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## PURCHASE AND SALE AGREEMENT AND ESCROW INSTRUCTIONS

This Purchase and Sale Agreement and Escrow Instructions ("Agreement") is entered into and is effective as of Oct 6, 2022, by and between the City of Douglas Community Housing Corporation, an Arizona nonprofit organization ("Community Housing Corporation" or "Seller"), and Sierra Carmichael USA, LLC, an Arizona limited liability company or its assign or nominee ("Buyer"), on the following terms and conditions contained herein.

### RECITALS

WHEREAS, Seller is the owner of real property and improvements located at 1201 E. Fairway Dr., Douglas, Cochise County, Arizona commonly referred to as the Rancho La Perilla Apartment Complex ("Apartments"); and

• WHEREAS, the Seller and Buyer enter into this Agreement to set forth the rights and obligations of Buyer and Seller with respect to the purchase and sale of the Apartments.

### AGREEMENT

NOW, THEREFORE, in consideration of the foregoing Recitals and the mutual promises and covenants set forth herein, and for other consideration, the receipt and adequacy of which is hereby acknowledged, the Seller and Buyer agree as follows:

1. Sale and Purchase. On the terms and conditions contained in this Agreement, Seller agrees to sell to Buyer and Buyer agrees to purchase from Seller, the real property located at 1201 E. Fairway Dr, Douglas, Cochise County, and legally described and depicted on Exhibit A, together with all of Seller's rights, title and interest in and to (a) the improvements, structures and fixtures located thereon, including all equipment, vehicles, furniture, and appliances (except for the furniture, appliances or personal property owned by the tenants of the Residential Leases (defined in Section 7) and (b) all appurtenances, hereditaments, easements, rights-of-way, reversions, remainders, development rights, well rights, water rights and air rights; (c) all oil, gas, and mineral rights not previously reserved; (d) to the extent in Seller's possession or control, all Residential Leases and all security deposits for all tenants of the Property, (e) all warranties and guaranties relating to any personal property, fixtures, or the Property ("Warranties"), (f) all licenses and permits relating to the Property, including all certificates of occupancy and other permits, licenses and approvals issued under applicable law ("Permits"), (g) all records ("Records") of Seller relating to the Property, the Residential Leases, the Permits and the Warranties, if any, including but not limited to (i) all records regarding real estate taxes and assessments, insurance, maintenance, repairs, capital improvements, and services, (ii) all reports and studies or tests, including soil, engineering, environmental reports and correspondence (including but not limited to any existing Phase I or Phase II environmental site assessments), if any, and all drafts and letters and other documents which order, describe or limit the scope of such tests, reports or studies; and (iii) and all originals and copies of surveys, blueprints,

plans and specifications regarding the Property, and (h) any other rights or privileges appurtenant to such real property (collectively, the "Property").

2. Escrow and Title Company. The Seller and Buyer shall open an escrow ("Escrow") with Pioneer Title Agency, 1065 F Ave Suite #6, Douglas, Arizona 85607, Attn: Candy Romo ("Title Company") to facilitate the consummation of the sale of the Property. This Agreement shall also serve as escrow instructions to Title Company. The Seller and Buyer shall provide additional instructions reasonably requested by Title Company in connection with opening the Escrow or otherwise facilitating the consummation of the sale of the Property, not inconsistent with the terms of this Agreement. In the event of any conflict or inconsistency between any additional Escrow Instructions requested by Title Company and this Agreement, the provisions of this Agreement shall prevail.

3. Purchase Price; Earnest Money.

3.01 Purchase Price. The purchase price ("Purchase Price") to be paid by Buyer for the Property shall be Four Million Nine Hundred Thirty-Four Thousand and 00/100 Dollars (\$4,934,000.00). The Purchase Price shall be paid as follows:

(a) Payment of Fifty Thousand and 00/100 Dollars (\$50,000.00) Earnest Money as set forth in Section 3.02.

(b) Assumption of a U.S. Department of Housing and Urban Development Regulatory Agreement for Multifamily Project (HUD Project No. 123-35482) loan ("HUD Loan") currently in the amount of **Three Million Nine Hundred Seventy Five Thousand Six Hundred Eighty Four and 16/100 (\$3,975,684.16)** approximately.

(c) Payment of Nine Hundred Fourteen Thousand and 00/100 Dollars (\$914,000.00) at Closing ("Cash Payment").

(d) The Cash Payment will be increased or decreased at Closing based on the actual balance of the HUD Loan assumed by Buyer at Closing.

3.02 Earnest Money. On the Opening of Escrow (as defined in Section 4.01), Buyer shall deposit with the Title Company the amount of Fifty Thousand and No/100 Dollars (\$50,000.00) ("Earnest Money".) The Earnest Money shall become non-refundable to Buyer at the expiration of the Feasibility Period (as defined in Section 6.02(b)), except as otherwise provided in this Agreement. If the transaction contemplated hereby is consummated in accordance with the terms and provisions hereof, the Earnest Money shall be credited toward the Purchase Price at Closing. If the transaction is not so consummated, the Earnest Money shall be held and delivered by the Title Company as hereinafter provided.

3.03 Replacement Reserve Account. Buyer understands and acknowledges that Seller is required by HUD to maintain a Replacement Reserve Account ("Replacement Reserve

Account”) to cover expenses associated with the Apartments. As of the date of this Agreement, the amount currently held in the Replacement Reserve Account is approximately **Three Hundred Eighty Seven Thousand Five Hundred Nine and 85/100 (\$387,509.85)**. The funds remaining in the Replacement Reserve Account at Closing will belong to Seller and Seller shall retain the funds. At Closing, Buyer shall replenish the Replacement Reserve Account and shall deposit in the Replacement Reserve Account an amount satisfactory to HUD. Buyer’s replenishment of the Replacement Reserve Account will take place outside of Escrow.

