

TRANSMITTAL

To:

THE COUNCIL

Date:

AUG 24 2012

From:

THE MAYOR

TRANSMITTED FOR YOUR CONSIDERATION. PLEASE SEE ATTACHED.



ANTONIO R. VILLARAIGOSA
Mayor - HIC. PA



MAJOR PROJECTS DIVISION – PORTFOLIO MANAGEMENT UNIT

Los Angeles Housing Department

LAHD

1200 West 7th Street, 9th Floor, Los Angeles, CA 90017

tel 213.808.8801 | fax 213.808.8606

lahd.lacity.org



Antonio R. Villaraigosa, Mayor

Mercedes M. Márquez, Interim General Manager

August 15, 2012

Council File: New
Council District: 13
Contact Person: David Zaitz / 213-808-8632
Manuel Bernal / 213-808-8901

Honorable Antonio R. Villaraigosa
Mayor, City of Los Angeles
Room 303, City Hall
200 N. Spring Street
Los Angeles, CA 90012

Attention: Mandy Morales, Legislative Coordinator

TRANSMITTAL: REQUEST FOR APPROVAL OF VARIOUS ACTIONS RELATIVE TO THE DISPOSITION OF THE CITY-OWNED PROPERTY LOCATED AT 252 SOUTH RAMPART BOULEVARD, LOS ANGELES

SUMMARY:

The General Manager of the Los Angeles Housing Department (LAHD) requests approval of various actions relative to the disposition of the City-owned residential property located at 252 South Rampart Boulevard (Property). Actions needed include the approval of an ordinance to effectuate the sale, approval of a sale and purchase agreement, and approval of a loan to assist the selected purchaser, Restore Neighborhoods LA Inc. (RNLA), to acquire the Property. The purchaser was selected through an open and competitive process utilizing the 2010 Affordable Housing Trust Fund Round 3 NOFA as a means to market and select a qualified buyer.

RECOMMENDATIONS:

The General Manager respectfully requests that:

1. Your Office schedule this transmittal at the next available meeting(s) of the appropriate City Council committee(s) and forward it to City Council for review and approval immediately thereafter;
2. The City Council, subject to the approval of the Mayor, take the following actions:
 - A. Authorize the General Manager or designee to execute the attached sale and purchase agreement with RNLA for the Property.

- B. Authorize the General Manager or designee to execute all other ancillary documents required to effectuate the sale of the Property.
- C. Authorize the General Manager or designee, to negotiate and execute an acquisition loan agreement for the purchase of the subject Property for a total amount not to exceed \$209,780. The loan will be a seller-financed, residual receipt loan for site acquisition. The buyer will be using non-LAHD funds for the rehabilitation of the Property.
- D. Authorize the General Manager or designee, to modify the Community Redevelopment Agency of the City of Los Angeles (CRA) loan agreement in the amount of \$208,000 upon transfer to LAHD. LAHD requests to extend the term of the contract up to 40 years to be coterminous with the LAHD loan and reduce the RNLA payments to be a pro-rated share of 50% of the residual receipts.
- E. Approve the related ordinance submitted by the City Attorney under separate cover effectuating the sale of the Property.
- F. Authorize the General Manager or designee, to prepare Controller's instructions and any necessary technical adjustment(s), consistent with Mayor and Council actions, subject to the approval of the City Administrative Officer, and authorize the Controller to implement the instructions.

BACKGROUND:

In 1988, the CRA granted an acquisition loan of \$208,000 to the Center for Human Rights and Constitutional Law (Borrower) for the project. In February 1998, LAHD provided a \$129,045 predevelopment and rehabilitation loan funded solely by Community Development Block Grant (CDBG) funds for the purposes of expanding the existing facility from 6 beds to 12 beds to provide temporary shelter and support services for youth. In September 2000, at 73% completion, the Borrower requested additional funding to cover the costs to complete the site work, provide handicap access and off-street parking as required by the Planning Department, and fund the Project's carrying cost. In August 2004, LAHD made an additional loan of \$162,400 funded solely by HOME funds, of which no funds were ever dispersed.

The intended rehabilitation work was never completed because the Borrower was unable to provide handicap access and off street parking as required by planning code. In 2007, the Department of Building and Safety issued an Abatement Order and the building was scheduled for demolition. However that action was subsequently postponed. In 2008, the Borrower abandoned the Property and defaulted on the LAHD loan. LAHD and the Borrower executed a forbearance agreement. However, the Borrower failed to satisfy the requirements of the forbearance agreement. In April 2010, a foreclosure sale was conducted. At the auction, no bids were made for the Property resulting in its ownership reverting back to LAHD.

In October 2010, LAHD received Mayor and Council authority to accept proposals for the purchase of the Property through the 2010 Affordable Housing Trust Fund Round 3 Notice of Funding Availability (NOFA), as per C.F. 09-2841. The 2010 Round 3 NOFA was posted on the LAHD and the Southern California Association of Non-Profit Housing websites. In addition, notices were sent to approximately 200 firms on LAHD's mailing list. On September 15, 2010, LAHD conducted a pre-proposal conference.

As no proposals had been received for the Property, LAHD received Mayor and Council authority in February 2011 to extend the deadline of the 2010 Round 3 NOFA until a sufficient number of applications were received. In an effort to promote the project, LAHD sent out 128 additional letters to prospective developers who have demonstrated experience in the acquisition and rehabilitation of housing projects of similar size, scope, and type. A qualified application was received from RNLA on December 22, 2011. No other applications have been received since.

For this development, LAHD previously expended HOME funds, which are restricted solely for the purpose of creating affordable housing for low-income households, and CDBG funds, which requires that not less than 70 percent of the funds be used for activities that benefit low and moderate-income persons. These funds are prohibited for use in the normal operations of government; and therefore, the Property cannot be used for general City purposes. As such, it is requested that the Property be sold to RNLA. RNLA is a non-profit holding and development corporation that acquires, rehabilitates and sells formerly foreclosed and abandoned single and multi-family residential properties throughout the City. RNLA is the sub-recipient of the City's Neighborhood Stabilization Program (NSP) Program, administered by LAHD.

According to the terms of the Memorandum of Understanding (MOU), RNLA will transfer ownership of the rehabilitated Property to Affordable Living For The Aging (ALA). ALA plans to lease-up units to eligible seniors with incomes at or below 50% Area Median Income, who are either fully ambulatory, have a chronic illness or been recently homeless. ALA further plans to enter into MOU with contractors to provide supportive services for the senior residents at the Property.

