

THIS CONTRACT CONTAINS A BINDING ARBITRATION PROVISION IN ACCORDANCE WITH THE FEDERAL ARBITRATION ACT AS WELL AS OTHER ALTERNATIVE DISPUTE PROCEDURES. YOU SHOULD CONSULT LEGAL COUNSEL WITH ANY QUESTIONS ON THESE OR OTHER PROVISIONS OF THIS CONTRACT.

EL DORADO LOFTS

**DEPOSIT RECEIPT, OFFER TO PURCHASE
PROPERTY AND ESCROW INSTRUCTIONS**

BUYER: _____
BUYER: _____
BUYER: _____
BUYER: _____

VESTING OF TITLE OF GRANTEE ON DEED: _____
[NOTE: THE MANNER OF VESTING HAS SIGNIFICANT LEGAL AND TAX CONSEQUENCES.]

This Deposit Receipt, Offer to Purchase Property and Escrow Instructions, together with all addenda attached hereto (“Agreement”) constitutes both an agreement for the purchase and sale of the property described above (“Property”) wherein Seller agrees to sell and Buyer agrees to purchase the Property on the following terms and conditions, as well as the joint escrow instructions of Seller and Buyer to the Escrow Holder.

SELLER: MSGG EL DORADO REALTY PARTNERS, LLC

ESCROW HOLDER & TITLE COMPANY: First American Title Insurance Company

PROPERTY: Property consists of a condominium (“Condominium”) located within, and which is part of a residential/retail project known as the El Dorado Lofts (“Project”), located at 416 S. Spring Street in the City of Los Angeles, State of California and is comprised of:

Parcel 1: An undivided 1/____th interest in the Common Area shown on that certain Condominium Plan (“Condominium Plan”) to be recorded in the Office of the County Recorder of Los Angeles, County in which the Condominium is situated.

Parcel 2: Residential Unit Number _____ (“Unit”) as shown on the Condominium Plan.

Parcel 2: Those certain Exclusive Use Easement Areas, which may be designated as appurtenant to such Unit in the Condominium Plan.

Buyer will also receive the right to use, on an exclusive basis, ____ Parking Space(s) in an adjacent parking structure located at 415 – 429 S. Main Street, subject to the terms of the parking easement between Bankhouse LLC, the owner of the garage, and Seller and payment of the monthly parking fees.

ASSOCIATION: Buyer acknowledges that ownership of the Condominium includes automatic and inseparable membership privileges and responsibilities in the El Dorado on Spring Property Owners' Association, a California non-profit mutual benefit corporation ("Association").

DECLARATION: By acceptance of the Grant Deed to the Property, Buyer shall be deemed to have accepted and agreed to comply with the Declaration of Covenants, Conditions and Restrictions for the El Dorado Property recorded in the Official Records of Los Angeles County, California against the Project, as the same may be amended and/or supplemented from time-to-time ("Declaration").

SECTION 1 - PURCHASE PRICE, DEPOSITS AND FINANCIAL INFORMATION

1.1 Purchase Price and Payment.

- a. Purchase Price of Property \$ _____
- b. Less: Buyer's Deposit: (3% of Purchase Price) \$ _____
- c. Equals: **Purchase Price Balance Due At Close of Escrow** \$ _____
- d. Plus: Buyer's Prepays, Impounds, Closing Costs, initial Capital Contribution, gas and electricity deposit \$ _____
(Determined at close of escrow)
- e. Plus: prorated items set forth in Section 2.6 below, \$ _____
(Determined at close of escrow)

1.2 Deposit.

1.2.1 Buyer, upon signing this Agreement, has delivered to Seller a check payable to Escrow Holder, or cash directly to Escrow Holder, in the amount of \$ _____ ("Deposit"), as a deposit on account of the purchase price for the Property, evidenced by check made payable to Escrow. Seller shall deliver the Deposit to Escrow Holder.

1.2.2 The Deposit shall be nonrefundable to Buyer in the event of a default by Buyer and, in such case, shall constitute liquidated damages as set forth in Section 7 of this Agreement, subject to Civil Code Section 1675(d), Business and Professions Code 11013.2(a) and California Regulations Section 2791(a).

1.3 Holding of Deposit. If Seller has previously delivered or subsequently delivers a surety bond to the California Department of Real Estate ("DRE") pursuant to the provisions of Title 10 of the California Code of Regulations Section 2791.2 at least equal to the amount of the aggregate of all such funds held by Seller outside of Escrow, then Seller shall be permitted to hold Buyer's Deposit(s) outside of Escrow or pay to a third party to pay for options and upgrades ordered by Buyer. Upon the posting of such a bond, Escrow Holder shall release the Buyer's Deposit to Seller without further instruction from Buyer, upon the request of Seller. Buyer acknowledges and agrees that in the event that any Deposit is given to Seller in the form of a check, it shall not be considered delivered and

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any acceptance of Seller of this offer shall not be effective until such check has cleared and such funds are available on an unrestricted basis.

SECTION 2 - ESCROW

2.1 Opening of Escrow. If Seller accepts the offer to purchase contained in this Agreement, Seller shall deliver a fully executed Agreement to Escrow Holder within five (5) calendar days after acceptance for the purpose of opening an escrow ("Escrow"). The Escrow shall be opened at the time Escrow Holder executes the Acceptance at the end of this Agreement. References herein to "the escrow" or "this escrow" shall mean the Escrow provided in this Agreement.

2.2 Title Company and Escrow Holder. By Buyer's execution of this Agreement, Buyer and Seller have mutually agreed to use the Title Company and Escrow Holder designated on the first page of this Agreement.

2.3 Deliveries. Not later than three (3) business days before the Scheduled Closing Date (as defined below), Buyer shall deliver to Escrow Holder such sums as are necessary to close this Escrow, including the balance of the Purchase Price and other costs or funds described in this Agreement and such other costs as Buyer and Seller may agree to or as Buyer's Lender (as defined herein) may require, and Seller shall deposit into Escrow a fully executed and acknowledged grant deed covering the Property ("Grant Deed"). Buyer agrees to execute all other documents and to take all other actions as Seller, Escrow Holder and/or Lender consider necessary or appropriate to complete the purchase of the Condominium and close the Escrow in accordance with the terms and provisions of this Agreement.

2.4 Close of Escrow, Closing Date. Escrow shall close upon the recordation of the Grant Deed ("Close of Escrow"), which shall take place on _____ or such later date agreed to in writing by Buyer and Seller, not to exceed _____ months from the date of this Agreement ("Scheduled Closing Date"). If the Escrow does not close on or before the Scheduled Closing Date, for any reason other than Buyer's default that would entitle Seller to obtain liquidated damages pursuant to Section 7 of this Agreement, this Agreement shall, at the written request of Buyer to Escrow Holder, be terminated. In addition, if the Escrow does not close on or before the Scheduled Closing Date for any reason other than Seller's default, this Agreement shall, at the written request of Seller to Escrow Holder, be terminated. If this Agreement is terminated by either Buyer or Seller pursuant to the previous two sentences, any Deposit shall be returned to Buyer within fifteen (15) days of delivery of the termination request to Escrow Holder and, following such termination, neither party shall have any further obligation to the other under this Agreement (unless either Buyer or Seller is otherwise in default hereunder).

In the event Buyer is unable or unwilling to close Escrow by the Scheduled Closing Date, through no fault of Seller, Buyer shall pay to Seller, upon its written demand therefor, at such subsequent date that the Escrow does close, a sum of money equal to the interest which has accrued on the construction loan applicable to the subject Property, the regular assessments attributable to such period of delay which Seller has paid or is obligated to

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pay as an owner of such subdivision interest, and any other costs or expenses and/or liabilities attributable to such Property incurred by Seller as a result of Buyer's failure to close Escrow within the indicated time period. Anything to the contrary notwithstanding, in the event Buyer fails to close Escrow by the Scheduled Closing Date, through no fault of Seller, Buyer shall be deemed to be in default hereunder, at Seller's option, and Seller may at its election terminate this Agreement and cancel the escrow in accordance with Paragraph 7.1 hereof.

BUYER HEREBY ACKNOWLEDGES THAT CONSTRUCTION MAY BE PROCEEDING ON OTHER UNITS WITHIN THE PROJECT AT THE CLOSE OF ESCROW, AND THAT A PORTION OF THE CONSTRUCTION MAY BE OCCURRING IN LOCATIONS WHICH ARE PROXIMATE TO THE UNIT.