3.04 Residual Receipt Account. Buyer understands and acknowledges that Seller is required by HUD to maintain a Residual Receipt Account (“Residual Receipt Account”) to cover expenses associated with the Apartments. As of the date of this Agreement, the amount currently held in the Residual Reserve Account is **approximately Sixteen Thousand Eight Hundred Six dollars and 66/100 (\$16,806.66)**. The funds remaining in the Residual Receipt Account at Closing will belong to Seller and Seller shall retain the funds. At Closing, Buyer shall replenish the Residual Receipt Account and shall deposit in the Residual Receipt Account an amount satisfactory to HUD. Buyer’s replenishment of the Residual Receipt Account will take place outside of Escrow.

#### 4. Escrow Opening and Closing.

4.01 Opening of Escrow. The Title Company shall sign and date this Agreement on the space provided at the end of this Agreement, indicating that Escrow has been opened as of such date ("Opening of Escrow"), which date shall be the date at which Title Company is in possession of a fully executed Agreement and the Earnest Money. The Title Company shall provide a copy of the fully executed Agreement to the Seller and Buyer within five (5) days of the Opening of Escrow.

4.02 Closing. Subject to the Conditions Precedent set forth in Section 10, the closing of this transaction and escrow (the “Closing” or “Close of Escrow”) shall occur the earlier of (i) ten (10) days after Buyer has secured approval from HUD for Buyer’s assumption of the HUD Loan; or (ii) within one hundred eight (180) days after the expiration of the Feasibility Period (as defined in Section 6.02(b)), unless an extension is otherwise agreed to in writing by both parties.

#### 5. Title

5.01 Status of Title. Within ten (10) business days after Opening of Escrow, or as soon thereafter as possible, Title Company shall provide Buyer and Seller with a current commitment for title insurance (the "Title Commitment") for the Property, disclosing all matters of record and other matters of which Title Company has knowledge which relate to the title to the Property, and a legible copy of each of the instruments and documents referred to in the Title Commitment. The Title Commitment shall include Title Company’s requirements for Closing and issuing its title policy. Except for the HUD Loan, Seller shall satisfy those requirements of Seller requiring a release of consensual monetary encumbrances on or before the Closing. Buyer shall have ten (10) business days after receipt of the Title Commitment and copies of all instruments and documents referred to in the Title Commitment, or ten (10) business days after the receipt of any amendment to the Title

Commitment and copies of all instruments and documents referred to therein or receipt of any amendment to the Survey, to object in writing to Seller to any matter shown thereon. Buyer's objection may include additional requirements with regard to title evidence based upon Buyer's initial review, including, requiring (a) satisfaction of Title Company's requirements set forth in the Title Commitment, (b) deletion of all the so-called "standard exceptions" to coverage, (c) affirmative insurance of any easements appurtenant to the Property, (d) reasonable affirmative title insurance endorsements (including but not limited to comprehensive, zoning, access, subdivision, contiguity and same as survey) with respect to the Property if available in the jurisdiction in which Property is located, and (e) revisions of the Title Evidence as to any matters reasonably warranting additional investigation, affirmative insurance and/or certification. Buyer shall have the renewed right to object to the Title Evidence as the same may be revised or endorsed from time to time. If Buyer fails to object within said period, the condition of title to the Property shall be deemed approved. If Buyer timely objects to any matter disclosed by the Title Commitment or any amendment thereto, the Seller may, but is not obligated, to use reasonable efforts to cure such objection(s) (although in no event shall the Seller be required to expend funds) within fifteen (15) business days thereafter. If, within such fifteen (15) business day period, the Seller is unsuccessful or responds that it is unwilling to cure Buyer's objection(s), Buyer shall have five (5) business days following notice from the Seller of its inability or unwillingness to cure in which Buyer shall elect by delivering written notice to the Seller and Title Company either to (a) waive its objection(s); or (b) terminate this Agreement. If Buyer elects to terminate this Agreement, Title Company shall deliver the Earnest Money to Buyer, without further notice to or from the Seller and neither party shall thereafter have any further rights or obligations hereunder except for those rights and obligations that survive the termination of this Agreement or the Close of Escrow as provided in this Agreement. Failure by Buyer to make a timely election shall constitute an election to terminate this Agreement. Failure by the Seller to give any notice shall constitute the Seller's election not to cure. Notwithstanding anything else stated herein, in all events, regardless of whether Buyer has given notice of objection as stated above, except for the HUD Loan, the Seller shall be obligated to satisfy and otherwise remove all monetary and financial liens and encumbrances in existence at the time of execution of this Agreement or incurred by the Seller on or before Closing hereunder (other than current taxes not yet due). Any title exceptions which have not been objected to or waived by Buyer shall be called "Permitted Title Exceptions."

5.02 Title Policy. At Closing, Title Company shall furnish to Buyer a current ALTA extended coverage owner's policy of title insurance in the amount of the Purchase Price for the Property insuring Buyer's title to the Property, subject only to the usual printed exceptions contained in such title insurance policies and those matters approved by Buyer pursuant to Section 5.01. The Buyer shall pay the premium for ALTA extended coverage owner's policy. If Buyer wants any endorsements, Buyer shall pay the cost of any endorsements requested by Buyer.