RNLA anticipates using NSP funds for the rehabilitation of the Property; and as such, the Property cannot be acquired for more than 99% of its appraised value. This requirement is pursuant to the requirements of the Housing and Economic Recovery Act of 2008, Section 2301 (d)(1) that requires any purchase of a foreclosed upon home, using NSP funds, be at a discount from the current market appraised value of the Property. The proposed sales price of \$417,780 is 99% of the Property's appraised value of \$422,000, as of an appraisal report dated July 28, 2012. RNLA will acquire the Property subject to the CRA loan of \$208,000; LAHD will finance the remaining balance of the acquisition cost (approximately \$209,780) by accepting a promissory note with a term of 40 years.

Additionally, the Property is subject to the CRA loan and regulatory agreement executed in 1988, which requires that 100 percent dwelling units be occupied exclusively by persons of very low and low-income for a term no less than 30 years until 2018. CRA staff has reported that their residual receipts loan requires that 100% of the cash flow be repaid to CRA. LAHD believes the loan is not practical and is inconsistent with current practice. It is anticipated that the loan will be transferred to LAHD and as such, LAHD is requesting advanced authority to modify the terms of the loan so that RNLA payments will be a pro-rated share of 50% of the residual receipts, half of which or 25% to CRA and the remaining 25% to LAHD. This will allow the Property to be operated in a sustainable manner.

The structure will require major rehabilitation since the Property has been vacant for over a decade. Currently, the Property is boarded and fenced; the roof is in a state of disrepair and the Property is a potential fire hazard. Additionally, neighbors at an adjacent apartment building have complained about the deteriorating conditions of the Property and its effects on the community. As such, expedited approval to sell to RNLA is needed to facilitate the earliest remedy of these issues.

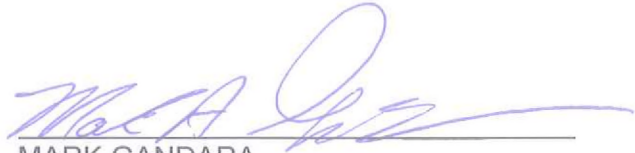
FISCAL IMPACT

There is no impact on the General Fund.

Prepared by:



THANH DOAN
Management Analyst II,
Portfolio Management



MARK GANDARA
Financial Development Officer II,
Portfolio Management

Reviewed by:



DAVID A. ZAITZ
Manager, Portfolio Management



MANUEL HORACIO BERNAL
Director of Multifamily Housing

Approved by:



HELMY ANN HISSERICH
Assistant General Manager



MERCEDES M. MÁRQUEZ
Interim General Manager

Attachments:

- 1.) Property Appraisal
- 2.) Sale and Purchase Agreement

APPRAISAL OF



A Single Family Residence

LOCATED AT:

252 S Rampart Blvd.
Los Angeles, CA 90057

FOR:

Restore Neighborhoods LA
315 W 9th Street, Suite 501
Los Angeles, CA 90015

BORROWER:

AS OF:

July 28, 2012

BY:

Hee K. Yi
Certified General Appraiser

July 30, 2012

J. Perfitt and R. Lobos
Restore Neighborhoods, LA
315 W 9th Street, Suite 501
Los Angeles, CA 90015

Dear Mr. Perfitt and Ms. Lobos:

At your request, I completed my analysis of the property identified as:

252 S. Rampart Ave.
Los Angeles, CA 90057

Regardless of who pays for the attached appraisal, it has been prepared for our client: The client intends to use this report for estimate the AS-IS fair market value of the property as of the July 28, 2012. For this assignment, the improvements were inspected on July 28, 2012, and the date of value is July 28, 2012.

The attached Summary Appraisal Report has been prepared in accordance with your standards as well as the reporting requirements and the Uniform Standards of Professional Appraisal Practice (USPAP). The final value reported in the attached report is the "AS IS" value as of date of value.

This appraisal may not be used or relied upon by anyone other than the above-mentioned client for any purpose whatsoever, without the express written consent of the appraiser. If the client provides anyone else with a copy of this report, such as a borrower etc., that person(s) may not be entitled to rely upon its contents when making any decisions about the property. As such the following limiting condition applies:

"Neither all nor any part of the contents of this report shall be conveyed to any person or entity, other than the appraiser's or firm's client, through advertising, solicitation materials, public relations, new, sales, or other media without the written consent and appeal of the author, particularly as to valuation conclusions, the identity of the appraiser or firm with which the appraiser is connected, or any reference to the Appraisal Institute or the MAI, SRA or SRPA designation. Furthermore, the appraiser or firm assumes no obligation, liability, or accountability to any third party. If this report is placed in the hands of any one, but the client, the client shall make such party(s) aware of all the assumptions and limiting conditions of the assignment."

This appraisal assignment is a Summary Appraisal Report under Standards Rule 2-2(b), as defined in the Uniform Standards of Professional Appraisal Practice (USPAP) of an appraisal performed under Standard Rule 1 of the USPAP.

Should you have any questions regarding the analysis or conclusions of value found in the attached report please contact me.

Sincerely,



Hee K. Yi
Certified General Appraiser
AG 035644 Expires 11/16/2012

Borrower:	File No.: 12082000
Property Address: 252 S Rampart Blvd.	Case No.:
City: Los Angeles	State: CA Zip: 90057
Lender: Restore Neighborhoods LA	

INTENDED USE

The Restore Neighborhood is the intended user of this report, but its funding partners may review the appraisal as part of their program oversight activities. For this assignment, the improvements were inspected on July 28, 2012, and the date of value is July 28, 2012.

INTENDED USERS

The client intends to use this report to estimate the fair market value of the property as of July 28, 2012 for the proposed acquisition of the fee simple property rights for a Federally assisted project.

TYPE OF APPRAISAL REPORT

As specified in the most current version of the Uniform Standards of Professional Appraisal Practice (USPAP), this is a Summary Appraisal Report.

DATE OF INSPECTION AND DATE OF REPORT

This property was viewed on July 28, 2012 and the report was written on July 30, 2012.

COMPETENCY PROVISION

As of the date of this assignment, Hee K. Yi meets the continuing education requirements for a Certified General Appraiser for the State of California.

CONFIDENTIALITY

The appraiser must be aware of, and comply with, all confidentiality and privacy laws and regulations applicable in an assignment. Disclosure of confidential information is permissible to professional peer review committees, except when such disclosure to a committee would violate applicable law or regulation. Confidential Information means information that is either identified by the client as confidential when providing it to an appraiser and that is not available from any other source; or classified as confidential or private by applicable law or regulation.