2.5 Conditions to Close of Escrow. Notwithstanding any provisions of these instructions to the contrary, and in compliance with the laws of the State of California, this Escrow shall not close, funds shall not be paid to Seller, and title shall not be conveyed to Buyer, until the following events have occurred:

2.5.1 Any and all blanket encumbrances, as defined in Section 11013.2(a) of Business and Professions Code against the Condominiums situated in the Project have been fully released and reconveyed. For purposes of compliance with Section 11013.2(a) of Business and Professions Code, such a release from a blanket encumbrance against the Condominiums situated in the Project, shall require satisfaction with either of the following: (i) an instrument has been duly recorded unconditionally reconveying and releasing the property being sold or leased from the lien or charge of such deed of trust, or (ii) the Buyer is notified that an agreement or demand constituting a release agreement as defined in Regulation 2791.1(b)(2)(A) has been duly deposited with the Escrow Holder and is available to Buyer on request for each such deed of trust, and Buyer will be provided a policy of title insurance insuring Buyer against loss by reason of each such deed of trust;

2.5.2 Seller has recorded a Notice of Completion, as defined in Section 3093 of the Civil Code, for the construction of all common facilities, improvements, landscaping and other structures situated in the Project, if any, or has posted a bond acceptable to the DRE for the completion of such improvements or has complied with another Security arrangement acceptable to the DRE;

2.5.3 Buyer's undivided interest as specified above in the Common Area has been or is being conveyed to Buyer with title to Buyer's individual Unit;

2.5.4 The Title Company, as a condition of the Close of Escrow, will issue to Buyer either an ALTA Residential Owner's Policy or a CLTA Residential Owner's Policy, at the election of Buyer of title insurance ("Title Insurance") insuring that each monetary encumbrance immediately of record, including but not limited to deeds of trust and mortgages, encumbering all or any portion of the Property and of the Project, will, immediately after closing, be subordinate to the Declaration described above together with a Subdivision Map Act Endorsement CLTA Form No. 116.7 (Rev. 6-14-96).

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2.5.5 The Title Insurance shall insure title to the Condominium and any and all exclusive use easements and easements for ingress and egress and rights to use the Association Property appurtenant to the Condominium.

2.5.6 The statutory period for recordation of mechanic's lien claims with respect to the Unit has expired, or alternately Buyer is provided with a policy of title insurance and endorsement, insuring Buyer against unrecorded mechanic's liens arising from work performed on the Project before or after the date of the title policy.

2.5.7 Title to the property designated as the "Association Property" on the Condominium Plan has been conveyed free of liens to the Association;

2.5.8 Buyer has deposited required funds with Escrow Holder;

2.5.9 Prior to the close of the first escrow under a Public Report, Seller shall have recorded a Notice of Non-Adversarial Procedure under the California Civil Code Section 912(f) and Escrow Agent shall have confirmed that such Notice as been recorded; and

2.5.10 Seller has delivered to Buyer a Statement under Civil Code Section 1134.

2.6 Closing Charges. Seller shall pay, as its closing charges the recording charges. Buyer agrees to pay as its closing charges (i) charges for drawing and recording any other document necessary on Buyer's part, (ii) title insurance premiums, (iii) city and county documentary transfer taxes, (iv) Escrow Holder's Escrow fee or Escrow termination charge, and (v) Buyer's closing costs which may vary according to lender.

SECTION 3 - FINANCING

BUYER SHALL CHECK EITHER THE BOX FOR SECTION 3.1 OR SECTION 3.2

3.1 **Financing Not Required.** Buyer will provide all cash to close Escrow without obtaining a loan. Within 5 days after Buyer signs this Agreement, Buyer shall submit to Seller proof satisfactory to Seller that Buyer now has cash sufficient to close Escrow.

3.2 **Financing Required.** Buyer will apply and qualify for and obtain financing sufficient to close Escrow in the approximate "Loan Amount" set forth in Section 1.1 above ("New Loan"). Buyer shall use his or her best efforts to qualify for and obtain institutional financing at the rates and terms available to Buyer.

(a) **Loan Application.** Within 48 hours after Buyer's offer, Buyer shall submit a completed loan application for the new Loan to _____ ("Seller's Approved Lender") and a lender selected by Buyer ("Buyer's Lender"), if any. Buyer shall take all

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required steps to allow prompt processing of the application for the New Loan, including fully responding to any requests from the lender(s) for documents or information within 3 days. Nothing set forth herein shall compel Buyer to accept any financing approved by Seller's Approved Lender that is not acceptable to Buyer. Notwithstanding the foregoing, the purchase of a Unit is not contingent upon loan approval unless financing is denied by Seller's Approved Lender

(b) Buyer to Obtain Loan Approval. [*Check appropriate box*] ("Loan Contingency Date"):

Scheduled Closing Date is less than 60 days. Within 15 days or 30 days after the Offer, but not less than 10 days prior to the Scheduled Closing Date, Buyer shall deliver to Seller written evidence satisfactory to Seller that Buyer has obtained final unconditional loan approval for the Loan Amount.

Scheduled Closing Date is more than 60 days. Within 15 days after the Offer, Buyer shall deliver to Seller written evidence satisfactory to Seller that Buyer has obtained full credit approval. Within 15 days after the Offer, Buyer shall deliver to Seller final unconditional loan approval for the Loan Amount, subject only to the lender's approval of the value of the Property through an appraisal.

3.3 Failure to Obtain Loan Approval. If Buyer fails to obtain full written credit approval or written loan approval as provided in Section 3.2(b) by the Loan Contingency Date, and Buyer is not otherwise in default under this Agreement, either Buyer or Seller may terminate this Agreement and cancel Escrow, and Buyer shall receive a refund of the Deposit. Buyer's failure to terminate this Agreement within the time periods set forth in Section 3.2 above shall be deemed to be a waiver of Buyer's right to terminate this Agreement as a result of Buyer's failure to obtain financing. Buyer covenants and agrees to use his or her best efforts to qualify for and obtain financing and will comply with the time limits imposed by Seller or the lender for obtaining financing and will not take any action which will prevent or delay obtaining loan approval.

3.4 Authorizations Given by Buyer; Re-verification. Buyer hereby authorizes Seller to investigate Buyer's credit, including obtaining a credit report, authorizes Seller to disclose to the lender(s) information about Buyer, authorizes Seller to obtain information from the lender(s), including copies of all applications and other documents, and agrees to cooperate with Seller in obtaining information about the New Loan from the lender. Upon the request of Seller, Buyer shall provide to Seller written re-verification of its financing approvals or sufficiency of cash.

3.5 Loan Modification. Buyer shall not change the lender, the loan amount or the loan program after receiving the original final unconditional loan approval referenced in Section 3.2 and any failure of Buyer or its lender to close the loan on the Scheduled Closing Date after obtaining the final unconditional loan approval from the

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lender shall constitute a default hereunder, for which Seller shall have the right to terminate this Purchase Agreement and retain Buyer's Deposit as provided in Section 7 hereof.

SECTION 4 - UNITS

4.1 Units. Escrow Holder shall have no concern with and shall not be liable or responsible in any way for the provision of this Section 4 and its subsections or the provisions of Section 4.6 entitled "Warranties" below. Any model Unit is displayed for illustrative purposes only and such display shall not constitute an agreement or commitment on the part of Seller to deliver the Property in exact accordance with any such model Unit. None of the items or furnishings shown in any model Unit is included in the purchase of the Property unless Seller specifically agrees in writing to deliver the furnishings as part of the purchase price by inclusion as optional items or by subsequent written instrument.

4.2 NO REPRESENTATIONS REGARDING RESALE, TRAFFIC, SCHOOLS OR FUTURE DEVELOPMENT. SELLER HAS NOT MADE ANY ORAL OR WRITTEN STATEMENT, REPRESENTATION OR WARRANTY THAT THERE IS ANY "VIEW" FROM THE PROPERTY OR THAT ANY EXISTING "VIEW" WILL NOT BE OBSTRUCTED IN THE FUTURE. Buyer, by accepting title to the Property acknowledges that: (a) there are no protected views, and no Unit is assured of the existence or unobstructed continuation of any particular view, (b) any view from the Property is not intended as part of the value of the Property and is not guaranteed; and (c) any future development, construction, landscaping, growth of trees, or other installation or improvements by Seller or other owners may impair the view from any Unit. No salesperson, employee, or agent has the authority to make any representations which contradict the foregoing statements. Buyer acknowledges that he or she has not relied on any such representations made by any sales representative or employee of Seller in the purchase of the Property. Further, Seller has not made any oral or written statement, representation or warranty as to (i) any potential appreciation in or resale value of the Property, or (ii) the availability of any school or school facilities by the Project, or (iii) any future use of the Project or adjacent properties, or (iv) the existence of any "view" from the property or that any existing "view" will not be obstructed in the future. Should Buyer desire any further information regarding the use or development of adjacent properties, Seller urges Buyer to contact the Planning Department of the City of Los Angeles.

