR REQUIREMENTS, INCLUDING BUT NOT LIMITED TO, TITLE III OF THE AMERICANS WITH DISABILITIES ACT OF 1990, CALIFORNIA HEALTH AND SAFETY CODE, THE FEDERAL WATER POLLUTION CONTROL ACT, THE FEDERAL RESOURCE CONSERVATION AND RECOVERY ACT, THE U.S. ENVIRONMENTAL PROTECTION AGENCY REGULATIONS AT 40 CFR PART 261, CERCLA, AS AMENDED, RCRA, THE CLEAN WATER ACT, THE SAFE DRINKING WATER ACT, THE HAZARDOUS MATERIALS TRANSPORTATION ACT AND THE TOXIC SUBSTANCE CONTROL ACT, AS ANY OF THE FOREGOING MAY BE AMENDED FROM TIME TO TIME AND REGULATIONS PROMULGATED UNDER ANY OF THE FOREGOING FROM TIME TO TIME; (I) THE PRESENCE OR ABSENCE OF HAZARDOUS MATERIALS AT, ON, UNDER, OR ADJACENT TO THE PROPERTY; (J) THE CONTENT, COMPLETENESS OR ACCURACY OF THE PROPERTY DOCUMENTS AND ANY OFFERING CIRCULAR OR INFORMATION PACKAGE PROVIDED BY SELLER; (K) THE CONFORMITY OF THE PROPERTY TO PAST, CURRENT OR FUTURE APPLICABLE ZONING OR BUILDING REQUIREMENTS; (L) DEFICIENCY OF ANY DRAINAGE OR UNDERSHORING; (M) THAT THE PROPERTY MAY BE LOCATED ON OR NEAR EARTHQUAKE FAULTS; (N) THE EXISTENCE OR NON-EXISTENCE OF LAND USE, ZONING OR BUILDING ENTITLEMENTS AFFECTING THE PROPERTY; (O) THE ENTITLEMENT STATUS OF THE PROPERTY, INCLUDING, BUT NOT LIMITED TO, GENERAL PLAN STATUS, SPECIFIC PLAN STATUS, ZONING STATUS, SUBDIVISION STATUS UNDER THE CALIFORNIA SUBDIVISION MAP ACT; (P) THE APPLICABILITY OF THE FEDERAL OR CALIFORNIA ENDANGERED SPECIES ACTS AND THE EXISTENCE OF ANY SPECIES PROTECTED THEREUNDER; (Q) ANY NON-COMPLIANCE OF THE PROPERTY OR ANY IMPROVEMENTS; (R) ANY ERRORS, INACCURACIES OR DEFECTS IN THE WORK PRODUCT RELATING TO THE PROPERTY; OR (S) ANY OTHER MATTER CONCERNING THE PROPERTY. BUYER FURTHER ACKNOWLEDGES AND AGREES THAT HAVING BEEN GIVEN THE OPPORTUNITY TO INSPECT THE PROPERTY AND HAVING OBTAINED AND EXAMINED SUCH INFORMATION AND DOCUMENTATION AFFECTING THE PROPERTY AS BUYER HAS DEEMED NECESSARY OR APPROPRIATE, BUYER IS RELYING SOLELY ON ITS OWN INVESTIGATIONS AND REVIEW, AND NOT ON ANY INFORMATION PROVIDED OR TO BE PROVIDED BY SELLER OTHER THAN THE SELLER REPRESENTATIONS AND COVENANTS SET FORTH HEREIN AND ANY REPRESENTATIONS AND COVENANTS OF SELLER SET FORTH IN ANY DOCUMENT DELIVERED BY SELLER AT THE CLOSING. AT THE CLOSING BUYER SHALL HAVE INDEPENDENTLY CONFIRMED, SUBJECT TO THE SELLER REPRESENTATIONS AND COVENANTS SET FORTH HEREIN AND ANY REPRESENTATIONS AND COVENANTS OF SELLER SET FORTH IN ANY DOCUMENT DELIVERED BY SELLER AT THE CLOSING, TO ITS SATISFACTION ALL INFORMATION THAT IT CONSIDERS MATERIAL TO ITS PURCHASE OF THE PROPERTY, INCLUDING WITHOUT LIMITATION THE EXISTENCE OF ANY AND ALL MUNICIPAL FEES, CHARGES, OR OTHER LIABILITIES THAT MAY EXIST WITH RESPECT TO THE PROPERTY. EXCEPT FOR THE SELLER REPRESENTATIONS AND COVENANTS, BUYER ASSUMES ALL RISK OF DISCOVERING AND UNDERSTANDING ALL FACTS AND CIRCUMSTANCES RELATING TO THE PROPERTY, INCLUDING PHYSICAL FEATURES AND CONDITIONS, PERMIT AND ENTITLEMENT STATUS, DEVELOPMENT OBLIGATIONS,