SCOPE OF THE APPRAISAL ASSIGNMENT

Data sources include NDC data, MLS, and appraiser's files. Whenever possible, sales were verified with the buyer, seller, real estate agent, or lender. If data could not be verified through a party involved in the transaction and the data appeared to be consistent with other data, it was used in the analysis. In all cases of data verification, I assumed that the information obtained is correct and accurate.

The appraiser viewed the interior and exterior of the property on July 28, 2012. The appraiser noted both the positive and negative external features of the property. Visual exterior deferred maintenance was also considered as well as any exterior upgrades made to the structure. The appraiser did not test the electrical components, the heating and cooling system, or the plumbing; the appraiser assumed that they were in working order unless otherwise noted by Los Angeles Housing Department Inspector. The appraiser assumed that there was no termite or dryrot damage to the interior components of the structure. The appraiser only took note of any obvious termite or dryrot damage. The appraiser did not inspect the roof, attic, or the crawl space. The appraiser assumed that these components did not suffer from any deferred maintenance. Only those characteristics of the property that are relevant to its valuation will be shown in the report.

The appraiser took exterior pictures of the subject's improvements. Pictures of upgrades and deferred maintenance items are included in the report. Scenes of the subject street are also included.

The appraiser relied on the County Assessor's information to ascertain the subject's lot size and living size areas as a guide in estimating the legally permitted square footage of the buildings residing on the lot. The appraiser also relied on the County Assessor's information in order to report the APN number and the legal description. If the client provides a title report, it is reviewed and taken into consideration with respect to easements, covenants, restrictions, and other encumbrances. The appraiser did not research the presence of such items independently. If a title report is not provided by the client, the appraiser will rely on the observation of any apparent easements or restrictions.

The appraiser viewed the neighborhood to ascertain its boundaries. The appraiser noted any positive or negative external features that may have an impact on value. The appraiser selected comparable sales data that is deemed appropriate for this assignment. Data was selected within 3-6 months from date of value. If there is insufficient data, the appraiser searched as far back as 18 months for sales. The appraiser may expand the search for data to other competing neighborhoods, but this is done only when there is insufficient data within the subject's neighborhood. The appraiser also considered listings as a possible comparable in order to reflect current market conditions. The appraiser viewed the data used in this analysis from street and took photographs of each comparable.

The appraisal problem did not warrant an intensive highest and best use study. Given the nature of the subject real estate, my conclusion of highest and best use was based on logic and observed evidence.

The Comparison Approach is the primary methodology used in estimating the value of the subject property. A GRM analysis does not provide any insight into value because residential properties in this neighborhood are purchased for owner use rather than as a rental. The Cost Approach is not considered a valid indicator by realtors, sellers or buyers. However, it is included as a test of reasonableness against the Comparison Approach.

Borrower:	File No.: 12082000
Property Address: 252 S Rampart Blvd.	Case No.:
City: Los Angeles	State: CA Zip: 90057
Lender: Restore Neighborhoods LA	

USPAP MARKET VALUE DEFINITION:

The following market value definition supersedes the definition found in the printed form.

This appraisal has been prepared in accordance with the definition of fair market value as found in App.19-1[03/07]1378CHG-8 Appendix 19.

The price that a seller is willing to accept and a buyer is willing to pay on the open market in an arm's length transaction, whereby

1. buyer and seller are typically motivated;
2. both parties are well informed or well advised, and acting in what they consider his or her own best interests;
3. a reasonable time is allowed for exposure in the open market;
4. payment is made in terms of cash in U. S. dollars or in terms of financial arrangements comparable thereto;
5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

DEFINITION OF REAL ESTATE TERMS

FEE SIMPLE INTEREST OR ESTATE: Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.

LEASED FEE ESTATE: An ownership interest held by a landlord with the rights of use and occupancy conveyed by a lease to others. The rights of the lessor (leased fee owner) and the leased fee are specified by the contract terms contained within the lease.

EXTRAORDINARY ASSUMPTIONS

For this analysis, it is assumed that the spa, FAU and central, windows and hot water heater will be permitted. However it is assumed that the enclosed porch area will be returned to use as an enclosed porch.

HYPOTHETICAL ASSUMPTIONS

The appraiser assumes that the cost to cure the code violations and typical deferred maintenance as provided by city inspectors is reasonable.

ADDITIONAL ASSUMPTIONS

- 1)The appraiser reserves the right to amend this report if undisclosed facts are given to the appraiser after completion of this report.
- 2)The appraiser assumes no responsibility for changes in market conditions which might require a change in the appraised value.

APPRAISER'S HISTORICAL ACTIVITY

The appraiser has performed several appraisals with dates of value of August 17, 2010, September 20,2011 and May 10, 2012.

AMERICAN WITH DISABILITIES ACT (ADA).

This property is not designed to accommodate handicapped users.

ENVIRONMENTAL HAZARDS EXAMPLE: LEAD BASED PAINT & ASBESTOS

Due to the age of the building, lead based paint and or asbestos may be present. An expert should be retained to ascertain their presence. Our inspection revealed that there is no cracked or peeling paint.

EXPOSURE AND MARKETING TIME

If a property is properly priced, in reasonably good condition and properly marketed by a local licensed real estate agent, a realistic time on the market and exposure to the market will be 30 to 60 days.

ECONOMIC CONDITIONS WARNING

The present time, real estate values are in a state of flux caused in part by the sub-prime lending market coupled with a weak economy. Thus, the values shown in this report are only valid as of the date of the appraisal. The value shown in the report may change should their be a steeper decline in the economy.

SUBJECTS 5 YEAR SALES HISTORY

According to the assessor's records obtained from NDC or Realist, the subject sales history is as follows

Date	Price
04/28/2010 (foreclosure)	\$124,773

The change in ownership and change from last purchase price is typical of the transactions for properties of this type. Many homes show a decline from the price paid since 2005.

Uniform Residential Appraisal Report

File No. 12082000

The purpose of this summary appraisal report is to provide the lender/client with an accurate, and adequately supported, opinion of the market value of the subject property.