5.03 Survey. Seller shall provide Buyer with a copy of the most recent ALTA survey covering the Property that is in Seller's possession. If Buyer desires an updated survey of the Property or if a survey is required to enable the Title Company to issue its Title Policy, it shall be Buyer's responsibility to obtain the survey at Buyer's cost.

6. Preliminary Due Diligence; Examination of Property.

6.01 Preliminary Due Diligence. Within five (5) business days after the Opening of Escrow, or as soon thereafter as possible, Seller shall provide to Buyer the following information (the "Property Information"), to the extent the Property Information is in the Seller's possession or control: a survey including existing public reports, cross-access easements, drainage easements, ditch easements and/or utility easements/agreements, title report, flood zone status/Elevation Certificate, proof of legal access, septic system reports and permits, well documentation and water rights, Phase I report or any other environmental studies or approvals related to current or past operations on the Property of which the Seller has knowledge, soil and archeological studies, tax information, Seller's Property Disclosure Statement, and other information Seller may have in its possession concerning the Property ("Preliminary Items of Due Diligence").

The Seller makes no representation or warranty whatsoever regarding Property Information, except that the Seller has no actual knowledge of any incorrect information contained therein (and such representation is made without investigation or review by the Seller of the Property Information). The Seller nor any of its respective officials, officers, directors, employees, attorneys, engineers, agents or representatives shall be deemed to make or have made any representation or warranty as to the adequacy, validity, accuracy, fitness for a particular purpose or completeness of the Property Information, and, neither Seller nor any of its officials, officers, directors, employees, attorneys, engineers, agents or representatives shall have any liability resulting from the use of or reliance on the Property Information. If this transaction does not close for any reason, Buyer shall not use any Property Information provided to Buyer and shall return the same and any copies thereof to the Seller.

Buyer acknowledges and agrees that upon Closing, Seller shall sell and convey the Property to Buyer and Buyer shall accept the Property "**AS IS, WHERE IS, WITH ALL FAULTS,**" except to the extent expressly provided otherwise in this Agreement or any document executed by Seller and delivered to Buyer at Closing, including, without limitation, the warranties of title in the Special Warranty Deed. Except as expressly set forth in this Agreement or any document executed by Seller and delivered to Buyer at Closing, Buyer has not relied and will not rely on, and Seller has not made and is not liable for or bound by, any express or implied warranties, guarantees, statements, representations or information pertaining to the Property or relating thereto (including specifically, without limitation, the Property information packages distributed with respect to the Property) made or furnished by Seller, or any property manager, real estate broker, agent or third party representing or purporting to represent Seller, to whomever made or given, directly or indirectly, orally or in writing. Buyer represents that it is a knowledgeable, experienced and sophisticated Buyer of real estate and that, except as expressly set forth in this Agreement, it is relying solely on its own expertise and that of Buyer's consultants in purchasing the Property and shall make an independent verification of the accuracy of any documents and information provided by Seller. Buyer will conduct such inspections and investigations of the Property as Buyer deems necessary, including, but not limited to, the physical and environmental conditions thereof, and shall rely upon same. By failing to terminate this Agreement prior to the expiration of the Feasibility

Period, Buyer acknowledges that Seller has afforded Buyer a full opportunity to conduct such investigations of the Property as Buyer deemed necessary to satisfy itself as to the condition of the Property and the existence or non-existence or curative action to be taken with respect to any Hazardous Materials on or discharged from the Property, and will rely solely upon same and not upon any information provided by or on behalf of Seller or its agents or employees with respect thereto, other than such representations, warranties and covenants of Seller as are expressly set forth in this Agreement. Upon Closing, Buyer shall assume the risk that adverse matters, including, but not limited to, adverse physical or construction defects or adverse environmental, health or safety conditions, may not have been revealed by Buyer's inspections and investigations. Buyer hereby represents and warrants to Seller that Buyer is represented by legal counsel in connection with the transaction contemplated by this Agreement, or Buyer has waived its right to have legal counsel represent Buyer in this transaction. Buyer waives any and all rights or remedies it may have or be entitled to, deriving from disparity in size or from any significant disparate bargaining position in relation to Seller.

\_\_\_\_\_ (Buyer's Initials)

#### 6.02 Examination of Property.

(a) Upon making prior arrangements with the Seller, Buyer, its agents or employees may enter upon the Property for the purposes of inspecting the Property, conducting environmental, soil, engineering, structural and other tests as Buyer may deem necessary. Buyer shall restore the affected portion of the Property to its condition prior to the performance of such studies or inspections. Buyer agrees to indemnify, defend and hold the Seller harmless for, from and against any liability and/or damages caused by Buyer in exercising the foregoing license (unless arising from Seller's gross negligence or willful misconduct), including, but not limited to any and all costs, expenses and attorneys' fees, through all mediation, arbitration, trial and appellate proceedings, and agrees that this obligation to indemnify shall survive any termination of this Agreement and the Close of Escrow. All expenses incurred in connection with the exercise of such license by Buyer shall be the responsibility of Buyer. Prior to entry upon the Property, Buyer shall deliver to Seller a currently effective certificate of commercial general liability insurance with a minimum combined single limit of \$1,000,000 and a minimum aggregate limit of \$2,000,000. Seller shall be named an additional insured under such insurance policy and such policy shall not be cancellable without thirty days' notice to Seller and shall be underwritten by an insurer reasonably acceptable to Seller.