LIABILITIES, AND OTHER FACTORS RELEVANT TO THE DEVELOPMENT OF THE REAL PROPERTY. SELLER FURTHER ADVISES BUYER THAT PURSUANT TO CALIFORNIA CIVIL CODE SECTION 1102, 1103.1(A), 3434 AND OTHER APPLICABLE PROVISIONS OF CALIFORNIA LAW, SELLER IS NOT LIABLE AND SHALL NOT BE HELD LIABLE FOR ANY LOSS OR DAMAGE OCCASIONED BY ANY CONSTRUCTION DEFECT OR OTHER DEFECT IN THE REAL OR PERSONAL PROPERTY SO DESIGNED, MANUFACTURED, CONSTRUCTED, REPAIRED, MODIFIED OR IMPROVED OR FOR ANY LOSS OR DAMAGE RESULTING FROM THE FAILURE OF SELLER OR ANY OTHER PARTY THAT PARTICIPATED IN THE DESIGN OR CONSTRUCTION OF THE PROPOSED IMPROVEMENTS ON THE PROPERTY TO USE DUE CARE IN THE DESIGN, MANUFACTURE, CONSTRUCTION, REPAIR, MODIFICATION OR IMPROVEMENT OF SUCH REAL OR PERSONAL PROPERTY. THIS PROVISION WILL SURVIVE THE CLOSING AND CONSTITUTE MATERIAL CONSIDERATIONS FOR SELLER'S AGREEMENT TO SELL THE PROPERTY TO BUYER.

B. Release. Effective upon the Closing, except for the Excluded Claims and as otherwise provided herein or in any documents delivered at the Closing, BUYER, on behalf of itself, and the BUYER representatives fully, unconditionally, and irrevocably release SELLER from any and all claims that BUYER may now have or hereafter acquire against SELLER for any liabilities arising from or related to Property, its design, development, entitlements or any conditions existing or events occurring on, in or about the Property before the Closing, including without limitation any construction defects, or other conditions, latent or otherwise, including, without limitation, environmental matters affecting the Property or any portion thereof; provided, however, that nothing herein shall constitute a release of the Excluded Claims and/or any Liabilities of (or Claims against) the Excluded Parties. The foregoing release includes claims of which BUYER is presently unaware or which Buyer does not presently suspect to exist which, if known by BUYER, would materially affect Buyer's release of the Released Parties. In connection with this release, BUYER specifically waives the provision of California Civil Code Section 1542, which provides as follows:

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

This release by BUYER shall constitute a complete defense to any claim, cause of action, defense, contract, liability, indebtedness or obligation released pursuant to this release. Nothing in this release shall be construed as (or shall be admissible in any legal action or proceeding as) an admission by SELLER or any other released party that any defense, indebtedness, obligation, liability, claim or cause of action exists which is within the scope of those hereby released.

BUYER'S Initials

SELLER'S Initials

6. CLOSING AND ESCROW INSTRUCTIONS.

A. Closing. The consummation of the purchase and sale of the Property (the "Closing" or "Close of Escrow") shall take place on the Closing Date, through the escrow established with Escrow Holder ("Escrow"), as evidence by recordation of the Grant Deed described in Section 6.B. in the Official Records of Santa Clara County, California ("Official Records"). The "Closing Date" shall be _____ or such earlier date as the parties may mutually agree upon (without obligation to so agree).