Property Address 262 S Rampart Blvd. City Los Angeles State CA Zip Code 90057

Borrower Owner of Public Record City of Los Angeles County Los Angeles

Legal Description Tract No 91, Lot 60:Map Book #13, Pg. 112 City of Los Angeles, County of Los Angeles

Assessor's Parcel # 5155-025-019 Tax Year 2011 R.E. Taxes \$ 0.00

Neighborhood Name N/A Map Reference 634C1 Census Tract 2086.20

Occupant Owner Tenant Vacant Special Assessments \$ None PUD HOA \$ per year per month

Property Rights Appraised Fee Simple Leasehold Other (describe)

Assignment Type Purchase Transaction Refinance Transaction Other (describe)

Lender/Client Restore Neighborhoods LA Address 315 W 9th Street, Suite 501, Los Angeles, CA 90015

Is the subject property currently offered for sale or has it been offered for sale in the twelve months prior to the effective date of this appraisal? Yes No

Report data source(s) used, offering price(s), and date(s). This property is not listed on MLS. It is part of the First Look Program to allow government agencies to purchase the property before being marketed to the general public.

I did did not analyze the contract for sale for the subject purchase transaction. Explain the results of the analysis of the contract for sale or why the analysis was not performed.
This client is using this valuation to negotiate a purchase price and has not yet made an offer for the property.

Contract Price \$ _____ Date of Contract _____ Is the property seller the owner of public record? Yes No Data Source(s) _____

Is there any financial assistance (loan charges, sale concessions, gift or downpayment assistance, etc.) to be paid by any party on behalf of the borrower? Yes No
If Yes, report the total dollar amount and describe the items to be paid.

Note: Race and the racial composition of the neighborhood are not appraisal factors.

Neighborhood Characteristics		One-Unit Housing Trends		One-Unit Housing:		Present Land Use %	
Location <input type="checkbox"/> Urban <input checked="" type="checkbox"/> Suburban <input type="checkbox"/> Rural	Property Values <input type="checkbox"/> Increasing <input checked="" type="checkbox"/> Stable <input type="checkbox"/> Declining	PRICE	AGE	One-Unit	65 %		
Built Up <input checked="" type="checkbox"/> Over 75% <input type="checkbox"/> 25-75% <input type="checkbox"/> Under 25%	Demand/Supply <input type="checkbox"/> Shortage <input checked="" type="checkbox"/> In Balance <input type="checkbox"/> Over Supply	\$(000)	(yrs)	2.4 Unit	10 %		
Growth <input type="checkbox"/> Rapid <input checked="" type="checkbox"/> Stable <input type="checkbox"/> Slow	Marketing Time <input type="checkbox"/> Under 3 mths <input checked="" type="checkbox"/> 3-6 mths <input type="checkbox"/> Over 6 mths	130 Low	60	Multi-Family	15 %		
Neighborhood Boundaries Santa Monica Blvd. to the north, 110 Fwy. to the east, Wilshire Blvd. to the south and Western Ave. to the west.		1,200 High	97	Commercial	10 %		
		350 Pred.	86	Other	%		

Neighborhood Description This neighborhood is comprised of older single family, multi-family, and commercial properties. Some of the properties have undergone renovation with new kitchens and bathrooms. Maintenance levels range from average to good with a few scattered properties that show deferred maintenance. Public transportation is available along major thoroughfares.

Market Conditions (including support for the above conclusions) The local economy is suffering from a high unemployment rate that has been hovering around 13.3%. However, recently the entertainment and the import/export sectors are showing signs of recovery and are again hiring new or recalling furloughed workers. Despite some rebound in the economy, foreclosure transactions are still occurring throughout the region in all types of properties. Office, retail and industrial vacancies have been slowly rising.

Dimensions See attached plat map Area 7000 SF Shape Rectangular View None

Specific Zoning Classification R4 Zoning Description Multi-Family Dwelling

Zoning Compliance Legal Legal Nonconforming (Grandfathered Use) No Zoning Illegal (describe)

Is the highest and best use of the subject property as improved (or as proposed per plans and specifications) the present use? Yes No If No, describe.

Utilities Public Other (describe) _____ Public Other (describe) _____ Off-site Improvements—Type Public Private

Electricity Gas Water Sanitary Sewer Street asphalt Alley None

FEMA Special Flood Hazard Area Yes No FEMA Flood Zone X FEMA Map # 060137/06037C FEMA Map Date 09/26/2008

Are the utilities and off-site improvements typical for the market area? Yes No If No, describe.

Are there any adverse site conditions or external factors (easements, encroachments, environmental conditions, land uses, etc.)? Yes No If Yes, describe. A title report has not been reviewed for any adverse easements, encroachments, or deed restrictions. A visual inspection of the site revealed that there are typical utility easements present. No encroachments were readily observable from the public street.

GENERAL DESCRIPTION		FOUNDATION		EXTERIOR DESCRIPTION materials/condition		INTERIOR materials/condition	
Units <input checked="" type="checkbox"/> One <input type="checkbox"/> One with Accessory Unit	Concrete Slab <input checked="" type="checkbox"/> Craw Space	Foundation Walls	Wood/Avg	Floors	Carpet/Good		
# of Stories Two	Full Basement <input type="checkbox"/> Partial Basement	Exterior Walls	Stucco/Avg	Walls	Drywall/Good		
Type <input checked="" type="checkbox"/> Det. <input type="checkbox"/> Att. <input type="checkbox"/> S. Det./End Unit	Basement Area 0 sq. ft.	Roof Surface	Composite/Avg	Trim/Finish	Wood/Avg		
<input checked="" type="checkbox"/> Existing <input type="checkbox"/> Proposed <input type="checkbox"/> Under Const.	Basement Finish %	Gutters & Downspouts	Unknown	Bath Floor	Tile/vinyl/Good		
Design (Style) Conventional	Outside Entry/Exit <input type="checkbox"/> Sump Pump	Window Type	Aluminum/Avg	Bath Wainscot	Tile/Good		
Year Built 1913	Evidence of <input type="checkbox"/> Infestation	Storm Sash/Insulated	None Noted	Car Storage	<input checked="" type="checkbox"/> None		
Effective Age (Yrs) 40 (After Rehab)	Dampness <input type="checkbox"/> Settlement	Screens	Aluminum/Avg	Driveway # of Cars	<input type="checkbox"/>		
Attic <input type="checkbox"/> None	Heating <input checked="" type="checkbox"/> FWA <input type="checkbox"/> HWBB <input type="checkbox"/> Radiant	Amenities	Wood/Stone(s) #	Driveway Surface	None		
<input type="checkbox"/> Drop Stair <input type="checkbox"/> Stairs	Other <input type="checkbox"/> Fuel Gas	Fireplace(s) #	<input type="checkbox"/>	Garage # of Cars	<input type="checkbox"/>		
<input type="checkbox"/> Floor <input checked="" type="checkbox"/> Scuttle	Cooling <input type="checkbox"/> Central Air Conditioning	Patio/Deck	<input checked="" type="checkbox"/>	Carport # of Cars	<input type="checkbox"/>		
<input type="checkbox"/> Finished <input type="checkbox"/> Heated	Individual <input type="checkbox"/> Other	Pool	<input type="checkbox"/>	Att. <input type="checkbox"/> Det. <input type="checkbox"/> Built-in			
Appliances <input type="checkbox"/> Refrigerator <input type="checkbox"/> Range/Oven	Dishwasher <input type="checkbox"/> Disposal <input type="checkbox"/> Microwave	Washer/Dryer	<input type="checkbox"/>	Other (describe)	None		
Finished area above grade contains:	8 Rooms	6 Bedrooms	3 Bath(s)	3,568 Square Feet of Gross Living Area Above Grade			
Additional features (special energy efficient items, etc.)	None						