(b) Notwithstanding any provisions to the contrary, Buyer may terminate this Agreement for any reason, by delivering written notice of such termination to Seller and Title Company on or before last day of the Feasibility Period. Except for environmental issues, the period between the Opening of Escrow and the date thirty (30) days thereafter shall be the "Feasibility Period." Notwithstanding the above, the Feasibility Period for environmental issues is sixty (60) days after the Opening of Escrow. If Buyer elects to terminate this Agreement pursuant to this Section 6.02(b) the Title Company shall deliver the Earnest Money, to Buyer without further notice to or from Seller and neither party shall have any further rights or obligations except those rights and obligations that survive the termination of this Agreement or the Close of Escrow as provided in this Agreement.

7. Residential Leases. The Property consists of individual apartment units that are leased by Seller to tenants under individual residential leases (collectively, "Residential Leases"). Within five (5) business days after the Opening of Escrow, or as soon thereafter as possible, Seller shall provide to Buyer copies of all Residential Leases. At Closing, Seller shall assign, convey and transfer to Buyer all Seller's right title and interest as landlord in and to the Residential Leases and Buyer shall assume all covenants and obligations of landlord under the Residential Leases. All tenant deposits under the Residential Leases held by Seller shall be transferred to Buyer at Closing.

8. Representations and Warranties.

8.01 Seller's Representations and Warranties. The Seller makes the following representations and warranties, all of which shall be true and correct at the Closing, but which shall not survive Closing:

(a) To the Seller's actual knowledge, and except as reflected in the Title Documents, there are no claims, actions, suits, or other proceedings pending or threatened or any governmental department or agency or any other corporation, partnership, entity or person whomsoever, nor any voluntary actions or proceedings contemplated by the Seller, which in any manner or to any extent may detrimentally affect Buyer's right, title or interest in and to the Property, or the Seller's ability to perform the Seller's obligations under this Agreement.

(b) To the Seller's actual knowledge, the Seller has the full power and authority to enter into and perform this Agreement according to the terms hereof and the individuals executing this Agreement and all documents delivered pursuant to this Agreement on behalf of the Seller are authorized to do so.

(c) To the Seller's actual knowledge, Seller has good, indefeasible and insurable title in fee simple to the Property. The Property has not been assigned or conveyed to any party, except for any Residential Leases. Except as reflected in the Title Documents or the Residential Leases, there are no agreements (other than this Agreement), commitments or understandings by or between the Seller and any third party pursuant to which the Seller or its successors in interest are required to convey, dedicate, sell or transfer any part of the Property or to grant any easement, water right, right-of-way, road or license in respect to any part of the Property.

(d) Seller has not received any notices and the Seller is not otherwise aware that the Property was not or is not in compliance with all federal, state of Arizona and local laws, ordinances and regulations relating to environmental protection, occupational health and safety, public health and safety or public nuisance or menace (collectively "Environmental Laws"). To the Seller's actual knowledge there has been no production, storage, transport, release, spillage or disposal upon the Property of any hazardous substances, hazardous waste, hazardous materials, toxic substances, contaminants, or any other substances declared to be hazardous or toxic under any Environmental Laws.

(e) To the Seller's actual knowledge, there is no pending or threatened condemnation or similar proceedings affecting the Property or any part thereof and the Seller has no knowledge that any such proceeding is presently contemplated.

(f) This Agreement and all documents required hereby to be executed by the Seller are and shall be valid, legally binding obligations of, and enforceable against the Seller, in accordance with their terms.

(g) Except for the Residential Leases, there are no persons in possession or occupancy of the Property or any part thereof, nor are there any persons who have possessory rights in respect to the Property or any part thereof.

(h) To the Seller's actual knowledge, there has been no labor or materials of any kind furnished or to be furnished to or for the benefit of the Property for which payment in full has not been made.

(i) Except as otherwise expressly set forth in this Agreement and the Deed, neither the Seller nor its officials, officers, employees, agents, representatives, attorneys or contractors (collectively "Seller's Parties") have made any representations, guaranties, promises, assurances or warranties, express or implied, to Buyer including, without limitation, any pertaining to the suitability of the Property for any purpose, the profitability of owning or operating the Property, the physical or environmental condition thereof, the suitability, habitability or merchantability or fitness of the Property for Buyer's intended use or for any use whatsoever, the rentals, income or expenses thereof, the net or gross acreage contained therein, the zoning thereof, the condition of title thereto, the existence or satisfaction of any local, state or federal approvals or permits for the development or use thereof, the availability or existence of water, sewer or other utilities, the existence or nonexistence of any hazardous substances or materials in, on or under the Property, or as to any past, present or future matter whatsoever. The Seller acknowledges and agrees that this disclaimer has been specifically negotiated and that the Property will be sold in the condition described in Section 6.01. Buyer acknowledges that it will have the opportunity to inspect the Property during the Feasibility Period, and during such period, observe its physical characteristics and existing conditions and the opportunity to conduct such investigation and study on and the Property and adjacent areas as Buyer deems necessary. Buyer hereby forever releases and discharges Seller from all responsibility and liability, including without limitation, liabilities and responsibilities for matters relating to the physical, environmental or legal compliance status of the Property, whether arising before or after the Effective Date, under the Comprehensive Environmental Response, Compensation and Liability Act Of 1980 (42 U.S.C. Sections 9601 et seq.), as amended ("CERCLA"), regarding the condition, valuation, salability, rentability or utility of the Property, or its suitability for any purpose whatsoever (including, but not limited to, with respect to the presence in the soil, air, structures and surface and subsurface waters, of Hazardous Materials or other materials or substances that have been or may in the future be determined to be toxic, hazardous, undesirable or subject to regulation and that may need to be specially treated, handled and/or removed from the Property under current or future federal, state and local laws, regulations or guidelines, and any structural and geologic conditions, subsurface soil and water conditions and solid