B. SELLER'S Deposits.

Prior to Closing, in sufficient time prior thereto to allow Closing on the Closing Date, SELLER shall cause to be delivered into the Escrow:

(1) A Grant Deed executed by SELLER, with signatures notarized for recording in the Official Records, conveying to BUYER the Property, in the form of Exhibit B attached hereto ("Grant Deed"), which Grant Deed shall be recorded in the Official Records at the Closing;

(2) An affidavit in compliance with the Foreign Investment and Real Property Tax Act and a California Tax Withholding Form 593-C, executed by SELLER (the "Non-Foreign Status Certificate" and "Form 593-C", respectively), certifying that SELLER is not subject to withholding under federal or state law; and

(3) Such additional instruments or documents reasonably required by Escrow Holder in order to consummate the purchase and sale of the Property in accordance with the terms and conditions of this Agreement, to the extent consistent with this Agreement, including without limitation escrow instructions and an owner's affidavit reasonably required by the Title Company to enable the Title Company to issue the Title Policy to BUYER at the Closing.

C. BUYER'S Deposits. Prior to Closing, in sufficient time prior thereto to allow Closing to occur on the Closing Date, BUYER shall cause to be delivered into the Escrow the following:

(1) In immediately available funds a sum equal to the Purchase Price, plus BUYER's estimated Closing Costs, less the Deposit, together with any interest earned thereon; and

(2) Such additional instruments or documents reasonably required by Escrow Holder in order to consummate the purchase and sale of the Property in accordance with the terms and conditions of this Agreement, to the extent consistent with this Agreement, including without limitation escrow instructions.

D. Failure to Timely Close Escrow. If the Closing does not occur by the Closing Date, then either party not then in default may elect to terminate this Agreement and cancel Escrow by giving written notice of such termination and cancellation to the other party. If neither party is in default, then the cost of cancellation of the Escrow shall be shared equally between BUYER

and SELLER, unless otherwise expressly provided in the Agreement. If only one of the parties hereto is in default, then such defaulting party shall pay for the entire cost of cancellation of the Escrow. The termination of this Agreement and cancellation of the Escrow, as provided herein, shall be without prejudice to whatever legal rights, as said rights may be limited by the terms contained in this Agreement, that BUYER or SELLER may have against each other arising out of this Agreement and the Escrow, which rights shall survive the termination of this Agreement.

E. Conditions to Closing.

(1) **BUYER'S Conditions.** In addition to all other conditions to the completion of the transaction described in this Agreement, SELLER and BUYER agree that the Closing of the sale and purchase contemplated by this Agreement is subject to satisfaction, approval or waiver by BUYER of the matters specified below in this Section 6.E.(1), which conditions are solely for the benefit of the BUYER and can be unilaterally waived by BUYER:

- i. The Title Company shall be irrevocably committed to issue to BUYER at the Closing an Owner's Standard ALTA policy of title insurance in the amount of the Purchase Price, insuring the Property is vested in BUYER subject to no exceptions other than the Permitted Exceptions, in the form and with endorsements to be approved by BUYER prior to the end of the Due Diligence Period (the "Title Policy");
- ii. There shall have been no material adverse change in the physical condition of the Property from the Effective Date through the Closing Date; and
- iii. SELLER shall not be in material default of SELLER's obligations under this Agreement, and all of SELLER's express representations and warranties set forth in this Agreement shall continue to be true, correct, and unchanged in all material respects as of the Closing.

(2) **SELLER's Conditions.** In addition to all other conditions to the completion of the transaction described in this Agreement, SELLER and BUYER agree that the Closing of the sale and purchase contemplated by this Agreement is subject to satisfaction, approval or waiver by SELLER of the matters specified below in this Section 6.E(2), which conditions are solely for the benefit of SELLER and can be unilaterally waived by SELLER:

- i. BUYER shall not be in material default of BUYER's obligations under this Agreement, and all of BUYER's express representations and warranties set forth in this Agreement shall continue to be true, correct, and unchanged in all material respects as of the Closing.

F. Title. At Closing, title to the Property shall be conveyed to BUYER subject to only the following exceptions (collectively, "Permitted Exceptions"): (i) non-delinquent real property taxes and assessments (if any), (ii) the standard pre-printed exceptions and exclusions contained

in an ALTA Standard coverage owner's policy of title insurance, and (iii) liens and encumbrances resulting from the acts of BUYER or any of BUYER's representatives. Anything to the contrary in this Agreement notwithstanding, SELLER shall pay or discharge, or cause to be removed, whether or not specifically objected to by BUYER, all monetary liens or encumbrances affecting the Property (other than non-delinquent real property taxes and assessments, and other than monetary liens and encumbrances created by BUYER, but otherwise including without limitation all deeds of trust and mortgages and other encumbrances relating thereto, judgment liens, mechanics' and materialmen's liens or claims of lien, and liens relating to defaulted taxes), and all liens or encumbrances voluntarily created or assumed by SELLER prior to the Close of Escrow; and in no event shall SELLER be allowed to elect or be deemed to have elected not to pay, discharge or cause to be removed such matters.