4.3 HISTORICAL BUILDING DISCLOSURES. SELLER HEREBY NOTIFIES BUYER THAT THE PROJECT IS AN EXISTING HISTORICAL BUILDING ORIGINALLY CONSTRUCTED IN 1913, WHICH HAS BEEN REHABILITATED FOR OCCUPANCY AS A MIXED USE BUILDING, WITH COMMERCIAL RETAIL USES ON THE BASEMENT, GROUND FLOOR AND MEZZANINE AND CONDOMINIUM "LOFT" UNITS ON THE SECOND FLOOR THROUGH THE TWELFTH FLOOR. THE BUILDING IS SUBJECT TO RESTRICTIONS REQUIRED BECAUSE OF ITS UNIQUE HISTORICAL NATURE. AS A HISTORICAL PROPERTY, THE BUILDING CONTAINS CERTAIN ORIGINAL OR PREVIOUSLY INSTALLED BUILDING ELEMENTS AND FEATURES, FRAMING AND FIXTURES THAT ARE REQUIRED TO BE PRESERVED

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AND PROTECTED BY APPLICABLE ORDINANCES AND LAWS. THE HISTORIC BUILDING ELEMENTS INCLUDE BUT ARE NOT LIMITED TO WINDOWS AND/OR WINDOW FRAMES, CERTAIN ORIGINAL WINDOWS, CEILING AND FLOORING, AMONG OTHER ELEMENTS. HISTORICAL ELEMENTS ARE IN FUNCTIONAL CONDITION BUT MAY NOT MEET CURRENT BUILDING CODES AND STANDARDS OR DECIBEL LEVEL STANDARDS, MAY CAUSE OR CONTRIBUTE TO TRANSMISSION OF NOISES. THE HISTORIC "EL DORADO" SIGN ON THE SPRING STREET SIDE OF THE BUILDING MAY MAKE NOISE AUDIBLE WITHIN THE NEIGHBORING UNITS AND/OR EMIT LIGHT INTO THE NEIGHBORING UNITS AT ALL HOURS OF THE NIGHT.

4.4 Proposition 65 and Possible Hazardous Substances Disclosure. Seller hereby notifies Buyer that certain substances known to cause cancer, birth defects or reproductive harm have been used in the construction of the Project and any improvements located on the Common Area. These substances include, but are not limited to, the following: paint, oil, gasoline, plywood and particle board (from which some amount of formaldehyde gases have been known to emanate), metals and organic toxins from piping systems, wood preservatives in decks and patios, and emissions from heavy duty construction equipment. Detectable amounts of some or all of such substances may still be present in the Property and surrounding property within the Project. Seller also notifies Buyer that because of the natural aging process of the soils and the decay of other elements underneath your Property, there may be certain gases released (such as radon, which has been linked to increased risk of cancer through elevated levels of exposure) which can become trapped in your Property if fresh air is not regularly circulated throughout your Property. These gases may seep into your Property through floor drains, sumps, joints and tiny cracks or pores in the walls, if any. Since the quality of air we breathe can affect our health, you should consider frequent airing of your house by simply opening your windows to introduce new air. Other air transfer methods are also available and helpful such as circulating systems using outside air intake.

4.5 Hazardous Substances Disclosure. Seller hereby notifies Buyer that an inspection survey for asbestos containing materials and lead-based paint was performed on the Project. The survey revealed the presence of both of these substances known to cause cancer, birth defects or reproductive harm. Remediation was completed in accordance with the findings and recommendations of the inspection survey. Lead based paint was found throughout the building and was remediated by the scraping and removal of loose and flakey paint, and repainting with a non-lead based paint. To the best of Seller's knowledge, all the asbestos containing materials will have been removed from the building prior to the Close of Escrow.

4.6 Changes in Price, Produce and Marketing Methods. Buyer acknowledges that Seller may, in its sole discretion, change its pricing, product and marketing methods for other Units in the Project, including, without limitation, the following: Seller may elect to sell other Units in the Project under terms and conditions which are more favorable than those offered to Buyer. Seller may elect to improve certain Units with more or less

expensive features and amenities. Buyer acknowledges that any of the foregoing events may adversely affect the value of the Property.

4.7 Entry Upon Property. Prior to the Close of Escrow, Buyer shall not be permitted to enter, occupy, inspect or take possession of the Property or make any alterations of, or additions to, any interior or exterior improvements thereon without the prior written approval of the Seller. Buyer's entry onto the Property prior to the Close of Escrow to perform or complete any work on or to the Property without Seller's express prior written consent shall constitute a default under this Agreement entitling Seller to terminate this Agreement. Furthermore, if Buyer enters the Property without the specific written invitation of Seller, Buyer assumes all risk, liability and obligation for any injuries or damage to Buyer and to any guest or invitee of Buyer and does hereby agree to indemnify and hold Seller, its sales personnel, broker, and all other officers, agents servants and employees of Seller and broker, harmless from and against any claims for such injuries or damage.

4.8 Inspections. Prior to the Closing Date, Seller shall notify Buyer of the date on which the Property may be inspected by Buyer. Immediately after such inspection, Buyer shall deliver to Seller or Seller's agent, on a form provided by Seller, a list of all items or conditions of the Property which, in Buyer's opinion, are in need of correction. All corrective work requested will be completed by Seller to a minimum of industry standards, subject to historical property restrictions as soon as reasonably possible. Buyer acknowledges that Buyer will be required to sign off on any list of items which Seller will agree to correct as a condition to the close of Escrow and Buyer waives any claims against Seller, including, claims of duress, arising from the requirement that Buyer and Seller shall agree as to the items that will be repaired as a condition to the closing. However, the corrective work may be completed after Close of Escrow and the Closing Date shall not be extended by reason of any corrective work.

4.9 Construction Defect Claims Resolution Procedure

4.9.1 Notice of Construction Claims Statute. California Civil Code Section 895 et seq., as hereafter amended ("Construction Claims Statute"), delineates standards for how various components of the Property should be constructed and function, limits the time frames for bringing various claims against Seller (for the purposes of this Section 4.9, "Seller" shall include any director, officer, manager, partner, member, employer, contractor, design professional, consultant, subcontractor or agent of Seller) to anywhere from one year to ten years (as listed in the Construction Claims Statute) from the Close of Escrow for the Unit, imposes an obligation on Buyer to follow the Seller's maintenance recommendations and schedules, or other applicable maintenance guidelines, and establishes a non-adversarial claims resolution procedure that must be followed by Buyer before Buyer can initiate an adversarial claim and proceed to alternate dispute resolution, as described in Addendum 5. A copy of that Construction Claims Statute is attached as Addendum 6 hereto. BY INITIALING BELOW, BUYER ACKNOWLEDGES THAT SELLER HAS PROVIDED BUYER WITH A COPY OF THE CONSTRUCTION CLAIMS STATUTE AND THAT SELLER HAS ADVISED BUYER THAT THE CONSTRUCTION CLAIMS STATUTE AFFECTS BUYER'S LEGAL RIGHTS. BUYER IS ADVISED TO READ THE STATUTE

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CAREFULLY AND SEEK LEGAL ADVICE IF BUYER HAS ANY QUESTIONS REGARDING ITS EFFECT ON BUYER'S LEGAL RIGHTS.

BUYER'S INITIALS _____

SELLER'S INITIALS _____

4.9.2 Election to Use Seller's Non-Adversarial Contractual Procedures for Handling of Construction Claims. The Construction Claims Statute permits Seller to elect to use alternate contractual non-adversarial claims handling procedures for the resolution of construction defect claims in lieu of the statutory procedures contained in Sections 910 through 938 of the Construction Claims Statute. By initialing below, Buyer acknowledges that Seller has elected to use the non-adversarial process described in Section 4.9.3 of this Agreement in lieu of the non-adversarial process set forth in the Construction Claims Statute. Buyer also acknowledges that Buyer is aware that a copy of Seller's non-adversarial claims procedures contained in Section 4.9.3 will be recorded on the title to the Property to impart notice upon and bind Buyer's successors in interest to said claims procedures.

BUYER'S INITIALS _____

SELLER'S INITIALS _____

4.9.3 Notice and Opportunity to Cure Claimed Defects. Prior to the commencement of any legal proceeding by Buyer against Seller based upon a claim for defects in the design or construction of any rehabilitation or improvement work done by Seller with respect to the Property, or any improvements thereon, Buyer must first comply with the provisions of this paragraph. If at any time during the ten (10) years after the Close of Escrow, as such period may be extended by any applicable tolling statute or provision, or any shorter period as provided by applicable law, Buyer, or Buyer's successors or assigns (collectively, "Owner") believes Seller has violated any of the standards set forth in the Construction Claims Statute ("Claimed Defect"), which such Owner feels may be the responsibility of Seller, such Owner shall promptly notify Seller in writing at the address of Seller's agent for service of construction defect claims registered with the California Secretary of State, which is currently: c/o Nossaman LLP, 445 S. Figueroa Street, 31st Floor, Los Angeles, California 90071 with a copy to Seller at Seller's address as Owner, if any in the records of the Association. Such notice shall be deemed a notice of intention to commence a legal proceeding and shall include: (a) a detailed description of the Claimed Defect, (b) the date upon which the Claimed Defect was first discovered, and (c) dates and times when Owner or Owner's agent will be available during ordinary business hours, so that service calls or inspections by Seller can be scheduled. Seller shall, in its sole discretion, be entitled to inspect the Property regarding the reported Claimed Defect and, within its sole discretion, shall be entitled to cure such Claimed Defect. Nothing contained in this Section 4.9 shall obligate Seller to perform any such inspection or repair, nor shall this Section be deemed to increase Seller's legal obligations to Owner. Owner's written notice delivered to Seller shall be a condition precedent to Owner's right to institute any legal proceeding and to proceed to alternate dispute resolution as set forth in Section 8 below, and Owner shall not pursue any other remedies available to it, at law or otherwise, including without limitation the initiation of any legal proceeding or action, until Seller has had the reasonable opportunity to inspect and cure the Claimed Defect. During the term of any written Limited Warranty provided to the original owner of the Property by

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Seller, any conflict between the provisions of this Section and the Limited Warranty shall be resolved in favor of the Limited Warranty. Seller shall not be liable for any general special or consequential damage, cost, diminution in value or other loss which Owner may suffer as a result of any Claimed Defect in the Property, which might have been avoided had Owner given Seller the timely notice and opportunity to cure as described above. Except as otherwise provided in the written Limited Warranty, if any, provided to Owner, nothing contained herein shall establish any contractual duty or obligation on the part of Seller to repair, replace or cure any Claimed Defect. If Owner sells or otherwise transfers ownership of the Property to any other person during the effective period of this Section, Owner covenants and agrees to give such person written notice of these procedures by personal delivery. Owner's continuing obligation under this covenant shall be binding upon Owner and Owner's successors and assigns and shall survive the Close of Escrow.

4.9.4 Receipt of Purchase Documents. Buyer will be provided with certain documents through Escrow in conjunction with the purchase of the Property, including maintenance recommendations from Seller or its sales representative, maintenance recommendations for manufactured products or appliances included with the Property, and other documentation relating to the Unit. Buyer and Buyer's successors in interest shall be required to retain these documents and provide copies of the documents to such Buyer's successors in interest upon the sale or transfer of the Property.

4.9.5 Obligation to Follow Maintenance Recommendations. All Owners shall follow Seller's maintenance recommendations and schedules, including the maintenance recommendations and schedules for manufactured products and appliances provided with the Property, as well as all commonly accepted maintenance practices (collectively, "Maintenance Recommendations"). Failure to follow the Maintenance Recommendations may reduce or preclude Owner's right to recover damages relating to such Owner's Property, which could have been prevented or mitigated had the Maintenance Recommendations been followed.

4.10 Parking Space License. The Property being purchased by Buyer includes the right to use a parking space or spaces in the adjacent garage upon the terms and conditions set forth in the parking agreement attached hereto as Addendum No. 9, as it may be revised prior to the Close of Escrow, including the payment of applicable monthly parking fees.

4.11 NO IMPLIED WARRANTY, SELLER'S LIMITED WARRANTY

4.11.1 PRIOR TO THE EXECUTION OF THIS AGREEMENT, SELLER HAS PROVIDED BUYER WITH A COPY OF ITS FIT AND FINISH LIMITED WARRANTY (SELLER'S WARRANTY). BUYER UNDERSTANDS THAT SELLER WARRANTS THE FIT AND FINISH OF CERTAIN COMPONENTS OF THE PROPERTY FOR ONE YEAR AFTER THE CLOSE OF ESCROW, AS AND TO THE EXTENT PROVIDED IN SELLER'S WARRANTY. BUYER UNDERSTANDS THAT, THE SELLER'S WARRANTY SHALL BE THE ONLY WARRANTY MADE BY SELLER WITH REGARD TO THE PROPERTY, AND

THAT, OTHER THAN AS STATED IN THE STATEMENT TO BE DELIVERED UNDER CIVIL CODE SECTION 1134, **SELLER MAKES NO OTHER EXPRESSED OR IMPLIED WARRANTIES REGARDING EITHER LATENT OR PATENT DEFECTS IN THE PROPERTY, OR ANY COMPONENTS THEREOF OR FIXTURES OR PERSONAL PROPERTY INSTALLED THEREIN, AND THAT ALL SUCH WARRANTIES, REPRESENTATIONS AND GUARANTEES ARE HEREBY EXPRESSLY DISCLAIMED BY SELLER.** CLAIMS FOR REPAIRS UNDER THE SELLER'S WARRANTY ARE SUBJECT TO THE NON-ADVERSARIAL PROCEDURES SET FORTH HEREIN. SUCH CLAIMS SHOULD BE MADE TO THE CUSTOMER SERVICE REPRESENTATIVE ON THE CLAIM FORM CONTAINED IN THE SELLER'S WARRANTY.

4.11.2 DISCLAIMER OF IMPLIED WARRANTIES. EXCEPT AS PROVIDED IN SELLER'S WARRANTY AND IN THE STATEMENT UNDER CIVIL CODE SECTION 1134, SELLER DISCLAIMS ALL OTHER WARRANTIES, EXPRESS OR IMPLIED.

4.11.3 SELLER WILL PROVIDE BUYER WITH ACCESS TO COPIES OF ALL WRITTEN WARRANTIES ON CONSUMER PRODUCTS WHICH MAY BE INSTALLED IN THE PROPERTY AS THE TERM "CONSUMER PRODUCTS" IS DEFINED IN TITLE 15 U.S.C. SECTION 2301 AND PART 702 OF THE FEDERAL TRADE COMMISSION RULES AND REGULATIONS UNDER THE MAGNUSON MOSS WARRANTY ACT, PRIOR TO THE CLOSE OF ESCROW. SELLER MAKES NO WARRANTIES, INCLUDING ANY WARRANTIES AS TO MERCHANTABILITY OR FITNESS, EITHER EXPRESS OR IMPLIED, WITH RESPECT TO APPLIANCES OR OTHER CONSUMER PRODUCTS EITHER ATTACHED TO OR INSTALLED IN THE HOME, AND SELLER IS NOT RESPONSIBLE FOR ANY PROMISE OR WARRANTY MADE BY THE MANUFACTURER OF SUCH PRODUCTS.

BUYER'S INITIALS _____ SELLER'S INITIALS _____

4.12 Upgrades. Seller may offer Buyer an opportunity to upgrade certain finishes for fixed prices which will be installed by Seller at predetermined dates. If Buyer fails to make selections by Seller's construction cut-off dates, Seller may install colors and materials of Seller's choice. Seller reserves the right to add or delete any upgrade items at any time without prior notice to Buyer. The availability and prices of upgrade items are subject to change without prior notice. All changes and upgrades to the Unit must be approved in writing by Seller and installed or constructed by Seller or its authorized agents, representatives or independent contractors. If Buyer desires any upgrades, Buyer shall sign Addendum 2. "Options and Upgrades Addendum." No options or upgrades are included until and unless Addendum 2 is timely signed and delivered by Buyer.

4.13 Project Changes.

Buyer acknowledges and agrees, as follows:

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a) The Property is not being built to the order of or to the plans and specifications of Buyer, or as to a replica of the model, if any, on display; nor does Buyer have any right to require any changes in the same; but, instead, that the Property is being constructed in substantial accord with the plans and specifications on file in Seller's office. Seller shall have the right to make changes in materials, equipment, furnishings, design and architecture that may vary from models, plans, specifications, samples, sketches or renderings shown to Buyer.

b) Within the Project, Seller reserves the right to make changes in its proposed use, improvement plans or dwellings to be built. No statement by Seller or Seller's agent as to a present intended use of Seller's property shall affect Seller's right to make changes in the future. Further, Buyer understands that Seller makes no representations as to how such property will be used.

c) The interior floor design and/or volume and appliances may vary from that depicted by models or sales materials, due to changes required by field modifications, design or on-site inspection changes;

d) No representations or warranties of any kind, express or implied, have been made by Seller or its agents or employees in connection with the existence of views from the Property.

e) As of the Close of Escrow, Buyer shall be deemed to have approved all aspects of the Property and to have acknowledged and agreed that Seller has performed all of Seller's obligations to Buyer under the terms of this Agreement and with respect to the Property and the Project as a whole, except as to completion of those items which may be completed after Close of Escrow, as provided in Paragraph 4.8.

4.14 Window Treatments. [Check if applicable.] Buyer is obligated to purchase window treatments offered by Seller, and Seller shall install such window treatments prior to the Close of Escrow.

SECTION 5 - TITLE

5.1 Title Policy. At the Close of Escrow, title to the Property shall be free of liens and encumbrances, other than taxes, special taxes, assessments and bonds not yet due, including, without limitation, supplemental taxes or assessments, if any, assessed pursuant to the provisions of the California Revenue and Taxation Code, or any other applicable statutes; non-delinquent city, county, district and/or governmental agency general and special taxes and assessments (including, without limitation, any assessments imposed by any special assessment district and/or any taxes, fees, charges or assessments imposed or incurred under any applicable assessment district or improvement district), an agreement for development of units for lease or sale consistent with the 15% Ordinance of the City of Los Angeles and the lien of the deed(s) of trust caused to be placed of record by Buyer and subject to any covenants, conditions and restrictions of record, reservations, easements, rights-of-way and other matters of record and such reservations and easements as are contained in the conveyance documents or to be placed of record prior to the Close of Escrow, including, without limitation, the Declaration described on the first page of this Agreement. Upon the Close of Escrow, Seller shall cause to be issued either an ALTA residential or CLTA owner's policy of

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title insurance, at the election of Buyer, issued by the Title Company in Buyer's favor describing the Property and with coverage in the amount of the Purchase Price and containing exceptions to title as are provided for in this Section.

5.2 Grant Deed. The Grant Deed conveying the Unit will contain a provision stating that the real property will be conveyed together with a membership in the Association and accepted subject to the Declaration, which will be incorporated by reference and subject to such easements in favor of the Association as are necessary to perform the duties and obligations of the Association and certain non-exclusive easements reserved by Seller and other matters as set forth in the Grant Deed.

SECTION 6 - TAXES AND ASSESSMENT

6.1 Proration of Taxes and Fees. Real Property taxes, special taxes and assessments with respect to the Property and Association assessments, if any, shall be prorated between Buyer and Seller as of the Close of Escrow based upon the latest available tax bills and schedule of assessments.

6.2 Property Tax Information. The parties hereto acknowledge that the Property may be presently assessed with other property and that the real property taxes, special taxes and assessments may not be segregated by the time this Escrow closes. If the real property taxes, special taxes and assessments are segregated and a tax bill is issued for the Property prior to the Close of Escrow, then Escrow Holder shall prorate the above-mentioned taxes based on the most recent tax bill for the Property. If no segregated tax bill is issued for the Property prior to the Close of Escrow, then Escrow Holder shall prorate the same based upon Seller's determination of the amount of real property taxes, special taxes and assessments applicable to the Property for the then current fiscal year, which Seller shall submit to Escrow Holder in writing prior to the Close of Escrow. Seller's determination will be made by dividing the total taxes, special taxes and assessments shown on the most recent available tax bills for all tax assessor parcels comprising the Project by the total number of Units in the Project. All prorations and adjustments are to be made on the basis of a thirty (30) day month.

6.3 Supplemental Taxes. SUPPLEMENTAL ASSESSMENT BILLINGS WILL BE SENT TO BUYER DIRECTLY BY THE COUNTY TAX ASSESSOR AND WILL BE IN ADDITION TO THE NORMAL TAX INSTALLMENTS. BUYER ACKNOWLEDGES AND AGREES THAT BUYER SHALL HAVE THE SOLE RESPONSIBILITY FOR THE PAYMENT OF ALL TAXES AND ASSESSMENTS, IF ANY, SHOWN ON THE SUPPLEMENTAL TAX BILL. The supplemental tax bill is payable per instructions contained therein. If the supplemental taxes are not paid before the date they become delinquent, a penalty will be due.

6.4 Initial Capital Contribution. In addition to the annual assessments described in the Declaration, Buyer must make an initial capital contribution equal to \$300 to the Association in order for the Association to have sufficient "start-up" funds for operating the common areas and/or property owned by the Association. At the Close

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of Escrow, Escrow Holder is instructed to debit Buyer the amounts specified above. THESE FUNDS REPRESENT BUYER'S INITIAL CAPITAL CONTRIBUTION, AND ARE NOT A PREPAYMENT OF ASSESSMENTS OR A PART OF THE PURCHASE PRICE OF THE UNIT. To ensure the availability of such fund, Seller has provided a bond or other security as required by the DRE toward the capital contribution. At the end of six (6) months from the close of the first escrow, Seller shall contributed an initial contribution for each Unit owned by Seller, less the amounts previously deposited by Seller into the escrow. The capital contribution made by Seller with respect to any unsold Units will be reimbursed to the Seller upon the close of each escrow for such Unit. In addition, Buyer shall pay a deposit of \$250.00 for gas and electricity as set forth in Section 8.8.2 of the Declaration.

SECTION 7 - DEFAULT BY BUYER; LIQUIDATED DAMAGES

7.1 BUYER'S BREACH; LIQUIDATED DAMAGES. IF BUYER DEFAULTS UNDER ANY TERMS OR PROVISIONS UNDER THIS AGREEMENT, SELLER SHALL BE RELEASED FROM ITS OBLIGATION TO SELL THE PROPERTY TO BUYER. IN ADDITION, SELLER MAY PURSUE ANY REMEDY AT LAW OR IN EQUITY THAT IT MAY HAVE AGAINST BUYER ON ACCOUNT OF SUCH DEFAULT PROVIDED, HOWEVER, THAT BY PLACING THEIR INITIALS HERE, BUYER ____ AND SELLER ____ AGREE THAT:

IN THE EVENT OF A DEFAULT OR BREACH OF THIS AGREEMENT BY BUYER, SELLER WILL BE DAMAGED AND WILL BE ENTITLED TO COMPENSATION FOR THESE DAMAGES, BUT SUCH DAMAGES WILL BE EXTREMELY DIFFICULT AND IMPRACTICAL TO ASCERTAIN AND BUYER DESIRES TO LIMIT THE AMOUNT OF DAMAGES FOR WHICH BUYER MIGHT BE LIABLE SHOULD BUYER BREACH THIS AGREEMENT. IN ADDITION, BOTH BUYER AND SELLER WISH TO AVOID THE COSTS AND LENGTHY DELAYS WHICH WOULD RESULT IF THE SELLER FILED A LAWSUIT OR INSTITUTED ARBITRATION TO COLLECT ITS DAMAGES FOR BREACH OF THIS AGREEMENT. THEREFORE, IN THE EVENT OF A DEFAULT OR BREACH OF THIS AGREEMENT BY BUYER, SELLER SHALL BE ENTITLED TO RETAIN AN AMOUNT EQUAL TO THE AGGREGATE DEPOSITS MADE BY BUYER HEREUNDER, INCLUDING OPTIONS AND UPGRADES, AS LIQUIDATED DAMAGES ("LIQUIDATED DAMAGES"). BUYER AND SELLER AGREE THAT SUCH AMOUNT IS REASONABLE UNDER THE CIRCUMSTANCES AT THE TIME THIS AGREEMENT IS ENTERED INTO. EXCEPT FOR THE ADDITIONAL REMEDIES PROVIDED TO SELLER UNDER THIS AGREEMENT, THE LIQUIDATED DAMAGES AND SELLER'S RIGHT TO TERMINATE THIS AGREEMENT SHALL CONSTITUTE SELLER'S SOLE AND EXCLUSIVE REMEDY IN THE EVENT OF BUYER'S DEFAULT UNDER THIS AGREEMENT WHICH RESULTS IN BUYER'S FAILURE TO ACQUIRE THE PROPERTY AND SELLER WAIVES ANY OTHER RIGHTS TO SPECIFIC PERFORMANCE OR DAMAGES. TO THE EXTENT THE LIQUIDATED DAMAGES EXCEED 3% OF THE PURCHASE PRICE, SECTION 7.1 (EXCLUSIVE OF 7.1.3 AND 7.1.4) ARE INVALID, UNLESS THE PARTY SEEKING TO UPHOLD THE PROVISION ESTABLISHES THAT THE AMOUNT PAID IS REASONABLE AS LIQUIDATED DAMAGES.

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7.1.1 **SELLER'S NOTICE.** SELLER SHALL GIVE WRITTEN NOTICE (THE "SELLER'S NOTICE") BY REGISTERED OR CERTIFIED MAIL OR PERSONAL DELIVERY OR BY ANY OTHER MEANS AUTHORIZED FOR SERVICE BY CODE OF CIVIL PROCEDURE SECTION 116.340 TO ESCROW HOLDER AND TO BUYER THAT BUYER IS IN DEFAULT UNDER THE AGREEMENT AND THAT ESCROW HOLDER DISBURSE FROM BUYER'S DEPOSIT(S) TO SELLER UNLESS, WITHIN 20 CALENDAR DAYS OF RECEIPT OF THE SELLER'S NOTICE, BUYER NOTIFIES ESCROW HOLDER AND SELLER IN WRITING THAT BUYER OBJECTS TO THE DISBURSEMENT OF LIQUIDATED DAMAGES TO SELLER (THE "BUYER'S NOTICE").

7.1.2 **PAYMENT OF LIQUIDATED DAMAGES.** IF BUYER FAILS TO GIVE BUYER'S NOTICE WITHIN THE TIME REQUIRED: (A) ESCROW HOLDER SHALL PROMPTLY REMIT THE LIQUIDATED DAMAGES AMOUNT TO SELLER, SUBJECT TO CIVIL CODE SECTION 1675(d), AND ANY REMAINING DEPOSIT TO BUYER, AND (B) THE RIGHTS AND DUTIES UNDER THE AGREEMENT AUTOMATICALLY SHALL TERMINATE, INCLUDING ANY DUTY BY SELLER TO SELL THE SUBDIVISION INTEREST TO BUYER. SELLER AGREES TO INDEMNIFY AND HOLD ESCROW HOLDER HARMLESS FROM ANY CLAIM BY BUYER ARISING OUT OF ANY DISTRIBUTIONS MADE BY ESCROW HOLDER IN ACCORDANCE WITH, AND PURSUANT TO THE PROVISIONS OF THIS SECTION 7.1.

7.1.3 **ARBITRATION OF DISPUTES.** BY INITIALING IN THE SPACE PROVIDED BELOW, BUYER AND SELLER AGREE THAT ANY CONTROVERSY REGARDING THE DISPOSITION OF FUNDS DEPOSITED INTO THE ESCROW BY BUYER AS WELL AS ANY OTHER CONTROVERSIES THAT HAVE ARISEN BETWEEN SELLER AND BUYER UNDER THIS AGREEMENT OR THAT RELATE TO THIS AGREEMENT OR ANY OTHER DOCUMENT SIGNED OR INITIALED IN CONNECTION WITH THIS AGREEMENT (EXCEPT AS SET FORTH IN SECTION 7.1.4 BELOW) SHALL BE SETTLED BY ARBITRATION IN ACCORDANCE WITH THE COMMERCIAL ARBITRATION RULES OF THE AMERICAN ARBITRATION ASSOCIATION IN EFFECT AT THAT TIME, AND SUBJECT TO THE FOLLOWING TERMS: (A) THE FEE TO INITIATE THE ARBITRATION SHALL BE BORNE BY SELLER; PROVIDED, HOWEVER, THAT THE COSTS OF THE ARBITRATION SHALL BE BORNE AS DETERMINED BY THE ARBITRATOR; (B) THE ARBITRATOR SHALL BE NEUTRAL AND IMPARTIAL AND SHALL BE APPOINTED WITHIN THIRTY (30) DAYS AFTER BUYER GIVES WRITTEN NOTICE TO ESCROW HOLDER IN COMPLIANCE WITH SUBSECTION 7.1.1 ABOVE; (C) THE ARBITRATION SHALL BE CONDUCTED IN THE COUNTY WHERE THE PROPERTY IS LOCATED, UNLESS THE PARTIES AGREE TO ANOTHER LOCATION; AND (D) THE ARBITRATOR SHALL BE AUTHORIZED TO PROVIDE ALL RECOGNIZED REMEDIES AVAILABLE IN LAW OR EQUITY FOR ANY CAUSE OF ACTION THAT IS THE BASIS OF THE ARBITRATION, BUT SHALL NOT HAVE THE POWER TO AWARD PUNITIVE DAMAGES. JUDGMENT UPON THE AWARD RENDERED BY THE ARBITRATOR(S) MAY BE ENTERED

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IN ANY COURT HAVING JURISDICTION THEREOF. IF THE DISPUTE SUBJECT TO THE ARBITRATION IS WHETHER A DEFAULT HAS OCCURRED UNDER THIS AGREEMENT AND THERE IS A DETERMINATION BY THE ARBITRATOR THAT A DEFAULT HAS OCCURRED, ESCROW SHALL BE CANCELLED AND THE RIGHTS AND DUTIES UNDER THIS AGREEMENT SHALL AUTOMATICALLY TERMINATE, INCLUDING ANY DUTY BY SELLER TO SELL THE PROPERTY TO BUYER OR OBLIGATION OF BUYER TO PURCHASE THE PROPERTY FROM SELLER. UPON A DETERMINATION OF BUYER'S DEFAULT, THE AMOUNT CLAIMED AS LIQUIDATED DAMAGES SHALL BE DISBURSED AS PROVIDED ABOVE, AND ANY REMAINING DEPOSIT SHALL BE DISBURSED TO BUYER; PROVIDED, HOWEVER, THAT IF THE ARBITRATOR DETERMINES THAT ANY DISPUTE RAISED BY BUYER AS TO THE AMOUNT OF LIQUIDATED DAMAGES CLAIMED BY SELLER CANNOT BE DETERMINED AT THE SAME TIME AS THE DISPUTE REGARDING BUYER'S DEFAULT, THE DISPUTE AS TO THE AMOUNT OF LIQUIDATED DAMAGES SHALL BE RESOLVED BY A SUBSEQUENT ARBITRATION IN THE SAME MANNER AS DESCRIBED HEREIN.

NOTICE: BY INITIALING IN THE SPACE BELOW, YOU ARE AGREEING TO HAVE ANY DISPUTE ARISING OUT OF THE MATTERS INCLUDED IN THE "ARBITRATION OF DISPUTES" PROVISION DECIDED BY NEUTRAL ARBITRATION AS PROVIDED BY CALIFORNIA LAW AND YOU ARE GIVING UP ANY RIGHTS YOU MIGHT POSSESS TO HAVE THE DISPUTE LITIGATED IN A COURT OR JURY TRIAL. YOU FURTHER WAIVE YOUR RIGHT TO AN AWARD OF PUNITIVE DAMAGES RELATING TO SUCH DISPUTES BY INITIALING IN THE SPACE BELOW YOU ARE GIVING UP YOUR JUDICIAL RIGHTS TO DISCOVERY AND APPEAL, UNLESS SUCH RIGHTS ARE SPECIFICALLY INCLUDED IN THE "ARBITRATION OF DISPUTES" PROVISION. IF YOU REFUSE TO SUBMIT TO ARBITRATION AFTER AGREEING TO THIS PROVISION, YOU MAY BE COMPELLED TO ARBITRATE UNDER THE AUTHORITY OF THE CALIFORNIA CODE OF CIVIL PROCEDURE. YOUR AGREEMENT TO THIS ARBITRATION PROVISION IS VOLUNTARY.

WE HAVE READ AND UNDERSTAND THE FOREGOING AND AGREE TO SUBMIT DISPUTES ARISING OUT OF THE MATTERS INCLUDED IN THE "ARBITRATION OF DISPUTES" PROVISION TO NEUTRAL ARBITRATION. (CODE OF CIVIL PROCEDURE SECTION 1298).

BUYER'S INITIALS _____ SELLER'S INITIALS _____

7.1.4 **EXCLUSIONS FROM ARBITRATION.** THE FOLLOWING MATTERS ARE EXCLUDED FROM THE ARBITRATION PROVISION SET FORTH IN SECTION 7.1.3 ABOVE: (A) ANY POST-CLOSING DISPUTES COVERED UNDER SECTION 8 BELOW; OR (B) ANY MATTER WHICH IS WITHIN THE JURISDICTION OF A PROBATE, SMALL CLAIMS OR BANKRUPTCY COURT AND DOES NOT DEAL WITH THE DISPOSITION OF FUNDS DEPOSITED INTO THE ESCROW BY BUYER. IN ADDITION, THE FILING OF A COURT ACTION (1) TO ENABLE THE RECORDING OF A NOTICE OF PENDING ACTION IN A CLAIM FOR SPECIFIC PERFORMANCE OR (2) TO SEEK PRELIMINARY

INJUNCTIVE RELIEF OR OTHER PROVISIONAL REMEDIES SHALL NOT CONSTITUTE A VIOLATION OR WAIVER OF THE ARBITRATION PROVISION SET FORTH IN SECTION 7.1.3 ABOVE AND THE UNDERLYING DISPUTE SHALL REMAIN SUBJECT TO SECTION 7.1.3 ABOVE.

7.2 **SUBSEQUENT DEPOSITS.** BUYER AGREES TO EXECUTE AND INITIAL FURTHER LIQUIDATED DAMAGES PROVISIONS UPON DELIVERY OF ANY SUBSEQUENT DEPOSITS BY BUYER.

SECTION 8 - ALTERNATIVE DISPUTE RESOLUTION

8.1 **Alternative Dispute, Resolution Addendum.** The parties want to promptly and efficiently resolve any controversy, claim or dispute between them asserted after the Close of Escrow. Accordingly, except for disputes arising and asserted before Close of Escrow which shall be resolved pursuant to Section 7.1.3 above, any disputes arising between Buyer and Seller after the Close of Escrow not otherwise resolved under any applicable statutory dispute resolution procedure, shall be resolved pursuant to the procedures set forth in Addendum No. "5", entitled "Alternative Dispute Resolution."

8.2 **WAIVER OF TRIAL BY JURY.** TO THE EXTENT ENFORCEABLE AND AUTHORIZED BY THE CALIFORNIA LEGISLATURE, BUYER AND SELLER EACH HEREBY WAIVE THEIR RIGHT TO TRIAL BY JURY OF ANY CONTROVERSY OR DISPUTE ARISING OUT OF OR IN ANY WAY RELATING T THIS AGREEMENT.

Buyer's Initials _____ Seller's Initials _____

SECTION 9 - REPRESENTATIONS OF BUYER

As an inducement to Seller to enter into this Agreement and consummate the sale and purchase of the Property, in addition to the other representations, warranties and agreements made by Buyer in this Agreement, Buyer makes the following representations, warranties and agreements to and with Seller, all of which shall survive the Close of Escrow:

9.1 **Authority.** If Buyer is a partnership, corporation, association, or trust, Buyer has full right, power and authority to purchase the Property as provided herein and to execute, deliver and carry out the provisions of this Agreement. The execution and delivery of this Agreement and the other documents required of Buyer hereunder and the performance and observance of all of the terms, conditions and obligations contained in this Agreement and such other documents have been duly authorized by Buyer and all documents required by Buyer hereunder are and will be, when duly executed and delivered by Buyer, enforceable in accordance with their respective terms.

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9.2 No Warranties or Representations. No express or implied representation, agreement or promise, written or oral, has been made to Buyer by Seller or any of its affiliates, agents or employees, that income or profit can or will be realized from sale or rental of the Property.

9.3 PERSONAL RESIDENCE. Buyer is purchasing the Property for its own residential use or for the residential use of a member of Buyer's immediate family. Buyer acknowledges that the Declaration forbids Buyer from leasing its unit during the first 12 months after the Close of Escrow except to a member of Buyer's immediate family. Upon an anticipated breach of this representation and warranty by Buyer prior to the Close of Escrow, Seller may terminate this Agreement and shall return Buyer's Deposit (other than upgrade options). **IF BUYER BREACHES THIS REPRESENTATION AND WARRANTY AFTER THE CLOSE OF ESCROW, BUYER SHALL PAY TO SELLER UPON DEMAND THE GREATER OF THE RENTAL RECEIVED BY BUYER IN THE FIRST 12 MONTHS OR \$2.50 PER SQUARE FOOT PER MONTH FOR THE PERIOD RENTED IN THE FIRST 12 MONTHS AFTER THE CLOSE OF ESCROW. BUYER FURTHER AGREES THAT ANY SALE OF THE PROPERTY WITHIN 12 MONTHS OF THE CLOSE OF ESCROW IS SUBJECT TO ADDENDUM NO. 8 (ANTI-SPECULATION ADDENDUM), WHEREBY 50% OF THE PROFITS OF THE SALE ARE PAYABLE TO SELLER.**

9.4 Buyer's Inspections. Buyer is relying solely upon Buyer's own inspection of the Property and is not relying upon any warranties, representations, statement or information regarding the Project or the Property, made or given by Seller, any officer, employee or agent of Seller, any broker or any other party, express or implied, except for those representations, if any, which are expressly set forth in this Agreement. Further, Buyer understands and acknowledges that no salesperson, broker or other person has any authority whatsoever to make any warranties, representations, or agreements, express or implied, for Seller, except for those representations, if any, which are expressly set forth in this Agreement and in the Final Subdivision Public Report.

SECTION 10 - GENERAL PROVISIONS

10.1 No Assignment. Buyer hereby represents that Buyer is buying the Property for Buyer's own account with the intent to occupy the Unit as Buyer's primary or secondary personal residence, and not solely for investment purposes. This Agreement and the Escrow established pursuant hereto may not be assigned or otherwise transferred voluntarily or by operation of law by Buyer without the written consent of Seller which may be withheld in Seller's sole discretion and any attempt to do so shall be void and of no effect and shall constitute a material default of Buyer under this Agreement. Buyer further agrees that Buyer will not attempt to sell or advertise the Property without the prior written consent of Seller, which consent may be withheld in the sole discretion of Seller, until after the Close of Escrow and that a breach of this covenant shall constitute a material default under this Agreement.

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10.2 No Contingency on Sale of Home. Buyer understands and agrees that the close of this Escrow is not contingent upon either the sale or the refinancing of any property owned by Buyer, including, without limitation, Buyer's current personal residence. Further, if Buyer currently owns his or her own home and either Buyer refuses to close this Escrow until such home has been sold, or if the Lender on the loan described in Section 3 requires Buyer to sell such home as a condition to funding such loan, then, in such event, Seller, in its sole and absolute discretion, shall have the option to (a) immediately cancel this Escrow and this Agreement, or (b) extend the Scheduled Closing Date, as provided in Section 2.4 of this Agreement.

10.3 Deposit of Funds. All funds received in Escrow shall be deposited in a general escrow account or accounts, including escrow savings/investment accounts or First American Title Insurance Company with any State or national bank authorized to do business in the State of California. All disbursements shall be made by check to First American Title Insurance Company. The principals to this Escrow are hereby notified that the funds deposited herein are insured only to the limit provided by the Federal Deposit Insurance Corporation.

10.4 Severability. If any term, condition or provision of this Agreement is declared illegal or invalid for any reason by a court of competent jurisdiction, the remaining terms, conditions and provisions nevertheless shall remain in full force and effect.

10.5 No Waiver. Seller shall not be deemed to have waived any of Seller's rights under this Agreement including, but not limited to, any of Seller's rights arising out of a default by Buyer unless such waiver or extension of time to comply is in writing and signed by Seller.

10.6 Required Actions of Buyer and Seller. Buyer and Seller agree to execute all such instructions and documents and to take all actions (including the deposit of funds in addition to such funds as may be specifically provided for herein) as may be required in order to consummate the transactions contemplated by the Agreement and shall use their best efforts to accomplish the Close of Escrow in accordance with the terms of this Agreement. Funds required from Buyer under this Agreement shall be in a form acceptable to Escrow Holder, and which will not delay the Close of Escrow.

10.7 Survival. All of the covenants and representations set forth in the Agreement which are not conditions of the Close of Escrow shall survive the Close of Escrow and the delivery of the Grant Deed.

10.8 Time To Act. In the event the day on which any action is required to be taken under the terms of this Agreement is not a business day, the action shall be taken on the next succeeding business day.

10.9 Modification. No amendment of this Agreement or of the rights of any parties hereunder, nor any representation made by any party or its agent, shall be valid or effective unless the same is in writing and signed by the party against which the enforcement of such amendment or representation is sought.

10.10 Total Destruction of the Property. In the event of a total destruction of the Property by fire, windstorm, hail, earthquake, explosion or other casualty prior to closing, Buyer or Seller may terminate this Agreement if the Property cannot be restored prior to the Closing.

10.11 Attorneys' Fees. Should any party hereto commence any arbitration action or proceeding to enforce any provision of this Agreement or for damages by reason of an alleged breach of any provision of this Agreement or for declaratory relief, the prevailing party shall be entitled to recover from the losing party or parties such amount as the arbitrator or court may adjudge to be reasonable attorneys' fees for services rendered to the prevailing party in such arbitration action or proceeding.

10.12 Time is of the Essence. Time is of the essence with respect to the performance by each party of the obligations set forth in this Agreement.

10.13 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original regardless of the date of its execution and delivery. All counterparts together shall constitute one and the same Agreement.

10.14 Notices. All notices and demands to Buyer shall be deemed delivered upon deposit by Seller in the United States mail, certified or registered, or one (1) business day after deposit by Seller with Federal Express or other comparable overnight courier service, postage fully paid, addressed to Buyer at the address set forth in the Agreement. All notices and demands to Seller shall be deemed delivered to Seller upon receipt by Seller. All references to "days" as used herein shall mean calendar days unless otherwise stated. IN THE EVENT THAT SELLER DELIVERS A NOTICE OF DEFAULT PURSUANT TO THE PROVISIONS OF SECTION 7.1.1 AND BUYER FAILS WITHIN TWENTY (20) DAYS AFTER DELIVERY OF SELLER'S NOTICE TO INSTRUCT ESCROW HOLDER NOT TO REMIT THE LIQUIDATED DAMAGES TO SELLER PURSUANT TO SECTION 7.1.1, THEN BUYER AGREES, BY ITS INITIALS SET FORTH IN THIS SECTION, THAT BUYER'S FAILURE TO DELIVER SUCH NOTICE (1) SHALL BE DEEMED BUYER'S ELECTION TO TERMINATE THIS AGREEMENT AND CANCEL ESCROW, (2) SHALL CONSTITUTE IRREVOCABLE INSTRUCTIONS TO SELLER AND ESCROW AGENT TO CANCEL THIS AGREEMENT AND ESCROW; AND (3) SHALL GIVE SELLER THE RIGHT TO ENTER INTO AN AGREEMENT TO SELL THE PROPERTY TO ANOTHER PERSON OR ENTITY NOTWITHSTANDING THE FOREGOING. ALL NOTICES TO SELLER PURSUANT TO THIS AGREEMENT SHALL BE SERVED UPON SELLER AT THE FOLLOWING ADDRESS:

INITIALS OF BUYER _____

10.15 Entire Agreement. This Agreement contains the entire agreement between Seller and Buyer with respect to the purchase of the Property. All prior negotiations, representations or agreements of the parties or their agents, either oral or written relating to the Property, the Association and/or the Project are merged in this document and are of no legal effect. No statement, representation, promise or extension of time for Buyer to perform shall be binding on Seller unless included in this Agreement or reduced to writing and signed by Seller. Except as provided in this Section, this Agreement may be altered, amended or changed only by an instrument in writing signed by the parties hereto.

10.16 Brokers and Finders. Buyer represents and warrants that it has not engaged any finder or broker other than _____ (“Buyer’s Broker”) in connection with this transaction and agrees to defend and hold Seller harmless on any claims by a broker or finder inconsistent with this representation and warranty. No broker shall be entitled to a commission unless a sale is consummated under the terms of this Agreement. If there is no closing, regardless of the party at fault, including without limitation Seller, no commission or other compensation shall be due or owing to a broker.

10.17 Effective Date. This Agreement shall not become effective until it is accepted by Seller with such acceptance evidenced by Seller’s signature below.

10.18 Interpretation. This Agreement has been negotiated at arm’s length and between persons reasonably sophisticated and knowledgeable in the matters dealt within this Agreement. Accordingly, any rule of law (including California Civil Code 1654) or legal decision that would require interpretation of any ambiguities in this Agreement against the party that has drafted it is not applicable and is waived. The provisions of this Agreement shall be interpreted in a reasonable manner to effect the purpose of the parties and this Agreement. Buyer and Seller acknowledge that economic conditions during the escrow period may cause the terms and conditions not to appear as satisfactory as when the Agreement was signed. Nonetheless, Buyer and Seller agree that they are bound to such terms and conditions and take all necessary and appropriate actions to cause Escrow to close in a timely fashion.

10.19 Binding on Successors. Subject to Section 10.1 of this Agreement, this Agreement shall be binding upon successors and assigns.

10.20 Addenda and Exhibits. Buyer hereby acknowledges receipt of the Addenda and Exhibits listed below, which are incorporated in this Agreement by reference and agrees to be bound by all of the terms and provisions set forth therein.

Addendum No. 1 – General Conditions of Escrow
Addendum No. 2 – Options and Upgrade Addendum

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- Addendum No. 3 – Disclosure Statement
- Addendum No. 4 – Disclosure Regarding Mold and Indoor Environmental Quality
- Addendum No. 5 – Alternative Dispute Resolution
- Addendum No. 6 – Construction Claims Statute
- Addendum No. 7 – Real Estate Agency Disclosure
- Addendum No. 8 - Anti-Speculation Option
- Addendum No. 9 – Parking Agreement

10.21 OFFER ONLY; BUYER’S REPRESENTATIONS. BUYER ACKNOWLEDGES THAT BUYER HAS READ AND UNDERSTANDS EACH AND EVERY PART OF THIS AGREEMENT AND EXECUTION OF THIS AGREEMENT BY BUYER ALONE SHALL CONSTITUTE ONLY AN OFFER TO PURCHASE. UPON BUYER’S EXECUTION OF THIS AGREEMENT, SELLER OR SELLER’S AUTHORIZED AGENT MAY HOLD THE DEPOSITS DESCRIBED IN SECTION 1 UNTIL SUCH TIME AS SELLER ACCEPTS THIS AGREEMENT. SELLER RESERVES THE RIGHT TO REFUSE TO ACCEPT SUCH OFFER FOR ANY REASON. IF THE OFFER IS NOT ACCEPTED, SELLER SHALL RETURN TO BUYER ANY FUNDS DEPOSITED WITH SELLER IN PAYMENT OF THE PURCHASE PRICE. UPON ACCEPTANCE BY SELLER AND RECEIPT OF THE FULLY EXECUTED AGREEMENT AND ANY DEPOSIT HEREIN, ESCROW HOLDER SHALL PROMPTLY DELIVER A COPY OF THE ACKNOWLEDGED AGREEMENT TO BUYER, AND ESCROW SHALL BE DEEMED TO BE OPENED AND THIS AGREEMENT SHALL BE BINDING UPON BUYER AND SELLER.

THIS IS A LEGALLY BINDING CONTRACT, READ IT CAREFULLY BEFORE SIGNING.

Dated: _____

Buyer

Buyer

Buyer

Buyer’s Home Telephone: _____

Buyer’s Work Telephone: _____

Buyer’s Email Address: _____

Buyer

Buyer’s Address

RECEIPT FOR DEPOSIT ONLY:

Deposit Receipt, Offer to Purchase Property and Escrow Instructions Seller’s Initials _____ Buyer’s Initials _____

Date: _____

Sales Representative: _____

(Signature is NOT acceptance by Seller)