and hazardous waste and Hazardous Materials on, under, adjacent to or otherwise affecting the Property)., Buyer further hereby waives (and by Closing this transaction will be deemed to have waived) any and all objections and complaints (including, but not limited to, federal, state and local statutory and common law based actions, and any private right of action under any federal, state or local laws, regulations or guidelines to which the Property is or may be subject, including, but not limited to, CERCLA) concerning the physical characteristics and any existing conditions of the Property, including, without limitation, the landlord's obligations under the Residential Leases relating to the physical, environmental or legal compliance status of the Property, whether arising before or after the Effective Date. Buyer further hereby assumes the risk of changes in applicable laws and regulations relating to past, present and future environmental conditions on the Property and the risk that adverse physical characteristics and conditions, including, without limitation, the presence of Hazardous Materials or other contaminants, may not have been revealed by its investigation. For purposes hereof, "**Hazardous Materials**" means "Hazardous Material," "Hazardous Substance," "Pollutant or Contaminant," and "Petroleum" and "Natural Gas Liquids," as those terms are defined or used in Section 101 of CERCLA, and any other substances regulated because of their effect or potential effect on public health and the environment, including, without limitation, PCBs, lead paint, asbestos, urea formaldehyde, radioactive materials, putrescible materials, and infectious materials.

As used in this Agreement, for periods beginning when First West Properties Corporation became the property manager of the Property of 2012 to the present ("First West Period"), "To the Seller's actual knowledge" shall mean the actual, present knowledge of Frank Moro, Seller's property manager for the Apartments, without making any independent investigations or inquiries and without the duties to do so, and specifically negating the doctrines of constructive or imputed notice or knowledge.

(j) One of the members of the Buyer is a licensed Real Estate Broker in the State of Arizona.

8.02 Buyer's Representations and Warranties. Buyer represents and warrants to the Seller:

(a) Buyer has the full power and authority to enter into and perform this Agreement according to the terms hereof and the individual executing this Agreement on behalf of Buyer is authorized to do so.

(b) This Agreement and all documents required hereby to be executed by Buyer are and shall be valid, legally binding obligations of, and enforceable against Buyer, in accordance with their terms.

(c) Buyer acknowledges and agrees that with the aid of independent expert advice it will have had an opportunity to satisfy, prior to the expiration of the Feasibility Period, itself regarding the physical condition of the Property, and that the Property will be purchased "AS

**IS AND WITH ALL FAULTS"**. The Buyer acknowledges and agrees that this disclaimer has been specifically negotiated and that the Property will be sold in its then-present physical condition.

9. Remedies.

9.01 Seller's Remedies. In the event Buyer fails to perform its obligations pursuant to this Agreement for any reason except due to the Seller's default or failure to perform its obligations hereunder, the Seller shall be entitled as its sole remedy to terminate this Agreement and Title Company shall deliver to the Seller the Earnest Money as liquidated damages and not as penalty, in full satisfaction of claims against Buyer hereunder. The Seller and Buyer agree that the Seller's damages resulting from Buyer's default are difficult, if not impossible, to determine and the amount of the Earnest Money is a fair estimate of those damages which has been agreed to in an effort to cause the amount of said damages to be certain. Nothing in this Section shall limit the Seller's right to recover attorneys' fees under Section 9.03 below.

9.02 Buyer's Remedies. If the Seller (1) fails to perform any of its obligations under this Agreement prior to the Closing for any reason other than the default of Buyer or the termination of this Agreement (and such failure continues for a period of ten (10) days following written notice to the Seller), or (2) breaches a representation and warranty, then the Seller shall be in default under this Agreement and, as Buyer's sole and exclusive remedy, Buyer may elect to: (i) waive the default and proceed to close this transaction and the Escrow; or (ii) pursue specific performance of this Agreement; or (iii) terminate this Agreement and receive the Earnest Money from the Title Company; provided, however, if specific performance is unavailable because of the affirmative or intentional acts or omissions of the Seller, Buyer may bring suit for damages as a result of the Seller's default hereunder. As a condition precedent to Buyer's right to pursue specific performance under section (ii) above, Buyer shall (a) not be in default under this Agreement; and (b) file suit therefore in the Superior Court of Arizona in Cochise County, Arizona on or before 5:00 pm MST on or before the date that is sixty (60) business days immediately following the scheduled Closing Date. Nothing in this Section shall limit Buyer's right to recover attorneys' fees under Section 9.03 below.

9.03 Attorneys' Fees. In the event either party hereto is required to employ an attorney because of the other party's default, then the defaulting party shall pay the non-defaulting party's reasonable attorneys' fees incurred in the enforcement of this Agreement.

9.04 Waiver. Seller and Buyer waive the right to pursue consequential or punitive damages against the other.

10. Conditions Precedent to the Seller's Obligations. The obligations of the Seller under this Agreement are subject to the satisfaction, on or prior to the Closing, of the following conditions, all or any of which may be waived in writing by the Seller:

(a) Buyer shall have received written approval from the U.S. Department of Housing and Urban Development to assume all obligations under the HUD Loan and release the Seller from any future obligation under the HUD Loan.

(b) Buyer shall have received written consent from the City of Douglas to purchase and acquire the Property.

(c) All representations and warranties made by Buyer in this Agreement and in any written statements delivered to the Seller by Buyer under this Agreement shall be true and correct as of the Closing.

(d) Buyer shall have performed and complied with all obligations of Buyer required by this Agreement to be performed or complied with by Buyer on or prior to the Closing.

(e) All documents required to be delivered by Buyer on or prior to the Closing shall have been properly executed by Buyer and delivered to Escrow Agent or the Seller in form and substance reasonably satisfactory to Seller.

11. Conditions Precedent to Buyer's Obligations. The obligations of Buyer under this Agreement are subject to the satisfaction, on or prior to the Closing, of the following conditions, all or any of which may be waived in writing by Buyer:

(a) Buyer shall have received written approval from the U.S. Department of Housing and Urban Development to assume all obligations under the HUD Loan and release the Seller from any future obligation under the HUD Loan.

(b) Buyer shall have received written consent from the City of Douglas to purchase and acquire the Property.

(c) All representations and warranties made by the Seller in this Agreement and in any written statement delivered to Buyer by the Seller under this Agreement shall be true and correct as of the Closing.

(d) The Seller shall have performed and complied with all its respective obligations required by this Agreement to be performed or complied with by it on or prior to the Closing.

(e) All documents required to be delivered by the Seller on or prior to the Closing shall have been properly executed by the Seller and delivered to Escrow Agent or Buyer in form and substance reasonably satisfactory to Buyer.

(f) Title Company shall have irrevocably committed to issue the Title Policy.

(g) If any of Buyer's closing conditions described in this section have not been fulfilled within the applicable time periods, Buyer may:

(i) Waive the unfulfilled Buyer closing condition and Close in accordance with this Agreement, without adjustment or abatement of the Purchase Price; or

(ii) Terminate this Agreement by written notice to Seller and Escrow

Agent and Escrow Agent shall immediately release to Buyer the Earnest Money and neither party shall have any further rights or obligations except those rights and obligations that survive the termination of this Agreement or the Close of Escrow as provided in this Agreement.

(h) Seller shall complete the Project Capital Needs Assessment (PCNA) as required by the existing HUD 223(f) loan and complete all work required in order to correct current deficiencies in the property pursuant to the PCNA prior to closing.

12. Closing.

12.01 Closing Matters.

(a) At Closing, the Seller shall execute, deliver and acknowledge the following documents:

(i) A special warranty deed ("Deed") conveying the Property, subject only to ad valorem taxes for the year of closing and applicable Permitted Title Exceptions;

(ii) An Assignment and Assumption Agreement for the HUD Loan, if required;

(iii) A Bill of Sale for any equipment, furniture and appliances to be conveyed to Buyer;

(iv) An Assignment and Assumption Agreement of all Residential Leases;

(v) An Assignment and Assumption Agreement of all Warranties and Permits.

(vi) An affidavit, signed and acknowledged by the Seller under penalties of perjury, certifying that the Seller is not a nonresident alien, foreign corporation, foreign partnership, foreign trust, foreign estate, or other foreign person within the meaning of Section 1445 and Section 7701 of the Internal Revenue Code of 1986 and the associated Treasury Regulations;

(vii) An affidavit of property value as required by law; and

(viii) Such other documents as are reasonably necessary to close and consummate the purchase and sale transaction contemplated by this Agreement and as may be required by the lender for the Buyer or the Title Company.

(b) At Closing, Buyer shall:

(i) Deliver the Cash Payment to Title Company;

- HUD Loan, if required;
- Residential Leases;
- (ii) Execute the Assignment and Assumption Agreement of the
  - (iii) Execute an Assignment and Assumption Agreement of all
  - (iv) An Assignment and Assumption of all Warranties and Permits;
  - (v) Execute and deliver an affidavit of property value as required
- by law;
- (vi) Execute and deliver such other documents as are reasonably necessary to close and consummate the purchase and sale transaction contemplated by this Agreement and as may be required by the lender for Buyer or the Title Company.

(c) Title Company shall transfer the Earnest Money and Cash Payment to the Seller upon the Close of Escrow.

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

12.02 Taxes. At Closing, all taxes (real and personal), fees and assessments, if applicable, shall be prorated as of the date of the Closing in accordance with the prorations customarily used for commercial properties in the area of the Property.

12.03 Closing Costs. Escrow fees charged by Title Company shall be paid solely by Buyer. The Buyer shall pay the fee for recording the Deed. Except as otherwise provided in Section 9.03, each party shall be responsible for the payment of its own attorneys' fees incurred in connection with the transaction, which is the subject of this Agreement.

12.04 Commissions. Seller has not retained or engaged a real estate broker, commission agent or any other person who is or may be entitled to payment of a commission or finder's fee or other compensation in connection with the transaction contemplated by this Agreement. Buyer shall indemnify, hold harmless and defend the other, its successors and assigns for, from and against any and all claims, demands, actions, costs and expenses, including reasonable attorney and accounting fees and court costs arising out of any claim by any real estate broker or other person claiming that such person is entitled to any commission or fee in connection with this transaction. The provisions of this Section 12.04 shall survive the Closing.

13. Condemnation and Risk of Loss.

13.01 Condemnation. If, prior to Closing, any governmental authority, other than Seller, or other entity having condemnation authority shall institute an eminent domain proceeding or

take any steps preliminary thereto (including the giving of any direct or indirect notice of intent to institute such proceedings) with regard to the Property, and the same is not dismissed on or before ten (10) days prior to Closing, Buyer shall be entitled either to terminate this Agreement upon written notice to Seller or to waive such right of termination and receive all such condemnation proceeds. In the event Buyer elects to terminate this Agreement under this Section 13.01, the Title Company shall forthwith return to Buyer the Earnest Money, and neither party to this Agreement shall thereafter have any further rights or obligations hereunder except for those rights and obligations that survive termination of this Agreement or the Close of Escrow as provided in this Agreement.

13.02 Risk of Loss. The risk of loss or damage to the Property and all liability to third persons until the Close of Escrow shall be borne by the Seller. Buyer shall assume all risks of loss or damage to the Property and all liability to third persons upon the Close of Escrow.

14. Miscellaneous.

14.01 Notices. Any and all notices, demands or requests required or permitted hereunder shall be in writing and shall be effective upon personal delivery or facsimile transmission (facsimile transmission must include verification of transmission) or one (1) business day after being deposited with any commercial air courier or express service providing next day delivery, addressed as follows:

To the Seller: City of Douglas Community Housing Corporation  
Attn: Vicky Merritt, President  
1201 E. Fairway Dr.  
Douglas, AZ 85607  
Email: [Vicky.Merritt@edwardjones.com](mailto:Vicky.Merritt@edwardjones.com)

With copy to: Denis M. Fitzgibbons, City of Douglas Attorney  
Fitzgibbons Law Offices, P.L.C.  
1115 E. Cottonwood Lane, Suite 150  
P.O. Box 11208  
Casa Grande, Arizona 85130-0148  
Email: [denis@fitzgibbonslaw.com](mailto:denis@fitzgibbonslaw.com)

To Buyer: Sierra Carmichael USA, LLC/ (RLP II, LLC)  
Attn: Frank T. Moro  
1700 S. Highway 92, STE E100  
Sierra Vista, AZ 85635  
Phone: (520)458-1666  
Email: [frank@fwpc.net](mailto:frank@fwpc.net)  
Email: [aindritz@gmail.com](mailto:aindritz@gmail.com)

With a copy to: Dennis J. Dietzler, Esq.  
7400 Metro Blvd., Suite 310

Edina, MN 55439  
Phone: (612)866-6086  
Email: dietzlerlaw@comcast.net

Escrow Agent: Pioneer Title Agency,  
Attn: Candy Romo  
1065 F Ave Suite #6  
Douglas, Arizona 85607  
Fax No.: \_\_\_\_\_  
Email: [candy.romo@pioneertitleagency.com](mailto:candy.romo@pioneertitleagency.com)

Buyer, the Seller or Escrow Agent may change its address for notice by giving notice in the manner provided above. The inability to deliver because of a changed address of which no notice was given, or rejection or other refusal to accept any notice, shall be deemed to be the receipt of the notice as of the date of such inability to deliver or rejection or refusal to accept. Any telephone numbers or e-mail addresses provided in this Agreement are for aiding informal communications only, and notices shall not be effective if provided orally or if sent only by e-mail.

14.02 Time of the Essence; Date of Performance. Time is of the essence of this Agreement, and Buyer and the Seller hereby agree to perform each and every obligation hereunder in a prompt and timely manner; provided, however, that if the date for the performance of any action or the giving of any notice which is required hereunder, occurs on a Saturday, Sunday or legal holiday, the date for performance or giving of notice shall be the next succeeding business day.

14.03 Severability. Wherever possible, each provision of this Agreement shall be interpreted in such manner as to be valid under applicable law, but if any provision of this Agreement shall be invalid or prohibited hereunder, such provision shall be ineffective to the extent of such prohibition or invalidation which shall not invalidate the remainder of such provision or the remaining provisions of this Agreement.

14.04 Waiver. The waiver by either party hereto of any right granted to it hereunder shall not be deemed to be a waiver of any other right granted herein, nor shall same be deemed to be a waiver of a subsequent right obtained by reason of the continuation of any matter previously waived.

14.05 Entire Agreement. This Agreement, contains the entire agreement of the parties hereto with respect to the matters covered hereby, supersedes all prior agreements, arrangements and understandings between the parties and no other agreement, statement or promise made by either party hereto that is not contained herein shall be binding or valid. All exhibits to this Agreement are by this reference incorporated herein.

14.06 Amendments. This Agreement may be amended only by written document signed by each of the parties hereto.

14.07 Further Performance. Each party shall, whenever and as often as it shall be requested by the other party, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such further instruments and documents, including supplemental escrow instructions, as may be reasonably necessary in order to complete the sale, conveyance and transfer herein provided and to do any and all things as may be requested in order to carry out the intent and purpose of this Agreement.

14.08 Counterparts. This Agreement may be executed simultaneously or in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same agreement. A party's signature on this Agreement or any amendment hereto may be provided by facsimile, PDF signature, or electronically scanned and shall be effective upon transmission to the other party hereto.

14.09 Binding Effect. This Agreement shall be binding upon and inure to the benefit of the parties and their respective heirs, devisees, personal and legal representatives, successors and assigns.

14.10 Governing Law; Venue. This Agreement shall be construed and interpreted under, and governed and enforced according to the laws of the State of Arizona, without giving effect to the principles of conflicts of law. The parties agree that should any court action be commenced relating to this Agreement, the Cochise County Superior Court shall be the appropriate and exclusive venue, therefore. The parties expressly waive any and all provisions of law providing for a change of venue to any other state or federal court.

14.11 Dispute Resolution. In the event a dispute arises under this Agreement, Buyer and Seller agree that there shall be a thirty (30) day moratorium on litigation during which time the Buyer and the Seller agree to attempt to settle the dispute by non-binding mediation before commencement of litigation. The mediation shall be held under the Commercial Mediation Rules of the American Arbitration Association ("AAA") but shall not be under the administration of the AAA unless agreed to by the Buyer and the Seller in writing, in which case all administrative fees shall be divided evenly between the Buyer and the Seller. The matter in dispute shall be submitted to a mediator mutually selected by Buyer and the Seller. If the Parties cannot agree upon the selection of a mediator within ten (10) business days, then within five (5) business days thereafter, the Buyer and the Seller shall request that the Presiding Judge of the Superior Court in and for the County of Cochise, State of Arizona, appoint the mediator. The mediator selected shall have at least ten (10) years of experience in mediating or arbitrating disputes relating to commercial property. The cost of any such mediation shall be divided equally between the Buyer and the Seller. The results of the mediation shall be nonbinding with either Buyer or the Seller free to initiate litigation upon the conclusion of the latter of the mediation or of the thirty (30) day moratorium on litigation. The mediation shall be completed in one day (or less) and shall be confidential, private, and otherwise governed by the provisions of A.R.S. § 12-2238, to the extent allowed by the Arizona Open Meetings Law, § 38-431 et. Seq.



14.12 Headings and Construction. The headings set forth in this Agreement are inserted only for convenience and are not in any way to be construed as part of this Agreement or a limitation on the scope of the particular paragraph to which it refers. Where the context requires herein, the singular shall be construed as the plural, and neutral pronouns shall be construed as masculine and feminine pronouns, and vice versa. This Agreement shall be constructed according to its fair meaning and neither for nor against either party hereto.

14.13 Tax Reporting. Title Company, as the party responsible for Closing the transaction contemplated hereby within the meaning of Section 6045E of the Code, shall file all necessary information, reports, returns and statements (collectively, the "Tax Reports") regarding this transaction as required by the Code, including, without limitation, the Tax Reports required pursuant to Section 6045 of the Code. Title Company further agrees to indemnify and hold Buyer and Seller, and their respective attorneys and brokers, harmless from and against all claims, costs, liabilities, penalties, or expenses resulting from Title Company's failure to file the Tax Reports which Title Company is required to file pursuant to this paragraph.

14.14 Conflict of Interest. This Agreement is subject to the conflict of interest provisions set forth in A.R.S. Section 38-511.

14.15 Assignment. Buyer shall not have the right to assign its rights under this Agreement, other than to RLP II, LLC (Hereinafter "Assigns" without the consent of Seller, which may be granted or withheld in Seller's sole and absolute discretion.

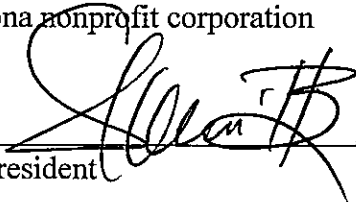
14.16 Tax Free Exchange. Buyer may close this transaction as part of a like-kind exchange of properties under Section 1031 of the Internal Revenue Code of 1986, as amended, and applicable rules and regulations. Buyer shall bear all costs of the exchange. Seller shall cooperate with Buyer and do all things reasonably required and requested by Buyer to effect and facilitate such an exchange, provided that such actions do not increase Seller's obligations or liabilities under this Agreement or delay the Closing. Buyer shall and does hereby indemnify, defend and hold Seller harmless for and from all liabilities arising as a result of the exchange that would not have arisen had Buyer not closed this transaction as part of a like-kind exchange.

14.17 Acknowledgement that the City of Douglas' Attorney prepared the Agreement and Waiver of Conflict. The City of Douglas ("City") is a consenting party to this transaction and has been requested by the Buyer and Seller to prepare this Agreement. Both Buyer and Seller understand and are aware that this Agreement was prepared by Fitzgibbons Law Offices, PLC, who represents the City of Douglas, and who has given no advice pertaining to such document to either Buyer or Seller, except to advise Buyer and Seller that they are entitled to and should retain independent legal counsel to advise Buyer and Seller in all respects to this Agreement. The undersigned parties understand and agree that Fitzgibbons Law Offices, PLC will represent City, exclusively, in matters concerning this Agreement or the Apartments. The undersigned parties further understand and agree that Fitzgibbons Law Offices, PLC will continue to represent City in this matter. Both Buyer and Seller wish to waive any continuing conflict of interest in this matter, and by their respective signatures below, waive this potential conflict of interest.

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

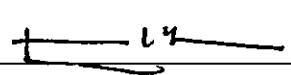
SELLER:

CITY OF DOUGLAS COMMUNITY HOUSING CORPORATION,  
an Arizona nonprofit corporation

By:  10/6/22  
Its President

BUYER:

SIERRA CARMICHAEL USA, LLC  
an Arizona limited liability company

By:  10/6/22  
Its Manager

ACKNOWLEDGEMENT AND AGREEMENT BY TITLE COMPANY

The Title Company hereby acknowledges receipt of a fully executed copy of this Agreement on this \_\_\_ day of \_\_\_\_\_, and agrees to accept, hold, deliver and disburse the Earnest Money, together with all interest accrued thereon and received by the Title Company, strictly in accordance with the terms and provisions of this Agreement and without the necessity of further consent or instruction by Seller or Buyer. The Title Company is hereby designated as, and agrees to undertake the obligations of, the Reporting Person pursuant to Section 6045 of the Internal Revenue Code and the regulations promulgated thereunder.

By: \_\_\_\_\_  
Pioneer Title Agency,  
Attn: Candy Romo  
1065 F Ave Suite #6  
Douglas, Arizona 85607