If following the Effective Date, the Title Company discloses additional exceptions not previously disclosed as exceptions in the preliminary title report delivered to BUYER before the Effective Date, other than the Permitted Exceptions, then unless BUYER accepts to accept title as it then is without reduction of the Purchase Price, BUYER may, at its option determined in BUYER's sole and absolutely discretion, terminate this Agreement, in which event the Nonrefundable Consideration shall be released to SELLER if such exception has not been caused by SELLER's default under this Agreement (and otherwise it shall be released to BUYER), and the Deposit Balance shall be returned to BUYER.

G. Prorations.

- (1) Subject to Subsection (2) below, all revenues and expenses of the Property, including without limitation real property taxes, special taxes, assessments (if any) shall be prorated and apportioned between BUYER and SELLER as of the Closing Date, so that SELLER bears all expenses with respect to the Property, and has the benefit of all income with respect to the Property, through and including the date immediately preceding the Closing Date. If any portion of the Property is affected by any assessment or other charge, whether for taxes or bonds, or interest thereon, which is or may become payable in installments, and an installment payment of such assessment is then a lien due and payable as part of the annual ad valorem property tax bill received for the Property, then such installment shall be prorated as of the Closing Date; and if any such assessment or other charge is not payable in installments or are not billed as part of the annual ad valorem property tax bill for the Property, shall be paid in full by SELLER at the Closing. Notwithstanding the foregoing, SELLER shall be solely responsible for clearing all possessory interest taxes from the Property not later than the Closing. Any necessary adjustment due either party on receipt of a supplemental tax bill will be made by the parties outside of this Escrow within the time required by this Section 10 below, which obligation shall survive the Closing.
- (2) Subject to Subsection (1) above, if any of the items to be prorated as of Closing cannot be finally determined as of Closing, the prorations shall be made at Closing based on the last available information, and post-closing adjustments between BUYER and SELLER shall be made within twenty (20) days after the

date that the actual amounts are determined, and if payment is not made within this twenty (20) day period the party owing such sums shall pay interest thereon, at the rate of ten percent (10%) per annum, from the date of delivery of the bill to the non-paying party to the date of payment. This subsection shall survive the Closing.

H. Title Charges, Other Closing Costs. If this transaction is terminated by BUYER prior to the expiration of the Due Diligence Period for any reason other than SELLER's default hereunder, BUYER shall pay all escrow costs billed by the Escrow Holder and Title Company. If this transaction closes as provided in this Agreement:

- (1) SELLER shall pay that portion of the premium for the Title Policy attributable to ALTA Standard Owner's Policy of coverage (exclusive of endorsements), and the escrow fees;
- (2) BUYER shall pay recording fees for the recording of the Grant Deed (if any), and the portion of the premium for the Title Policy attributable to an ALTA Extended Policy coverage and endorsements issued with the Title Policy, if BUYER so elects to obtain an ALTA Extended Policy; and
- (3) All other Closing costs, if any, shall be allocated between SELLER and BUYER in accordance with the custom in Santa Clara County, California.

I. Disbursement of Funds. On the Close of Escrow, Escrow Holder shall be instructed to disburse the Purchase Price less: (i) SELLER's share of prorations as determined pursuant to Subsection G immediately above, and (ii) SELLER share of costs of Escrow in immediately available funds, as directed by SELLER.

J. Delivery of Documents. Escrow Holder shall be instructed to, upon the Close of Escrow, deliver all instruments and documents as follows:

- (1) Escrow Holder shall be instructed to deliver to SELLER:
 - i. A copy of the Grant Deed executed by SELLER, showing recording information, and certified by the Escrow Holder as being a true and complete copy of the Grant Deed recorded in the Official Records;
 - ii. A copy of the Non-Foreign Status Certificate, and Form 593-C;
 - iii. A copy of all other documents deposited into Escrow; and
 - iv. The Purchase Price, less the costs and prorations chargeable to SELLER pursuant to this Agreement.
- (2) Escrow Holder shall be instructed to deliver to BUYER following the Close of Escrow the following: