

**REAL PROPERTY PURCHASE & SALE AGREEMENT
BETWEEN THE CITY OF CLEARLAKE AND AJ DEVELOPERS LLC**

THIS REAL PROPERTY PURCHASE & SALE AGREEMENT (the "Agreement" or "PSA") is entered into as of this ____ day of _____, 2026, by and between the CITY OF CLEARLAKE, a California municipal corporation (the "City"), the SUCCESSOR AGENCY TO THE FORMER CLEARLAKE REDEVELOPMENT AGENCY, a separate public entity (the "Successor Agency" and, together with the City, "Seller"), and AJ Developers LLC, a California limited liability company (the "Developer").

RECITALS

A. WHEREAS, the real property at issue for this Agreement is comprised of approximately 7.5 acres consisting of two parcels located at 14061 & 14071 Lakeshore Drive (APNs 039-530-490 and 039-530-500), Clearlake, which is currently owned by City of Clearlake and the Successor Agency, as described in Recital H below, and is more particularly legally described on Exhibit A attached hereto and hereinafter referred to in this Agreement as the "Site";

B. WHEREAS, Developer desires to purchase the Site from the City and develop it in accordance with the City's General Plan for commercial development subject to and consistent with the requirements of the California Environmental Quality Act, related State Guidelines and related local ordinances and the City desires to sell the Site to Developer;

C. WHEREAS, the conveyance of the Site pursuant to the terms and conditions of this Agreement is in the vital and best interests of the City and the health, safety, and welfare of the City residents, and in accord with the public purposes and provisions of applicable state and local laws;

D. WHEREAS, Developer has proposed to develop the Site as a mixed-use waterfront hospitality and commercial development that will include a nationally branded hotel of approximately 110 rooms and other amenities (the "Project"), which may include restaurants, retail space, and a marina all as described on the overall Project description attached hereto as Exhibit "B" (the "Project Description") which is part of a larger City redevelopment project whereby the City intends to allow development of the former Austin Resort Area (the "Redevelopment Project");

E. WHEREAS, Developer is an experienced developer and operator of commercial real estate, including hotel projects; and

F. WHEREAS, subject to the terms and conditions of this Agreement, (i) Seller wishes to sell the Site to Developer and to have Developer construct thereon the Project, and (ii) Developer wishes to (a) buy the Property from Seller, (b) develop and construct the Project on the Site, and (c) thereafter operate the Project and the Site, or cause the Project or individual components thereof to be operated by qualified third-party operators or affiliated entities as permitted by, and subject to, the Assignment provisions of this Agreement.

G. WHEREAS, City has completed the disposition procedures required by the Surplus Land Act (Government Code Section 54220 et seq.) with respect to the Site, and the California

Department of Housing and Community Development (“HCD”) issued its written findings letter dated July 2, 2026 confirming such compliance. As required by Government Code Section 54233 and as a condition of such findings, City has executed covenants against each parcel comprising the Site providing that, if ten (10) or more residential units are ever developed on the Site, not less than fifteen percent (15%) of such units shall be sold or rented at affordable housing cost or affordable rent to lower income households (collectively, the “Affordability Covenants”). The Affordability Covenants shall be recorded against the Site at or prior to the Close of Escrow, shall run with the land, and shall bind Developer and its successors and assigns.

H. WHEREAS, record title to the parcel identified as APN 039-530-500 is held by the Successor Agency, a separate public entity established pursuant to Health and Safety Code Section 34173 upon the dissolution of the former Clearlake Redevelopment Agency, and record title to the parcel identified as APN 039-530-490 is held by the City. By operation of law, the City Council serves as the governing board of the Successor Agency and the City Manager serves as its executive officer. The Successor Agency and the City declared the Site surplus by Resolution No. SA 2021-02 and Resolution No. 2021-12, respectively, each adopted February 18, 2021, and the HCD findings letter described in Recital G above applies to both parcels comprising the Site. Each reference in this Agreement to “Seller” means the City and the Successor Agency, collectively; each such entity shall convey at the Close of Escrow the parcel to which it holds record title; and the City and the Successor Agency shall be jointly entitled to enforce, and jointly bound by, the obligations of Seller under this Agreement.

NOW, THEREFORE, the parties hereto agree as follows:

AGREEMENT

1. Definitions. In addition to the terms defined above and in the body of this Agreement, the following terms have the following meanings for purposes of this Agreement:

(a) **“Business Day”** shall mean a day other than a Saturday, a Sunday or a day on which lenders in Lake County are authorized or obligated by law or executive order to close.

(b) **“Close of Escrow”** means the date when Seller and Developer have each performed their respective pre-closing obligations under this Agreement, all conditions precedent to closing have been satisfied (or waived in writing) and the Escrow Holder has all documents and funds it requires in order to record the Grant Deed to Developer and deliver funds and all other closing documents to Seller. For the avoidance of doubt, the Close of Escrow is not conditioned upon the closing of the Construction Loan; title to the Property shall be conveyed to Developer at the Close of Escrow upon Developer’s payment of the Deposit and delivery of the executed Seller Financing Note, Deed of Trust and other closing documents required by this Agreement, with the City’s interest secured by the Deed of Trust and the Right of Repurchase under Section 9(c).

(c) **“Closing”** has the meaning ascribed thereto in Section 7 hereof.

(d) **“Closing Date”** has the meaning ascribed thereto in Section 4(c) hereof, but shall occur no later than _____, 2026. **“Public Infrastructure”** means the public roads and utilities (gas, sewer, water, electric, telecommunications, etc.) leading and stubbed to the boundaries of the Site.

(e) **“Construction Lender”** means the lender of the Construction Loan as further defined in Section 9(a).

(f) **“Construction Loan”** means the construction loan to be obtained from Construction Lender by Developer to finance the acquisition and construction of the Project upon on terms and conditions acceptable to Developer in its sole discretion.

(g) **“Construction Loan Closing”** means the Closing of the Construction Loan, which shall be on a date which is on or before twenty (20) months from the Closing Date on Developer’s acquisition of the Site, subject to extension for Force Majeure Delay and delay caused by Seller.

(h) **“Construction Loan Closing Date”** means the date upon which Construction Loan Closing occurs and is also the date by which Developer must start construction of the Project.

(i) **“Force Majeure Delay”** shall mean a delay caused by a Force Majeure Event as to which the claiming party gives the non-claiming party written notice, within thirty (30) days after the commencement of any such delay, of the existence and nature of the delay and within ten (10) days following the expiration of any such delay, provides a written request for extension of the applicable deadline.

(j) **“Force Majeure Event”** shall mean act of God, natural disaster, accident, strikes, lockouts or other labor disturbances or disputes, interruption of services by suppliers thereof, unavailability of materials or labor, rationing or restrictions on the use of utilities or public transportation whether due to energy shortages, war, civil disturbance, riot, governmental rules, regulations, or restrictions, building moratorium, delay in issuance of any permits or governmental approvals not resulting from the act or omission of the party claiming the Force Majeure delay, litigation or other legal action by a third party, or any other occurrence that is beyond the control of that Party not involving the payment of money.

(k) **“Hazardous Materials”** means any toxic or hazardous substance, material or waste or any pollutant or contaminant or infectious or radioactive material, including those substances, materials or wastes regulated now or in the future under any of the following statutes or regulations promulgated thereto: (a) any “hazardous substance” within the meaning of the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (“CERCLA”) 42 U.S.C. § 9601, et seq. or the California Hazardous Substance Account Act, Cal. Health and Safety Code § 25300 et seq. or the Porter-Cologne Water Quality Act, Cal. Water Code § 13000 et seq. or the Hazardous Materials Transportation Act, 49 U.S.C. § 1801, et seq.; (b) any “hazardous waste” within the meaning of the Resource Conservation and Recovery Act, 42 U.S.C. §§ 6901 et seq.; (c) any “pesticide” or “economic poison” as defined in California Food & Agricultural Code § 12753 and any regulations promulgated in connection therewith; or (d) any other substance, chemical, waste, toxicant, pollutant, pesticide or contaminate regulated by any federal, state or local law, statute, rule, regulation or ordinance for the protection of health or the environment, including methane and any petroleum products or fractions thereof

“(l) **“Permitted Exceptions”** shall mean those exceptions to title to the Property listed on the title commitment delivered to Developer by Seller as required by this Agreement which

are approved in writing by Developer and any exceptions to title hereafter created with the mutual written consent of Seller and Developer. As to those exceptions not approved in writing by Developer, Seller shall cause them to be removed by the Title Company as exceptions to title coverage on the Title Commitment.

(m) “**Project**” has the meaning set forth in Recital D.

(n) “**Project Building Permits**” means any and all final approvals required by the City or any other governmental agency with jurisdiction over the Project to allow for the commencement of construction of the Project.

(o) “**Property Information**” means all studies, maps, documents, surveys, physical inspection reports or any other information that Seller has provided Developer or Developer has obtained or will obtain regarding the Property as set forth in Section 6(a).

(p) “**Seller Financing Note**” is defined at Section 4(c) and set forth on Exhibit E to this Agreement.

(q) “**Commencement of Construction**” means the commencement of physical construction of the foundations for the hotel component of the Project pursuant to a validly issued Project Building Permit. Demolition, site grading, installation of utilities or other Public Infrastructure, and other site preparation work shall not, by themselves, constitute Commencement of Construction. The parties acknowledge that Developer may construct the Project in phases and may determine the sequence of the non-hotel components of the Project in its discretion; provided, however, that (i) the Entitlements milestone in Section 9(b) requires all Entitlements for the entire Project, including the hotel component, and (ii) Commencement of Construction, the occupancy milestone in Section 9(b), and the termination events in Sections 9(a) and 9(c) refer exclusively to the hotel component of the Project and are not satisfied by work on, or completion of, any other component of the Project.

(r) “**Entitlements**” means all discretionary governmental approvals required for development of the Project, including without limitation completion of all environmental review required under the California Environmental Quality Act, design review approval, and any required use permit or other discretionary land use approval, but excluding the Project Building Permits and other ministerial permits and approvals. Entitlements shall not be deemed obtained for purposes of Section 9(b) unless and until all such approvals have been obtained with respect to the entire Project, including specifically the hotel component of the Project.

2. Purchase and Sale of Property. Subject to the terms and conditions provided herein, Seller hereby agrees to sell, and Developer hereby agrees to purchase, upon the terms and conditions herein, the Property, all easements, rights of way and other rights appurtenant thereto which may be used in connection with the beneficial use and enjoyment of Property, and all of the rights of Seller, if any, in any other intangible personal property (including without limitation, all warranties, indemnities, reports, studies and other work product) used or prepared in connection with the ownership, use and/or operation of the Property (collectively, the “**Intangible Property**”); and all tangible personal property located on or in, or used in the ownership, use, occupancy, development, remediation, grading or operation of the Property and/or Improvements (collectively, the “**Tangible Property**”). The Property, and any appurtenances, and improvements

are sometimes referred to herein collectively as the “**Real Property**.” The Real Property, the Intangible Property and the Tangible Property are sometimes referred to herein as the “**Property**.” Within three (3) business days of delivery of the Deposit, Seller shall deliver to Escrow Holder for recordation an original executed, notarized and recordable memorandum of this Agreement in the form attached hereto as Exhibit C which Escrow Holder shall then record in the Official Records. If this Agreement is terminated for any reason prior to the Closing, Developer shall, within five (5) business days after such termination, execute, acknowledge and deliver to Seller a quitclaim deed and/or a termination of such memorandum in recordable form sufficient to remove the memorandum as a matter affecting title to the Property.

3. Purchase Price. The purchase price for the Property (the “**Purchase Price**”) shall be Seven Hundred and Fifty Thousand Dollars (\$750,000.00). The Buyer shall submit a \$25,000 escrow deposit upon execution of this purchase agreement. The Seller shall hold a right of repurchase as set forth in Section 9(c) and provide seller financing for the remaining balance as set forth in Section 9(a). Forgiveness of financing payments may be achieved by meeting development milestones.

4. Payment of Purchase Price. The Purchase Price shall be paid as follows:

(a) The acquisition and sale of the Property shall be consummated through an escrow (the “**Escrow**”) to be opened with the _____ (the “**Escrow Holder**”), _____, Escrow Holder.

(b) Developer shall deposit into Escrow concurrently within three days of the opening of escrow the amount of Twenty Five Thousand and 00/100 Dollars (\$25,000.00) as a non-refundable deposit to be applied to the Purchase Price (the “**Deposit**”). Concurrently with the payment of the Deposit into escrow, Developer shall deposit into Escrow the amount of One Hundred and 00/100 Dollars (\$100.00) as “**Independent Consideration**”. The Independent Consideration shall be non-refundable to Developer as independent consideration for the rights extended to Developer under this Agreement, including, without limitation, the right to terminate this Agreement subject to the terms herein. The Independent Consideration shall be released to Seller immediately following Developer’s deposit of the Independent Consideration into Escrow. In all instances under this Agreement in which Developer elects to terminate or is deemed to have terminated this Agreement, Seller shall retain the Independent Consideration. The Independent Consideration shall not be applicable towards the Purchase Price or treated as consideration given by Developer for any purpose other than stated in this Section 4(b).

(c) On or before the date upon which the Grant Deed is recorded in the Official Records of Lake County (the “**Closing Date**”), Developer shall deposit into Escrow cash or other immediately available funds in an amount sufficient to cover all of Buyer’s closing costs and proration charges and the Promissory Note to Seller for the remaining \$725,000 of the Purchase Price (the “**Seller Financing Note**”) (in total, with the \$25,000 earnest money deposit, the “**Closing Amount**”).

5. Title to the Property. On the Closing Date, Seller shall convey to Developer fee simple title to the Property by duly executed and acknowledged grant deed (the “**Grant Deed**”). Evidence of delivery of fee simple title shall be the issuance by the Title Company (as defined below) to Developer of an ALTA Extended Coverage Owner’s Policy of Title Insurance (2006

Form) in an amount designated by Buyer, insuring fee simple title to the Property in Buyer, subject only to the Permitted Exceptions (the “**Title Policy**”). The Title Policy shall provide full coverage against mechanics’ and materialmen’s liens and against the rights of any parties in possession and shall contain such special endorsements as Developer may reasonably require (the “**Endorsements**”). In any event, Seller covenants to cause to be released and reconveyed from the Property, and to remove as exceptions to title prior to the Closing the following (the “**Pre-Disapproved Exceptions**”): any exceptions regarding tenants, mortgages, deeds of trust, or other monetary encumbrances, and/or indebtedness other than caused by Buyer, except for the current installment of non-delinquent real property taxes and assessments payable as a part of the real property tax bill. Developer shall pay all costs of obtaining the portion of the Title Policy attributable to the extended coverage, any binder and any survey costs. Notwithstanding anything to the contrary in this Agreement, the Affordability Covenants shall constitute Permitted Exceptions for all purposes of this Agreement, shall be recorded against the Site at or prior to recordation of the Grant Deed, and Developer shall acquire the Property subject to the Affordability Covenants.

6. Review and Investigation of Property.

(a) Property Information. Within thirty (30) days from the opening of escrow, Seller shall promptly deliver to Developer all documents relevant to the condition of the Property not previously delivered to Developer in the possession or control of Seller and/or Seller’s affiliates and which are not privileged, confidential or proprietary, including, without limitation, environmental reports, environmental approvals, planning and zoning approvals, studies, surveys, and test and the rates and methods for calculation of all applicable assessment districts, if any (collectively, the “**Property Information**”). Seller shall promptly notify Developer in writing of any material changes to any previously delivered Property Information of which Seller becomes aware. The Property Information shall include a Seller’s Natural Hazard Disclosure Statement and all other statutorily required disclosures, as well as any other material information in its possession or control concerning the Site.

(b) Investigations. At all times during the term of this Agreement prior to the Close of Escrow, Developer and Developer’s engineers, contractors, consultants, employees and agents shall have access to the Property to conduct tests, investigations and inspections deemed necessary or appropriate by Buyer, including a Phase I and Phase II environmental assessment, including, without limitation any soil sampling and invasive testing associated therewith (collectively, the “**Investigations**”). Given that certain of the Investigations need to be completed not more than six (6) months prior to Closing of the Construction Loan to be valid [e.g., the Phase I for its lender and the ALTA Survey], Seller acknowledges that Developer may not complete all of its Investigations in calendar year 2026. Developer shall provide Seller not less than 24 hours’ notice prior to entering the Property. In conducting such Investigations Developer shall not damage the Property. Prior to commencing any Investigations, Developer shall, at Buyer’s sole cost and expense, deliver a certificate of insurance to Seller naming Seller and Seller’s lenders as additional insureds on Buyer’s commercial general liability insurance policy with a combined limit of not less than \$1,000,000. In the event Escrow does not close for any reason, Developer shall upon the written request of Seller repair any damage to the Property caused by the Investigations in order to restore the Property to substantially the same condition which it was in prior to the conduct of such Investigations. Developer agrees to indemnify and hold harmless Seller from any

claims, damages, liabilities, losses, costs or expenses (including, without limitation, reasonable attorneys' fees) (collectively, "**Claims**") which result from any damage to persons or property caused by Buyer's Investigations; provided, however, that Developer shall have no obligation to indemnify, defend and hold Seller harmless from and against any Claims resulting from Seller's acts or omissions or Buyer's mere discovery of adverse physical conditions affecting the Property, including, without limitation, any Hazardous Materials. Seller shall make available for interview by Buyer's environmental consultants the person most knowledgeable employed or engaged by the City of Clearlake concerning the Property's environmental history as required by the ASTM Standard 1527 Standard Practice for Phase I environmental site assessments.

7. The Closing.

(a) The Closing Date. The Closing shall occur through Escrow in the customary manner for the consummation of commercial real estate purchase and sale transactions in Lake County, California on the date elected by Developer, on the Closing Date; provided, that if the Closing has not occurred by the Closing Date, either Party may terminate this Agreement and neither Party shall have any further rights or obligations in connection with this Agreement, except as otherwise expressly provided in this Agreement.

(b) Buyer's Conditions to Closing. Buyer's obligation to consummate the purchase of the Property is subject to and conditioned upon the satisfaction of each of the following conditions (unless otherwise waived in writing by Buyer) on or before the Closing Date which conditions are for the sole benefit of Buyer:

(i) The Title Company shall have given Developer its unconditional and irrevocable commitment to issue the Title Policy in favor of Developer insuring Developer as the fee owner of the Property with liability in an amount reasonably acceptable to Buyer, subject only to the Permitted Exceptions.

(ii) Seller shall have delivered to Escrow Holder the documents set forth in Section 7(e)(ii), below.

(iii) Each and all of the representations and warranties made by Seller shall be true and correct in all material respects as of the Closing Date.

(iv) Seller shall have performed in all material respects all of the covenants which Seller, pursuant to the terms of this Agreement, has agreed to perform on or prior to the Closing Date and Seller shall not be in material breach or default under this Agreement.

(v) Developer shall have determined that the Property is acceptable to Developer in Developer's sole and absolute discretion.

If the conditions to Buyer's obligation to consummate the transaction contemplated in this Agreement are not satisfied (or waived by Buyer), then, upon Buyer's request, this Agreement shall terminate. The conditions set forth in this Section 7(b) are for the sole benefit of Buyer.

(c) Seller's Conditions To Closing. Seller's obligation to consummate the sale of the Property is subject to and conditioned upon the satisfaction of each of the following conditions (unless otherwise waived in writing by Seller) on or before the Closing Date which conditions are for the sole benefit of Seller:

(i) Developer shall have delivered to Escrow Holder the documents set forth in Section 7(e)(i) below.

(ii) Each and all of the representations and warranties made by Developer in Section 11 hereof shall be true and correct in all material respects as of the Closing Date.

If the conditions to Seller's obligation to consummate the transaction contemplated in this Agreement are not satisfied (or waived by Seller), then, provided Seller is not in default hereunder, upon Seller's request, this Agreement shall terminate. The conditions set forth in this Section 7(c) are for the sole benefit of Seller.

(d) Waiver of Failure of Conditions to Closing. At any time on or before the date specified herein for the satisfaction of any condition, Seller or Developer may elect in writing to waive the benefit of any such condition to its obligations hereunder. By closing Escrow, Seller and Developer shall be conclusively deemed to have waived the benefit of any remaining unfulfilled conditions set forth in this Section 7, except to the extent that the same expressly survive Closing.

(e) Deliveries at Closing. At least one (1) business day prior to the Closing Date, Seller and Developer shall each deliver to Escrow Holder such instruments and funds as are necessary to consummate the purchase and sale of the Property, including the following:

(i) Developer shall deliver:

(A) The Closing Amount;

(B) The Seller-Financing Note and Deed of Trust; and

(C) Any other items reasonably necessary to consummate the transaction contemplated hereby.

(ii) Seller shall deliver:

(A) An original of the Grant Deed executed and acknowledged by Seller, as grantor;

(B) An affidavit directed to Developer giving Seller's taxpayer identification number and confirming that Seller is not a "foreign person," which affidavit shall be, in form and substance, sufficient to relieve Developer of any withholding obligation under §1445 of the Internal Revenue Code ("**Seller's Foreign Person Affidavit**"), together with a duly executed California Franchise Tax Board Form 593-C (the "**Cal FIRPTA**"); and

(C) Any other items reasonably necessary to consummate the transaction contemplated hereby, including but not limited to any subordination of the Seller-Financing Note required by the Construction Lender.

(iii) Upon satisfaction of all conditions and closing requirements set forth herein, Escrow Holder shall:

(A) Cause the Affordability Covenants (to the extent not previously recorded), the Grant Deed and the Deed of Trust to be recorded in the office of the County Recorder for the Lake County, State of California (in that order) and deliver a conformed copy to Developer and to Seller;

(B) Pay from Buyer's funds Buyer's share of any closing costs and prorations;

(C) Pay from funds held for Seller's account Seller's share of any closing costs and prorations;

(D) Remit to Seller the remaining funds held for Seller's account; and

(E) Deliver the original of the Seller-Financing Note; and

(F) Deliver an original of the Seller's Foreign Person Affidavit, the Cal FIRPTA and the Title Policy to Buyer.

8. Costs and Prorations.

(a) Costs. Costs of the Closing and Escrow shall be allocated as follows:

(i) Developer shall pay the costs of recording the Deed and Deed of Trust securing the Seller-Financing Note.

(ii) Developer shall pay all documentary transfer taxes imposed in connection with transferring the property and recording the Deed including City and County transfer taxes.

(iii) Seller shall pay the premium for the Title Policy attributable to CLTA coverage and Developer shall pay the cost of any Endorsements that it may request and the portion of the title premium attributable to ALTA extended coverage.

(iv) Developer and City shall each pay half the fees of the Escrow Holder, including any cancellation costs, and the costs of the Escrow.

(v) Developer and Seller shall each pay their respective attorneys' fees.

(b) Customary Apportionment. All other costs, if any, shall be apportioned in the customary manner for real estate transactions in Lake County, California.

(c) Post-Closing Adjustments. Any statements from governmental agencies for real property taxes, bonds and assessments relating to the Property for periods prior to the Closing that are delivered to Developer after the Closing shall be paid by Seller within ten (10) days from written notice from Buyer. Seller, however, shall have the right to contest any such real property taxes, bonds or assessments. If any such statements from governmental agencies for real property taxes, bonds or assessments for periods prior to the Closing indicate an overpayment of any taxes or assessments relating to the Property for periods prior to the Closing such overage shall be paid to Seller by Developer within ten (10) days after Buyer's receipt of any refund or notice of reassessment. The provisions of this Section 8(c) shall survive the Closing.

9. Development Activities and Obligations.

(a) Down Payment; Seller Financing. In addition to Developer's deposit with Escrow Holder of \$25,000 in cash or in immediately available funds made at opening of escrow, which amount shall be applied to the Purchase Price at Closing, the remainder of the Purchase Price will be financed by Seller (the "**Seller Financing**"). Developer agrees to deliver to Seller through Escrow at Closing Buyer's promissory note secured by a deed of trust in favor of Seller in the principal amount of \$725,000 (the "**Seller Financed Amount**") substantially in the form attached hereto as Exhibit E ("**Seller Financing Note**"), payable as set forth below in Section 9(b), and secured by a deed of trust in favor of Seller in the form attached hereto as Exhibit F (the "**Deed of Trust**") including a due on sale clause, which shall be recorded at the Closing in the Official Records of Lake County, California and shall constitute a lien on the Real Property subordinate to the Construction Loan. The Seller Financed Amount will be credited against the Purchase Price on the Closing Date. The Seller Financing Note shall be personally guaranteed by Jatinder Singh, principal of Developer ("Guarantor") pursuant to the form of Guaranty attached hereto as Exhibit D. The Guaranty shall be a limited guaranty of payment (the "Limited Guaranty") subject to the following limitations: (i) Guarantor's liability shall be limited at all times to the lesser of Four Hundred Eighty-Three Thousand Three Hundred Thirty-Three and 34/100 Dollars (\$483,333.34) or the then-outstanding balance of the Seller Financing Note, and shall be reduced automatically as and when any portion of the Seller Financing Note is paid or forgiven under Section 9(b); (ii) the Limited Guaranty is a guaranty of payment of the Seller Financing Note only, and Guarantor does not guarantee completion of the Project or any other obligation of Developer; (iii) the Limited Guaranty shall terminate automatically upon the earliest of (A) payment or forgiveness in full of the Seller Financing Note, (B) issuance of a certificate of occupancy for the hotel component of the Project, or (C) the closing of permanent financing for the Project that repays the Construction Loan in full, provided in each case that no default by Developer then remains uncured; and (iv) Seller shall not enforce the Limited Guaranty unless Seller has given Guarantor written notice of the default and the default remains uncured thirty (30) days after such notice.

(b) Schedule of Payments. All of the following dates are subject to extension for Force Majeure Events and any delays caused by the Seller:

(i) Payment #1 - \$241,666.67 is due no later than twelve (12) months from the Closing Date. If Developer obtains all Entitlements by the Payment #1 date, the payment will be forgiven.

(ii) Payment #2 - \$241,666.67 is due no later than twenty (20) months from the Closing Date. If Commencement of Construction occurs by the Payment #2 date, the payment will be forgiven.

(iii) Payment #3 - \$241,666.67 is due no later than forty-eight (48) months from the date of Closing. If Developer is issued a certificate of occupancy for the hotel component of the Project by the Payment #3 date, the payment will be forgiven.

(iv) If the Developer defaults on any of the payments or fails to meet the requirements for a forgiveness deadline as outlined above, the City may foreclose on its Deed of Trust and/or exercise its Right of Repurchase under Section 9(c).

(c) Right of Repurchase. In addition to Seller's other rights and remedies under this Agreement, Seller shall have the right, but not the obligation, to repurchase the Property (the "Right of Repurchase") upon the occurrence of either of the following: (i) Developer fails both to timely make any payment required under Section 9(b) and to satisfy the corresponding milestone for forgiveness of that payment (in each case as such deadlines may be extended for Force Majeure Delay or delay caused by Seller); or (ii) following Commencement of Construction, Developer abandons or suspends construction of the Project for one hundred eighty (180) or more consecutive days (other than by reason of Force Majeure Delay or delay caused by Seller). Seller shall not exercise the Right of Repurchase unless Seller has first given Developer written notice of the triggering event and Developer has failed to cure it within thirty (30) days after such notice (or, if the cure reasonably requires more than thirty (30) days, if Developer has failed to commence the cure within such period and to diligently prosecute it to completion within ninety (90) days). The price for any such repurchase shall be an amount equal to the portion of the Purchase Price actually paid by Developer in cash (specifically excluding any amounts forgiven under Section 9(b) and the Independent Consideration), without compensation for any improvements to the Property. Seller may exercise the Right of Repurchase by written notice to Developer given within ninety (90) days after Seller obtains actual knowledge of the triggering event, and the repurchase shall be consummated through an escrow within ninety (90) days after such notice, at which time Developer shall reconvey fee simple title to the Property to Seller by grant deed, free and clear of all monetary liens and encumbrances created by or through Developer, other than the lien of the Construction Loan, if any. At Closing, the parties shall execute, and Escrow Holder shall record, a memorandum of the Right of Repurchase in recordable form reasonably acceptable to both parties. The Right of Repurchase shall run with the land, shall be subordinate to the Construction Loan, and shall terminate automatically and be released of record upon issuance of a certificate of occupancy for the hotel component of the Project.

10. Confidentiality of Property Information.

(a) At all times prior to the Close of Escrow, Developer shall treat the Property Information (except such portions as are part of the public record) on a strictly confidential basis and shall use such information only in connection with the transaction contemplated under this Agreement, performing the Investigations and obtaining the approvals and Construction Loan and franchisor approvals for the Project. Notwithstanding the foregoing, Developer may, to the extent reasonably and actually necessary to Buyer's investigation of the Property and proper performance

of Buyer's obligations under this Agreement, disclose the Property Information to Buyer's consultants, lenders, franchisors, legal counsel, hotel management company, funding agencies, project investors, experts or engineers.

(b) Developer hereby acknowledges that except as otherwise provided for herein or in the documents executed by Seller and to be delivered at the Close of Escrow, neither Seller, nor any agents, representatives, employees or attorneys of Seller have made any representations or warranties, direct or implied, oral or written with respect to the accuracy, completeness or reliability of the Property Information.

11. Representations and Warranties.

(a) Seller hereby represents and warrants to Developer as of the Effective Date and as of the Close of Escrow as follows:

(i) Seller is the legal and equitable owner of the Property and has the full right, power and authority to sell and convey the Property; to enter into this Agreement and the instruments referenced herein; and to consummate the transactions contemplated hereby, subject to the terms and conditions set forth in this Agreement. The Property includes a legally subdivided lot as well as the Seller's interest in the adjoining public roads. Prior to Close of Escrow, Seller shall take such steps, at its sole cost and expense and without right of offset or reimbursement, as are required for it to complete road abandonment procedures for certain roads adjoining such lot (as shown on Exhibit A).

(ii) The persons executing this Agreement and any other documents executed and delivered on behalf of Seller have the full right, power and authority to do so and have been duly authorized to do so by Seller, and no other persons are required to execute this Agreement on behalf of Seller.

(iii) This Agreement and all the documents executed by Seller which are to be delivered to Developer at the Close of Escrow are and will be duly authorized, executed, and delivered by Seller.

(iv) Seller received approval by the California Department of Housing & Community Development on July 2, 2026 pursuant to the Surplus Lands Act, this Agreement constitutes the legal, valid and binding obligation of Seller, enforceable against Seller in accordance with its terms, and upon execution, each of Seller's Closing Documents will constitute the legal, valid and binding obligations of Seller, enforceable against Seller in accordance with their respective terms. Seller has the absolute and unrestricted right, power and authority to execute and deliver this Agreement and Seller's Closing Documents, the execution of which has been approved by all necessary corporate actions. Subject to the Surplus Lands Act Findings Letter by the California Department of Housing & Community Development pursuant to the Surplus Lands Act, there are no contingencies or approvals that the Seller must obtain in order to fulfill its obligations pursuant to the terms of this Agreement and Seller is not required to obtain the consent of any third party for transfer the Property to Developer.

(v) Seller has not introduced, or knowingly permitted any other party to introduce, any Hazardous Materials on, in, under or about the Property in violation of applicable

environmental laws; and, except as disclosed on Schedule 11, Seller has not received written notice of the past or present existence of any Hazardous Materials on, in, under or about the Property in violation of applicable environmental laws.

(vi) Neither the execution and delivery of this Agreement by Seller, nor performance of any of its obligations hereunder, nor consummation of the transaction contemplated hereby, shall conflict with, result in a breach of, or constitute a default under, the terms and conditions of the organizational documents pursuant to which Seller was organized, or any indenture, mortgage, deed of trust, agreement, undertaking, instrument or document binding on the Property, Seller or any affiliate thereof, or any order or regulation of any court, regulatory body, administrative agency or governmental body having jurisdiction over Seller.

(vii) There are no pending or, to Seller's actual knowledge, threatened, actions, suits, proceedings, judgments, orders, decrees or governmental investigations (including, without limitation, any condemnation or notice of condemnation) affecting or related to Seller or the Property.

(viii) Seller has no information or knowledge of any pending or officially proposed change contemplated in any applicable laws or of any judicial or administrative action, any action by adjacent landowners, or any fact or condition relating to the Property, which would adversely affect, prevent, or limit development or use of the Property for the Project. There are no condemnation proceedings pending or threatened that would result in the taking of any portion of the Property. Except as disclosed by Seller on Schedule 11, there are no special assessment proceedings or other governmental proceedings affecting the Property. and no land use, development rights, development restrictions or conditions imposed by any governmental agencies which would prevent or restrict use of the Site for the Project. Seller has no intention of restricting the future use of the Site in a way which would prevent its use for the Project.

(ix) To Seller's actual knowledge, except as may be set forth in any reports, analyses or other documents provided by Seller to Buyer or on Schedule 11 to this Agreement, (A) there are no, and Seller has not received written notice of, any violations of any applicable laws, statutes, codes, ordinances, regulations, rules or restrictions pertaining to or affecting the Property; and (B) the Property is in compliance with each applicable law; and no event has occurred or circumstance exists with regard to the Property that (with or without notice or lapse of time) (A) may constitute or result in a violation by Seller of, or a failure on the part of Seller to comply with, any applicable laws or (B) may give rise to any obligation on the part of Seller to undertake, or to bear all or any portion of the cost of, any remedial action of any nature.

(x) Except for this Agreement, there are no leases, subleases, licenses or other agreements granting a possessory right or right to use any part of the Property.

(xi) Seller is not a person or entity with whom United States persons or entities are restricted from doing business under regulations of the Office of Foreign Asset Control (“OFAC”) of the Department of the Treasury (including those named on OFAC’s Specially Designated and Blocked Persons List) or under any statute, executive order (including, without limitation, the September 24, 2001, Executive Order Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism), or other

governmental action, and is not and will not engage in any dealings or transactions or be otherwise associated with such persons or entities.

(xii) No petition in bankruptcy (voluntary or otherwise), assignment for the benefit of creditors, or petition seeking reorganization or arrangement or other action under Federal or State bankruptcy laws is pending against or contemplated by Seller.

(xiii) During the period from the date of this Agreement to the Closing Date (the “**Interim Period**”), Seller shall act with respect to the Property in accordance with its preexisting practices as if the Property were not to be sold, including, without limitation, by maintaining at least the same levels of insurance in effect as of the Effective Date. Seller shall not enter into or modify any lease, agreement or contract relating to the Property which is not terminable prior to or concurrent with the Closing during the Interim Period without the prior written consent of Developer not to be unreasonably withheld.

(xiv) All exhibits and schedules to this Agreement and all due diligence materials provided by Seller to Developer, including the Property Information, have been prepared and assembled in the ordinary course of business by Seller, and are, to Seller’s actual knowledge, true, correct and complete in all material respects, and have been relied upon by Seller in the operation of the Property. Seller shall provide to Purchaser true and correct copies of all agreements encumbering the Property which would survive Closing and be binding on Purchaser and all other items it is required to deliver to Purchaser. To the extent in Seller’s possession or control, Seller shall provide Purchaser with copies of all of the following: (a) engineering and architectural plans and specifications and drawings; (b) surveys relating to the Property; (c) third party structural or physical reports or studies regarding the physical condition of the Property; (d) all bills issued for the two (2) most recent fiscal years, including, if available, the current fiscal year for all real estate taxes and all notices pertaining to real estate taxes or assessments applicable to the Property; (e) all certificates of occupancy, licenses, permits, authorizations and approvals required by law or by any governmental authority having jurisdiction thereover in respect of the Property, or any portion thereof, occupancy thereof or any present use thereof; (f) all reports, test results, analytical data, boring logs, and other studies undertaken by or at the request of Seller with respect to the Property and the environmental condition thereof, (g) all outstanding written orders, directives and notices of governmental authorities in connection with the environmental condition of the Property, (h) all correspondence to and from governmental authorities and environmental consultants with respect to any unremediated environmental condition at or about the Property; (i) leases and all other occupancy agreements or licenses affecting the Property; (j) maintenance, repair, service, pest control and supply, equipment rental agreements or other contracts or agreements in effect relating to or affecting the Property that involve payment to the service provider or equipment lessor relating to the Property that Purchaser is required to assume at Closing. Seller shall promptly provide to the Purchaser updates to the Property Information in the event of any material change or inaccuracy of the information provided.

Whenever phrases such as “to Seller’s actual knowledge” or “Seller has no knowledge” or similar phrases are used in the foregoing representations and warranties, they will be deemed to refer exclusively to matters within the current actual (as opposed to constructive) knowledge of Alan Flora, City Manager (“**Seller’s Representative**”). No duty of inquiry or investigation on the part of Seller or Seller’s Representative will be required or implied by the making of any

representation or warranty which is so limited to matters within Seller's actual knowledge, and in no event shall Seller's Representative have any personal liability therefor.

(b) Developer hereby represents and warrants to Seller as of the Effective Date and as of the Close of Escrow as follows:

(i) Developer is duly formed, validly existing and in good standing under the laws of the State of California.

(ii) Developer has the full right, power and authority to enter into this Agreement and the instruments referenced herein; and to consummate the transactions contemplated hereby.

(iii) The persons executing this Agreement and any other documents executed and delivered on behalf of Developer have the full right, power and authority to do so and have been duly authorized to do so by Buyer, and no other persons are required to execute this Agreement on behalf of Buyer.

(iv) This Agreement and all the documents executed by Developer which are to be delivered to Seller at the Close of Escrow are and will be duly authorized, executed, and delivered by Buyer.

(v) Developer is not a person or entity with whom United States persons or entities are restricted from doing business under regulations of OFAC of the Department of the Treasury (including those named on OFAC's Specially Designated and Blocked Persons List) or under any statute, executive order (including, without limitation, the September 24, 2001, Executive Order Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism), or other governmental action, and is not and will not engage in any dealings or transactions or be otherwise associated with such persons or entities.

(vi) No petition in bankruptcy (voluntary or otherwise), assignment for the benefit of creditors, or petition seeking reorganization or arrangement or other action under Federal or State bankruptcy laws is pending against or contemplated by Buyer.

(vii) Developer has, or after closing of the Construction Loan will have, adequate financial and other resources to make timely payment of all sums due from Developer hereunder and to perform all of its obligations hereunder.

(c) The foregoing representations and warranties shall be deemed to be repeated at the Close of Escrow, shall not be merged with the Grant Deed delivered at the Close of Escrow, and shall survive the Close of Escrow for a period of one (1) year, provided that a party must give the other party written notice of any claim it may have against it for a breach of any such representation or warranty, or for breach of any covenants contained in this Agreement, and file any claim, within one (1) year after the Closing Date (the "**Breach Notice Period**"). Any claim which a party may have at any time, whether known or unknown, which is not asserted within the Breach Notice Period shall not be valid or effective, and the other party shall have no liability with respect thereto. The provisions of this Section shall survive the Closing.

(d) At the Close of Escrow, Developer and Seller will reaffirm the foregoing representations and warranties as of the date of the Close of Escrow, provided that such reaffirmation may reflect any changes to such representations and warranties of which Seller or Developer (as applicable) has become aware prior to the Close of Escrow.

12. Acknowledgements of Buyer.

(a) Developer represents and warrants to Seller that Developer has substantial experience with real property. Effective as of the Close of Escrow but subject to Section 18(b) below, Developer expressly acknowledges and represents to Seller THAT, AS A MATERIAL INDUCEMENT TO THE EXECUTION AND DELIVERY OF THIS AGREEMENT BY SELLER, DEVELOPER IS PURCHASING THE PROPERTY IN AN “**AS IS, WHERE IS**” PHYSICAL CONDITION AND IN AN “**AS IS, WHERE IS**” STATE OF REPAIR, WITH ALL FAULTS AND DEFECTS, WHETHER KNOWN OR UNKNOWN and, in connection therewith, Developer does hereby waive, and Seller does hereby disclaim, all warranties of any type or kind whatsoever with respect to the Property (except as expressly provided in this Agreement or in the documents to be executed and delivered by Seller at the Close of Escrow), whether express or implied, including, by way of description but not limitation, those of fitness for a particular purpose and use. Developer hereby waives the benefit of any statute, law or decision that would in any way detract, reduce or diminish from giving full force and effect to the provisions of this paragraph.

(b) Developer expressly acknowledges and represents to Seller that, except as expressly provided in this Agreement or in the documents to be executed and delivered by Seller at the Close of Escrow (i) Developer is relying upon Developer’s own independent investigation of the Property in entering into this Agreement and purchasing the Property and that before Closing, Developer shall have thoroughly investigated and inspected each and every physical, economic and other aspect of the Property, and all factors relevant thereto, including, without limitation, the physical condition of the Property, and structures and improvements located thereon, including, but not limited to, any related engineering and structural information; the composition, condition and buildability of the Property’s soil, including, but not limited to, any related geological, environmental and toxic information; size and dimensions of the Property, including, but not limited to, any existing architectural and site plans; accuracy and adequacy of the legal description of the Property; the Property’s compliance with all applicable laws; the Property’s fitness for any particular purpose, use or enjoyment; the feasibility of development of the Property, including, but not limited to, the Property’s land use and development rights, development restrictions and conditions that are or may be imposed by governmental agencies other than Seller, marketing studies and cost to complete studies; availability and adequacy of all utilities, including but not limited to, water, electricity, sewer, gas, and telephone; all documents, encumbrances and matters affecting the title of the Property; all federal, state, county, municipal and local laws, rules and regulations affecting the Property; all legal requirements such as taxes, assessments, zoning, use permits, building codes and certificates of occupancy; and the existence of insurance contracts, governmental agreements and approvals and agreements with associations affecting or concerning the Property; (ii) should Developer not have sufficient opportunity to so investigate, Developer shall elect not to consummate the transactions contemplated herein; and (iii) the consummation of such transactions by Developer shall conclusively establish such opportunity. Notwithstanding the foregoing, Developer shall have the right to rely on the official

statements of the City concerning permitting, land use and zoning requirements applicable to the Project and restrictions on use of the Site.

(c) The provisions of this Section 12 shall survive the Close of Escrow.

13. **SELLER'S COVENANTS.** The following covenants of Seller are material consideration for Developer's entering into this Agreement:

(a) Seller acknowledges that the Property is located in a blighted area that has been designated to be in need of economic revitalization.

(b) Seller shall terminate and cancel the Seller Financing Note if the Project is completed as and when required subject to extension for force majeure events, including but not limited to rain delays and fire evacuation.

(c) Seller shall reasonably attempt to partner with Developer to pursue and acquire available funding for public infrastructure upgrades needed to support the Project. There is no guarantee of state or federal funding, but the City will commit to good faith efforts to acquire available funding to support the Project. The failure to obtain any such funding shall not extend any deadline for, or excuse, any obligation of Developer under this Agreement. For the avoidance of doubt, nothing in this Agreement obligates Seller to construct, install or pay the cost of the Public Infrastructure or any other improvements serving the Site.

14. Condemnation. In the event a governmental entity commences or threatens in writing eminent domain proceedings to take all or material portion of the Property (a "material portion" being more than two percent (2%) of the net acreage of Property or such portion as may prevent the Project from being built in a manner that satisfies the franchisor) or any adjacent or neighboring real property which would affect access to Property after the date hereof and prior to the Closing Date then Developer shall have the right to either (i) terminate this Agreement in which event neither Party shall have any further rights or obligations in connection with this Agreement, except as otherwise expressly provided in this Agreement, or (ii) proceed with the Closing as scheduled notwithstanding such proceeding; provided, however, that all awards arising out of such proceedings with respect to Property shall be assigned to Developer as of the date of Closing or credited to Developer if previously received by Seller, and Seller hereby agrees to execute any separate assignment agreement, as Developer may reasonably request, to evidence or effectuate the assignment of such awards. Seller's obligations pursuant to the immediately preceding sentence shall survive the Closing.

15. Possession. Exclusive possession of Property shall be delivered to Developer as of Closing free of any and all tenancies and/or occupancy rights. Seller shall cause all construction and road materials currently stored on the Property to be removed from the Property.

16. Default of Seller.

(a) Default of Seller Prior to Close of Escrow. In the event that the Seller is in material breach of any Seller obligation set forth herein prior to the Close of Escrow, and such material breach has not been cured within thirty (30) days written notice to Seller of such material breach, then Buyer, as its sole and exclusive remedy at law or in equity, shall have the right to either (i) terminate this Agreement and thereafter neither Party shall have any further rights or obligations in connection with this Agreement, except as otherwise expressly provided in this Agreement, or (ii) seek specific performance against Seller; provided that Developer must exercise its right to specific performance within sixty (60) days of Seller's default, or Developer will be deemed to have elected the remedy in subsection 16(a)(i) above.

(b) Default of Seller Subsequent to Close of Escrow. In the event Seller is in material breach of any Seller obligation set forth herein subsequent to the Close of Escrow, then following thirty (30) days written notice to Seller (and Seller's failure to cure the breach or to commence to cure the breach and be diligently pursuing same), Developer may pursue any right or remedy it may have at law or in equity against Seller. Notwithstanding anything to the contrary in this Agreement, in no event shall Seller be liable for any special, consequential, indirect or punitive damages.

17. Default of Buyer. In the event that Developer is in material breach of any Developer obligation set forth herein at any time prior to Construction Loan Closing and such material breach has not been cured within thirty (30) days written notice to Developer of such material breach, Seller, as its sole and exclusive remedy at law or in equity, shall have the right to terminate this Agreement and upon such termination Developer shall pay to Seller liquidated damages in the amount of Fifty Thousand Dollars (\$50,000). The Parties agree that Seller's actual damages would be impracticable or extremely difficult to calculate, and that the amount of Fifty Thousand Dollars (\$50,000) represents the Parties' reasonable estimate of such damages. The payment of such amount as liquidated damages is not intended as a forfeiture or penalty within the meaning of California Civil Code sections 3275 or 3369, but is intended to constitute liquidated damages to Seller pursuant to California Civil Code sections 1671, 1676 and 1677. Nothing in this Agreement is intended to permit Seller to recover duplicative damages for the same loss arising from the same default of Developer; without limiting the foregoing, any amounts actually collected by Seller under the Limited Guaranty shall be credited against the outstanding balance of the Seller Financing Note.

18. Indemnifications.

(a) Developer Indemnification of Seller. Developer hereby agrees to indemnify, defend, and hold Seller and Seller's elected officials, directors, employees, agents, representatives, heirs, successors, beneficiaries and assigns (the "**Seller Indemnified Parties**") harmless, from and against any liability, cause of action, loss, cost, expense, claim or economic damage (but specifically excluding consequential or speculative damages), including reasonable attorneys' fees, arising from, or related to, (i) subsequent to the Closing Date, the failure of the Developer to complete the Project pursuant to the terms of this Agreement, (ii) any claim asserted by any third parties arising from the Developer's construction, development and/or operation of the Project and (iii) any material breach of this Agreement by Developer (collectively, the "**Seller Liabilities**"); provided, however, that the Seller Liabilities indemnified and Buyer's indemnification hereunder shall not apply to any liability, cause of action, loss, cost, expense,

claim or damages arising from any Seller Indemnified Parties' gross negligence, willful misconduct, illegal action or breach of this Agreement. Notwithstanding the foregoing, Developer shall have no obligation to indemnify and defend Seller for (i) pre-existing conditions discovered by any inspection of the Property, not aggravated by Buyer, (ii) any violation of law existing with respect to the Property not caused by Buyer, (iii) the negligence or misconduct of Seller or its elected officials, officers, directors, contractors, employees, attorneys and agents, (iv) any release of pre-existing Hazardous Substances arising from the conduct of any investigation or testing of the Property, unless such release is caused by any negligence or misconduct of Developer or any agent contractor or employee of Buyer. The foregoing shall survive the Closing for a period of four (4) years following the Closing Date, .

(b) Seller Indemnification of Buyer. Seller hereby agrees to indemnify, defend, and hold Developer and Buyer's directors, partners, officers, shareholders, employees, affiliates, members, representatives, heirs, successors, beneficiaries and assigns (the "**Developer Indemnified Parties**") harmless, from and against any liability, cause of action, loss, cost, expense, claim or economic damage (but specifically excluding consequential or speculative damages), including reasonable attorneys' fees, arising from, or related to, (i) any liability or obligation of Seller that Developer is not required to assume under this Agreement or accruing prior to such assumption; (ii) any personal injury or property damage occurring in, on or about the Property or relating thereto on or before the Closing Date and any environmental liability arising from pre-existing conditions on or about the Property or relating thereto first arising on or before the Closing Date and not previously disclosed to Buyer, (iii) the untruth, inaccuracy or breach of any of the representations, warranties and covenants made by Seller pursuant to this Agreement; (collectively, the "**Developer Liabilities**"); provided, however, that the Developer Liabilities indemnified and Seller's indemnification hereunder shall not apply to any liability, cause of action, loss, cost, expense, claim or damages arising from any Developer Indemnified Parties' gross negligence, willful misconduct, illegal action or breach of this Agreement. The foregoing shall survive the Closing for a period of four (4) years following the Closing Date.

19. Miscellaneous.

(a) Assignment; Successors and Assigns. Developer shall not voluntarily or by operation of law assign or transfer any rights, interests and/or obligations hereunder prior to the Closing without Seller's express prior consent in writing, which consent shall not be unreasonably withheld. Notwithstanding the foregoing, Developer shall have the right to assign its rights under this Agreement, without the consent of Seller to an "Affiliate". For purposes of this Agreement, an "**Affiliate**" means an entity controlled by, or under common control with, Buyer. In the event that Developer assigns its rights under this Agreement to an Affiliate, Developer shall provide to Seller not less than five (5) days' prior written notice. Such assignment of Buyer's rights under this Agreement shall not relieve Developer of its obligations hereunder. Except as allowed by this Section, neither this Agreement nor the rights of either Party hereunder may be assigned by either Party. This Agreement shall be binding upon, and inure to the benefit of, the Parties hereto and their respective successors, heirs, administrators and permitted assigns.

(b) Project Ownership and Operating Entities. Nothing in this Section shall prohibit (i) the leasing, franchising, management or operation of individual components of the Project by qualified third-party operators in the ordinary course of the development and operation

of the Project, or (ii) the admission of members, partners or investors into Developer or into a Permitted Transferee (defined below), provided that AJ Developers LLC and/or Jatinder Singh, together with entities controlled by, and immediate family members of, Jatinder Singh, at all times collectively hold not less than fifty-one percent (51%) of the ownership interests in, and control the management of, Developer or such Permitted Transferee. Upon not less than ten (10) days' prior written notice to Seller, Developer may transfer the Property, as a whole and not in part, to a single special-purpose entity satisfying the foregoing ownership and control requirements (a "Permitted Transferee") that assumes in writing all obligations of Developer under this Agreement, the Seller Financing Note and the Deed of Trust. No such transfer or admission of members, partners or investors shall release AJ Developers LLC from its obligations under this Agreement or Guarantor from the Limited Guaranty, each of which shall remain in full force and effect. Prior to issuance of a certificate of occupancy for the hotel component of the Project, no transfer of fee title to less than all of the Property, or of any individual component of the Project, shall be permitted. Any transfer or other transaction not in compliance with this Section shall constitute a material breach of this Agreement and shall not limit or impair the due-on-sale provision of the Deed of Trust or Seller's Right of Repurchase.

(c) Entire Agreement. This Agreement embodies the entire agreement between the Parties relative to the subject matter hereof, and there are no oral or parole agreements existing between Seller and Developer relative to the subject matter hereof which are not expressly set forth herein and covered hereby.

(d) Recitals Incorporated. The Recitals above are an integral part of this Agreement and are incorporated herein by reference.

(e) Notices. Any notice, consent or approval required or permitted to be given under this Agreement shall be in writing and shall be deemed to have been given upon (i) hand delivery, (ii) one business day after being deposited with Federal Express or another reliable overnight courier service for next day delivery, (iii) upon facsimile transmission (except that if the date of such transmission is not a business day, then such notice shall be deemed to be given on the first business day following such transmission), or (iv) two business days after being deposited in the United States mail, registered or certified mail, postage prepaid, return receipt required, and addressed as follows:

If to Buyer:

AJ Developers LLC
[insert address]
[insert address]
Attn: Jatinder Singh

If to Seller:

City of Clearlake
14050 Olympic Drive,
Clearlake, CA 95422
Attention: City Manager Alan Flora

If to Escrow Holder:

[insert Escrow Holder information]

or such other address as either Party may from time to time specify in writing to the other.

(f) Brokers; Consultants. Seller and Developer each represents to the other that it has employed no broker or finder in connection with the transaction contemplated hereby and agrees to indemnify the other and its successors hereunder against, and hold such indemnified party and its successors hereunder harmless from, any and all actions, suits, claims, demands, debts, losses, liabilities or expenses (including without limitation reasonable attorneys' fees and costs of investigation and defense) arising from or in connection with any brokerage or finder's fees, charges or commissions which are (or are claimed to be) payable in connection with the transaction contemplated hereby by reason of the actions (or alleged actions) of such indemnifying party. The provisions of this Section 19(e) shall survive the Closing or termination of this Agreement.

(g) California Law; Jurisdiction. This Agreement shall be construed under and in accordance with the laws of the State of California. Each party to this Agreement agrees that the courts located in the County of Lake, State of California shall have sole and exclusive personal jurisdiction over each of them for the purpose of litigating any dispute, controversy, or proceeding arising out of or related to this agreement. In connection thereto, the parties hereby waive any claim of jurisdiction in another state and specifically consent to personal jurisdiction in the County of Lake, State of California.

(h) Severability. In case any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereto, and the remainder of the provisions of this Agreement shall continue in full force and effect without impairment.

(i) Waiver. The waiver by either party of a breach of any provision of this Agreement shall not be deemed a waiver of any subsequent breach whether of the same or another provision of this Agreement.

(j) Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument. The signature of a party to any counterpart shall be sufficient to legally bind such party. Delivery of an executed counterpart of a signature page to this Agreement by telecopy, emailed portable document format ("pdf"), or tagged image file format ("tiff") or any other electronic means that reproduces an image of the actual executed signature page shall be effective as delivery of an original executed counterpart of this Agreement. Any party sending an executed counterpart of a signature page to this Agreement by telecopy, pdf, tiff or any other electronic means shall also send the original thereof to the other within five (5) days thereafter, but failure to do so shall not affect the validity, enforceability, or binding effect of this Agreement.

(k) No Obligation to Third Parties. The execution and delivery of this Agreement shall not be deemed to confer any rights upon, nor obligate either of the parties hereto to, any person or entity not a party to this Agreement.

(l) Amendments in Writing. The provisions of this Agreement may not be amended or altered except by a written instrument duly executed by each of the parties hereto.

(m) Interpretation. Whenever the context hereof shall so require, the singular shall include the plural, the male gender shall include the female gender and the neuter, and vice versa. The headings contained in this Agreement are for reference purposes only and shall not in any way affect the meaning or interpretation hereof. As used herein, the term "Person" shall mean and refer to any individual, corporation, partnership, limited liability company, trust, governmental entity, or quasi-governmental entity.

(n) Attorneys' Fees. If legal action is commenced to enforce or to declare the effect of any provision of this Agreement, the prevailing Party shall be entitled to recover from the non-prevailing Party reasonable attorneys' fees and other litigation costs. In addition to the foregoing award of attorneys' fees and other litigation costs to the prevailing Party, the prevailing Party in any lawsuit on this Agreement shall be entitled to its attorneys' fees and other litigation costs incurred in any post-judgment proceedings to collect or enforce the judgment. This provision is separate and several and shall survive the merger of this Agreement into any judgment on this Agreement. This provision shall survive Closing or termination of this Agreement.

(o) Further Acts. Each of the Parties shall execute such other and further documents and do such further acts as may be reasonably required to effectuate the intent of the Parties and carry out the terms of this Agreement.

(p) Time for Performance. Wherever the time for performance of any obligation hereunder or if, pursuant to this Agreement, a party must act by a particular time, or an act is effective only if done by a particular time, and the last date for the performance of such obligation or the doing or effectiveness of such act falls upon a day other than a business day, the time for the performance of such obligation or the doing or effectiveness of such act shall be extended to the next succeeding business day. If the Closing Date shall fall on a business day that does not immediately follow a business day, the Closing Date shall be postponed to the next succeeding business day that immediately follows a business day. As used in this paragraph only, the term "business day" shall mean any day which is not a Saturday, Sunday, national or state holiday, or day on which the Office of the County Recorder of Lake County is closed or otherwise not accepting documents for recording.

(q) Time of Essence. Time is expressly made of the essence of this Agreement.

(r) Exclusivity. Provided Developer is not in default under this Agreement, Seller shall not (i) negotiate with any other persons or entities with respect to the sale of the Property, (ii) entertain unsolicited offers, bids, negotiations or inquiries as to the purchase of the Property, (iii) solicit or respond to any offers, bids, negotiations or inquiries with respect to the purchase of the Property, and/or (iv) enter into any contract to sell Property to any person or entity other than Buyer.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have set their hands on the day and year first above written.

BUYER:

AJ DEVELOPERS LLC

By: _____
Name: Jatinder Singh
Its:

SELLER:

THE CITY OF CLEARLAKE

By: _____

Alan Flora, City Manager

ATTEST:

BY: _____

Melissa Swanson, City Clerk

APPROVED AS TO FORM:

BY: _____
Scott Drexel, City Attorney

SELLER (SUCCESSOR AGENCY):

**SUCCESSOR AGENCY TO THE FORMER CLEARLAKE REDEVELOPMENT
AGENCY, a separate public entity**

By: _____

Alan Flora, Executive Director

ATTEST: _____

Melissa Swanson, Secretary of the Successor Agency

EXHIBIT A

Legal Description:

[City to Supply]

EXHIBIT B

Project Description

[Project Description to be attached]

EXHIBIT C

Memorandum of Agreement

[Form of Memorandum to be attached]

EXHIBIT D

Limited Guaranty

[Form of Limited Guaranty to be attached — to conform to Section 9(a), including a guaranty of payment only, the limitation and automatic reduction of liability, automatic termination, notice and cure, and customary waivers]

EXHIBIT E

Seller Financing Note

[Form of Seller Financing Note to be attached]

EXHIBIT F

Deed of Trust

[Form of Deed of Trust to be attached]