Describe the condition of the property (including needed repairs, deterioration, renovations, remodeling, etc.). We made extraordinary assumptions that the home will be in excellent condition after rehab. The subject is overall in very poor condition. The house is not habitable. It has no kitchen and bath facilities. The floors and walls of all the area are unfinished. *****The property will be appraised under hypothetical condition.

Are there any physical deficiencies or adverse conditions that affect the livability, soundness, or structural integrity of the property? Yes No If Yes, describe.

Does the property generally conform to the neighborhood (functional utility, style, condition, use, construction, etc.)? Yes No If No, describe.

Uniform Residential Appraisal Report

File No. 12082000

There are 8 comparable properties currently offered for sale in the subject neighborhood ranging in price from \$ 250,000 to \$ 899,000		There are 11 comparable sales in the subject neighborhood within the past twelve months ranging in sale price from \$ 434,000 to \$ 985,000					
FEATURE	SUBJECT	COMPARABLE SALE NO. 1	COMPARABLE SALE NO. 2	COMPARABLE SALE NO. 3			
252 S Rampart Blvd. Address Los Angeles, CA 90057	1824 S. St Andrews Place Los Angeles, CA 90019	1046 S. Gramercy Place Los Angeles, CA 90019	1723 N. Kenmore Avenue Los Angeles, CA 90027				
Proximity to Subject	2.7 Miles	2.5 Miles	2.5 Miles				
Sale Price	\$ 570,000	\$ 550,000	\$ 579,000				
Sale Price/Gross Liv. Area	\$ 0.00 sq. ft. \$ 178.57 sq. ft.	\$ 174.05 sq. ft.	\$ 158.28 sq. ft.				
Data Source(s)	MLS, Realist and NDC Data	MLS, Realist and NDC Data	MLS, Realist and NDC Data				
Verification Source(s)	MLS#Ciw-11559427 Doc#567378	MLS#Ciw-11511031 Doc#103189	MLS#Ciw-11545417 Doc#1464953				
VALUE ADJUSTMENTS	DESCRIPTION	DESCRIPTION	+(-) \$ Adjustment	DESCRIPTION	+(-) \$ Adjustment	DESCRIPTION	+(-) \$ Adjustment
Sale or Financing Concessions		39% Down 61% 1st Conv		40% Down 60% 1st Conv		Conventional	
Date of Sale/Time		04/17/2012		01/20/2012		10/28/2011	
Location	Suburban	Suburban		Suburban		Suburban	
Leasehold/Fee Simple	Fee Simple	Fee Simple		Fee Simple		Fee Simple	
Site	7000 SF	8911	-1,900	9300	-2,300	7072	
View	None	None		None		None	
Design (Style)	Conventional	Conventional		Conventional		Conventional	
Quality of Construction	Average	Average		Average		Average	
Actual Age	39+/- Years	104		93		97	
Condition	Excellent	Excellent		Average	30,000	Average	30,000
Above Grade	Total Bdrms Baths	Total Bdrms Baths	10,000	Total Bdrms Baths	5,000	Total Bdrms Baths	5,000
Room Count	8 6 3	6 4 2	3,000	7 5 4	-3,000	7 5 3	
Gross Living Area 50.00	3,568 sq. ft.	3,192 sq. ft.	18,800	3,160 sq. ft.	20,400	3,658 sq. ft.	-4,500
Basement & Finished Rooms Below Grade	None	None		None		None	
Functional Utility	Average	Average		Average		Average	
Heating/Cooling	FWA	FWA		FWA		FWA	
Energy Efficient Items	Typical	Typical		Typical		Typical	
Garage/Carport	None	None		None		None	
Porch/Patio/Deck	Porch	Porch		Porch		Porch	
Net Adjustment (Total)		[X] + [] - \$ 29,900		[X] + [] - \$ 50,100		[X] + [] - \$ 30,500	
Adjusted Sale Price of Comparables		Net Adj. 5.2% Gross Adj. 5.9% \$ 599,900		Net Adj. 9.1% Gross Adj. 11.0% \$ 600,100		Net Adj. 5.3% Gross Adj. 6.8% \$ 609,500	

did did not research the sale or transfer history of the subject property and comparable sales. If not, explain

My research did did not reveal any prior sales or transfers of the subject property for the three years prior to the effective date of this appraisal.
Data source(s) NDC Data and Realist

My research did did not reveal any prior sales or transfers of the comparable sales for the year prior to the date of sale of the comparable sale.
Data source(s) NDC Data and Realist

Report the results of the research and analysis of the prior sale or transfer history of the subject property and comparable sales (report additional prior sales on page 3)

ITEM	SUBJECT	COMPARABLE SALE NO. 1	COMPARABLE SALE NO. 2	COMPARABLE SALE NO. 3
Date of Prior Sale/Transfer	04/28/2010 Foreclosure	05/26/2010	No sale within 36 months	10/20/2009 (foreclosure)
Price of Prior Sale/Transfer	\$124,773	\$325,000	Not Applicable	\$1,006,300
Data Source(s)	NDC Data and Realist	NDC Data and Realist	NDC Data and Realist	NDC Data and Realist
Effective Date of Data Source(s)	July 28, 2012	July 28, 2012	July 28, 2012	July 28, 2012

Analysis of prior sale or transfer history of the subject property and comparable sales Comp #1 has prior sale dated 05/27/2009 (foreclosure) for \$518,500. There are still resale of foreclosure properties being released by the lenders to the general public via local realtors. There is also an ample supply of non-foreclosure transactions but they tend to match the pricing found among the resale of foreclosure properties. Homes that have not been remodeled or are in average or less than average condition are staying on the market for longer periods of time.

Summary of Sales Comparison Approach. It was necessary to locate sales that may be further than a one mile radius in order to find transactions that are more like the subject. All the comparables are good value indicators. *****The property will be appraised under hypothetical condition. Therefore the cost of construction will be deducted from the value after rehab. As cost of \$50.00 per sq. ft. of cost to cure is applied to subject in its after rehab condition in order to arrive at its "as is" condition.

\$600,000 (value after rehab)
- \$178,400 (construction cost of rehab)
\$ 422,000 (rounded, As of value of September 20, 2011)

Indicated Value by Sales Comparison Approach \$ 422,000
Indicated Value by: Sales Comparison Approach \$422,000 Cost Approach (if developed) \$ 452,900 Income Approach (if developed) \$

Comparison Approach was given most weight as it best reflects the actions of the typical buyers. Cost Approach was given secondary emphasis providing additional support. The Income Approach was not considered applicable or reliable as most properties in the area are owner occupied.

This appraisal is made "as is." subject to completion per plans and specifications on the basis of a hypothetical condition that the improvements have been completed, subject to the following repairs or alterations on the basis of a hypothetical condition that the repairs or alterations have been completed, or subject to the following required inspection based on the extraordinary assumption that the condition or deficiency does not require alteration or repair:

Based on a complete visual inspection of the interior and exterior areas of the subject property, defined scope of work, statement of assumptions and limiting conditions, and appraiser's certification, my (our) opinion of the market value, as defined, of the real property that is the subject of this report is \$ 422,000 as of July 28, 2012, which is the date of inspection and the effective date of this appraisal.

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Cost approach is required by client, but appraiser does not consider it meaningful.

At the request of the client, development of the cost approach has been attempted by the appraiser as an analysis to support their opinion of the property's market value. Because there is insufficient market evidence to credibly support the site value/derivation of total appreciation, the cost approach is not given any consideration in the appraiser's final analysis. Use of this data, in whole or in part, for other purposes is not intended by the appraiser. Nothing set forth in the appraisal should be relied upon for the purpose of determining the amount or type of insurance coverage to be placed on the subject property. The appraiser assumes no liability for and does not guarantee that any insurable value estimate inferred from this report will result in the subject property being fully insured for any loss that may be sustained. The appraiser recommends that an insurance professional be consulted. Further, the cost approach may not be a reliable indication of replacement or reproduction cost for any date other than the effective date of this appraisal due to changing costs of labor and materials and due to changing building codes and governmental regulations and requirements.

The 2010-11 USPAP Additional Certification

The reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.

I have not provided any services with respect to this property in the last 36 months.

The signature found on the certification page located in this report applies to this statement.

ADDITIONAL COMMENTS

COST APPROACH TO VALUE (not required by Fannie Mae)

Provide adequate information for the lender/client to replicate the below cost figures and calculations.

Support for the opinion of site value (summary of comparable land sales or other methods for estimating site value) **Because this is a fully developed residential neighborhood there are no meaningful land sales. Therefore land value was estimated via abstraction.**

ESTIMATED	<input type="checkbox"/> REPRODUCTION OR	<input checked="" type="checkbox"/> REPLACEMENT COST NEW	OPINION OF SITE VALUE	= \$	160,000	
Source of cost data	Marshall Valuation Service		Dwelling	3,568 Sq. Ft. @ \$ 185.00	= \$ 660,080	
Quality rating from cost service	D	Effective date of cost data	09/20/2011			
Comments on Cost Approach (gross living area calculations, depreciation, etc.)			Sq. Ft. @ \$ = \$			
Marshall Valuation Service provided the replacement cost estimates. The effective age/life methodology determined the depreciation. In this fully developed neighborhood the abstraction methodology gives a reasonable indication of land value.			Garage/Carport	0	Sq. Ft. @ \$ = \$ 0	
			Total Estimate of Cost-New = \$ 860,080			
			Less	70 Physical	Functional	External
			Depreciation	\$377,188		= \$ (377,188)
			Depreciated Cost of Improvements = \$ 282,892			
			As-is Value of Site Improvements = \$ 10,000			
Estimated Remaining Economic Life (HUD and VA only)			30 Years	INDICATED VALUE BY COST APPROACH = \$ 452,900		

COST APPROACH

INCOME APPROACH TO VALUE (not required by Fannie Mae)

Estimated Monthly Market Rent \$ X Gross Rent Multiplier = \$ Indicated Value by Income Approach

Summary of Income Approach (including support for market rent and GRM) **The Income Approach does not apply to residential properties which are primarily purchased for owner occupancy rather than for rental occupancy.**

PROJECT INFORMATION FOR PUDS (if applicable)

Is the developer/builder in control of the Homeowners' Association (HOA)? Yes No Unit type(s) Detached Attached

Provide the following information for PUDS ONLY if the developer/builder is in control of the HOA and the subject property is an attached dwelling unit.

Legal name of project

Total number of phases Total number of units Total number of units sold

Total number of units rented Total number of units for sale Data source(s)

Was the project created by the conversion of an existing building(s) into a PUD? Yes No If Yes, date of conversion.

Does the project contain any multi-dwelling units? Yes No Data source(s)

Are the units, common elements, and recreation facilities complete? Yes No If No, describe the status of completion.

Are the common elements leased to or by the Homeowners' Association? Yes No If Yes, describe the rental terms and options.

Describe common elements and recreational facilities

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This report form is designed to report an appraisal of a one-unit property or a one-unit property with an accessory unit, including a unit in a planned unit development (PUD). This report form is not designed to report an appraisal of a manufactured home or a unit in a condominium or cooperative project.

This appraisal report is subject to the following scope of work, intended use, intended user, definition of market value, statement of assumptions and limiting conditions, and certifications. Modifications, additions, or deletions to the intended use, intended user, definition of market value, or assumptions and limiting conditions are not permitted. The appraiser may expand the scope of work to include any additional research or analysis necessary based on the complexity of this appraisal assignment. Modifications or deletions to the certifications are also not permitted. However, additional certifications that do not constitute material alterations to this appraisal report, such as those required by law or those related to the appraiser's continuing education or membership in an appraisal organization, are permitted.

SCOPE OF WORK: The scope of work for this appraisal is defined by the complexity of this appraisal assignment and the reporting requirements of this appraisal report form, including the following definition of market value, statement of assumptions and limiting conditions, and certifications. The appraiser must, at a minimum: (1) perform a complete visual inspection of the interior and exterior areas of the subject property, (2) inspect the neighborhood, (3) inspect each of the comparable sales from at least the street, (4) research, verify, and analyze data from reliable public and/or private sources, and (5) report his or her analysis, opinions, and conclusions in this appraisal report.

INTENDED USE: The intended use of this appraisal report is for the lender/client to evaluate the property that is the subject of this appraisal for a mortgage finance transaction.

INTENDED USER: The intended user of this appraisal report is the lender/client.

DEFINITION OF MARKET VALUE: The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently, knowledgeably and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby: (1) buyer and seller are typically motivated; (2) both parties are well informed or well advised, and each acting in what he or she considers his or her own best interest; (3) a reasonable time is allowed for exposure in the open market; (4) payment is made in terms of cash in U. S. dollars or in terms of financial arrangements comparable thereto; and (5) the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions* granted by anyone associated with the sale.

*Adjustments to the comparables must be made for special or creative financing or sales concessions. No adjustments are necessary for those costs which are normally paid by sellers as a result of tradition or law in a market area; these costs are readily identifiable since the seller pays these costs in virtually all sales transactions. Special or creative financing adjustments can be made to the comparable property by comparisons to financing terms offered by a third party institutional lender that is not already involved in the property or transaction. Any adjustment should not be calculated on a mechanical dollar for dollar cost of the financing or concession but the dollar amount of any adjustment should approximate the market's reaction to the financing or concessions based on the appraiser's judgment.

STATEMENT OF ASSUMPTIONS AND LIMITING CONDITIONS: The appraiser's certification in this report is subject to the following assumptions and limiting conditions:

1. The appraiser will not be responsible for matters of a legal nature that affect either the property being appraised or the title to it, except for information that he or she became aware of during the research involved in performing this appraisal. The appraiser assumes that the title is good and marketable and will not render any opinions about the title.
2. The appraiser has provided a sketch in this appraisal report to show the approximate dimensions of the improvements. The sketch is included only to assist the reader in visualizing the property and understanding the appraiser's determination of its size.
3. The appraiser has examined the available flood maps that are provided by the Federal Emergency Management Agency (or other data sources) and has noted in this appraisal report whether any portion of the subject site is located in an identified Special Flood Hazard Area. Because the appraiser is not a surveyor, he or she makes no guarantees, express or implied, regarding this determination.
4. The appraiser will not give testimony or appear in court because he or she made an appraisal of the property in question, unless specific arrangements to do so have been made beforehand, or as otherwise required by law.
5. The appraiser has noted in this appraisal report any adverse conditions (such as needed repairs, deterioration, the presence of hazardous wastes, toxic substances, etc.) observed during the inspection of the subject property or that he or she became aware of during the research involved in performing this appraisal. Unless otherwise stated in this appraisal report, the appraiser has no knowledge of any hidden or unapparent physical deficiencies or adverse conditions of the property (such as, but not limited to, needed repairs, deterioration, the presence of hazardous wastes, toxic substances, adverse environmental conditions, etc.) that would make the property less valuable, and has assumed that there are no such conditions and makes no guarantees or warranties, express or implied. The appraiser will not be responsible for any such conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because the appraiser is not an expert in the field of environmental hazards, this appraisal report must not be considered as an environmental assessment of the property.
6. The appraiser has based his or her appraisal report and valuation conclusion for an appraisal that is subject to satisfactory completion, repairs, or alterations on the assumption that the completion, repairs, or alterations of the subject property will be performed in a professional manner.

Uniform Residential Appraisal Report

File No. 12082000

APPRAISER'S CERTIFICATION: The Appraiser certifies and agrees that:

1. I have, at a minimum, developed and reported this appraisal in accordance with the scope of work requirements stated in this appraisal report.
2. I performed a complete visual inspection of the interior and exterior areas of the subject property. I reported the condition of the improvements in factual, specific terms. I identified and reported the physical deficiencies that could affect the livability, soundness, or structural integrity of the property.
3. I performed this appraisal in accordance with the requirements of the Uniform Standards of Professional Appraisal Practice that were adopted and promulgated by the Appraisal Standards Board of The Appraisal Foundation and that were in place at the time this appraisal report was prepared.
4. I developed my opinion of the market value of the real property that is the subject of this report based on the sales comparison approach to value. I have adequate comparable market data to develop a reliable sales comparison approach for this appraisal assignment. I further certify that I considered the cost and income approaches to value but did not develop them, unless otherwise indicated in this report.
5. I researched, verified, analyzed, and reported on any current agreement for sale for the subject property, any offering for sale of the subject property in the twelve months prior to the effective date of this appraisal, and the prior sales of the subject property for a minimum of three years prior to the effective date of this appraisal, unless otherwise indicated in this report.
6. I researched, verified, analyzed, and reported on the prior sales of the comparable sales for a minimum of one year prior to the date of sale of the comparable sale, unless otherwise indicated in this report.
7. I selected and used comparable sales that are locationally, physically, and functionally the most similar to the subject property.
8. I have not used comparable sales that were the result of combining a land sale with the contract purchase price of a home that has been built or will be built on the land.
9. I have reported adjustments to the comparable sales that reflect the market's reaction to the differences between the subject property and the comparable sales.
10. I verified, from a disinterested source, all information in this report that was provided by parties who have a financial interest in the sale or financing of the subject property.
11. I have knowledge and experience in appraising this type of property in this market area.
12. I am aware of, and have access to, the necessary and appropriate public and private data sources, such as multiple listing services, tax assessment records, public land records and other such data sources for the area in which the property is located.
13. I obtained the information, estimates, and opinions furnished by other parties and expressed in this appraisal report from reliable sources that I believe to be true and correct.
14. I have taken into consideration the factors that have an impact on value with respect to the subject neighborhood, subject property, and the proximity of the subject property to adverse influences in the development of my opinion of market value. I have noted in this appraisal report any adverse conditions (such as, but not limited to, needed repairs, deterioration, the presence of hazardous wastes, toxic substances, adverse environmental conditions, etc.) observed during the inspection of the subject property or that I became aware of during the research involved in performing this appraisal. I have considered these adverse conditions in my analysis of the property value, and have reported on the effect of the conditions on the value and marketability of the subject property.
15. I have not knowingly withheld any significant information from this appraisal report and, to the best of my knowledge, all statements and information in this appraisal report are true and correct.
16. I stated in this appraisal report my own personal, unbiased, and professional analysis, opinions, and conclusions, which are subject only to the assumptions and limiting conditions in this appraisal report.
17. I have no present or prospective interest in the property that is the subject of this report, and I have no present or prospective personal interest or bias with respect to the participants in the transaction. I did not base, either partially or completely, my analysis and/or opinion of market value in this appraisal report on the race, color, religion, sex, age, marital status, handicap, familial status, or national origin of either the prospective owners or occupants of the subject property or of the present owners or occupants of the properties in the vicinity of the subject property or on any other basis prohibited by law.
18. My employment and/or compensation for performing this appraisal or any future or anticipated appraisals was not conditioned on any agreement or understanding, written or otherwise, that I would report (or present analysis supporting) a predetermined specific value, a predetermined minimum value, a range or direction in value, a value that favors the cause of any party, or the attainment of a specific result or occurrence of a specific subsequent event (such as approval of a pending mortgage loan application).
19. I personally prepared all conclusions and opinions about the real estate that were set forth in this appraisal report. If I relied on significant real property appraisal assistance from any individual or individuals in the performance of this appraisal or the preparation of this appraisal report, I have named such individual(s) and disclosed the specific tasks performed in this appraisal report. I certify that any individual so named is qualified to perform the tasks. I have not authorized anyone to make a change to any item in this appraisal report; therefore, any change made to this appraisal is unauthorized and I will take no responsibility for it.
20. I identified the lender/client in this appraisal report who is the individual, organization, or agent for the organization that ordered and will receive this appraisal report.
21. The lender/client may disclose or distribute this appraisal report to: the borrower; another lender at the request of the borrower; the mortgagee or its successors and assigns; mortgage insurers; government sponsored enterprises; other secondary market participants; data collection or reporting services; professional appraisal organizations; any department, agency, or instrumentality of the United States; and any state, the District of Columbia, or other jurisdictions; without having to obtain the appraiser's or supervisory appraiser's (if applicable) consent. Such consent must be obtained before this appraisal report may be disclosed or distributed to any other party (including, but not limited to, the public through advertising, public relations, news, sales, or other media).

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- 22. I am aware that any disclosure or distribution of this appraisal report by me or the lender/client may be subject to certain laws and regulations. Further, I am also subject to the provisions of the Uniform Standards of Professional Appraisal Practice that pertain to disclosure or distribution by me.
- 23. The borrower, another lender at the request of the borrower, the mortgagee or its successors and assigns, mortgage insurers, government sponsored enterprises, and other secondary market participants may rely on this appraisal report as part of any mortgage finance transaction that involves any one or more of these parties.
- 24. If this appraisal report was transmitted as an "electronic record" containing my "electronic signature," as those terms are defined in applicable federal and/or state laws (excluding audio and video recordings), or a facsimile transmission of this appraisal report containing a copy or representation of my signature, the appraisal report shall be as effective, enforceable and valid as if a paper version of this appraisal report were delivered containing my original hand written signature.
- 25. Any intentional or negligent misrepresentation(s) contained in this appraisal report may result in civil liability and/or criminal penalties including, but not limited to, fine or imprisonment or both under the provisions of Title 18, United States Code, Section 1001, et seq., or similar state laws.

SUPERVISORY APPRAISER'S CERTIFICATION: The Supervisory Appraiser certifies and agrees that:

- 1. I directly supervised the appraiser for this appraisal assignment, have read the appraisal report, and agree with the appraiser's analysis, opinions, statements, conclusions, and the appraiser's certification.
- 2. I accept full responsibility for the contents of this appraisal report including, but not limited to, the appraiser's analysis, opinions, statements, conclusions, and the appraiser's certification.
- 3. The appraiser identified in this appraisal report is either a sub-contractor or an employee of the supervisory appraiser (or the appraisal firm), is qualified to perform this appraisal, and is acceptable to perform this appraisal under the applicable state law.
- 4. This appraisal report complies with the Uniform Standards of Professional Appraisal Practice that were adopted and promulgated by the Appraisal Standards Board of The Appraisal Foundation and that were in place at the time this appraisal report was prepared.
- 5. If this appraisal report was transmitted as an "electronic record" containing my "electronic signature," as those terms are defined in applicable federal and/or state laws (excluding audio and video recordings), or a facsimile transmission of this appraisal report containing a copy or representation of my signature, the appraisal report shall be as effective, enforceable and valid as if a paper version of this appraisal report were delivered containing my original hand written signature.

APPRAISER

Signature *Hee K. Yi*
 Name Hee K. Yi
 Company Name Gold Coast Appraisals, Inc.
 Company Address 11506 E. Telegraph Rd., Ste 214
Santa Fe Springs, CA 90670
 Telephone Number 562-651-1058
 Email Address corporate@goldcoastappraisals.com
 Date of Signature and Report 05/17/2012
 Effective Date of Appraisal July 28, 2012
 State Certification # AG035644
 or State License # AG035644
 or Other (describe) _____ State # _____
 State CA
 Expiration Date of Certification or License 11/16/2012

ADDRESS OF PROPERTY APPRAISED
252 S Rampart Blvd.
Los Angeles, CA 90057

APPRAISED VALUE OF SUBJECT PROPERTY \$ 422,000

LENDER/CLIENT
 Name J. Perfit/R. Lobos
 Company Name Restore Neighborhoods LA
 Company Address 315 W 9th Street, Suite 501
Los Angeles, CA 90015
 Email Address _____

SUPERVISORY APPRAISER (ONLY IF REQUIRED)

Signature _____
 Name _____
 Company Name _____
 Company Address _____
 Telephone Number _____
 Email Address _____
 Date of Signature _____
 State Certification # _____
 or State License # _____
 State _____
 Expiration Date of Certification or License _____

SUBJECT PROPERTY
 Did not inspect subject property
 Did inspect exterior of subject property from street
 Date of Inspection _____
 Did inspect interior and exterior of subject property
 Date of Inspection _____

COMPARABLE SALES
 Did not inspect exterior of comparable sales from street
 Did inspect exterior of comparable sales from street
 Date of Inspection _____

Uniform Residential Appraisal Report

File No. 12082000

FEATURE	SUBJECT	COMPARABLE SALE NO. 4		COMPARABLE SALE NO. 5		COMPARABLE SALE NO. 6	
252 S Rampart Blvd. Address Los Angeles, CA 90057		958 S. Grand View Street Los Angeles, CA 90006		229 S. Kingsley Drive Los Angeles, CA 90004		1636 W. 25th St. Los Angeles, CA 90007	
Proximity to Subject		1.5 Miles		3.5 Miles		3.1 Miles	
Sale Price	\$	\$ 595,000		\$ 575,000		\$ 639,000	
Sale Price/Gross Liv. Area	\$ 0.00 sq. ft.	\$ 179.54 sq. ft.		\$ 190.52 sq. ft.		\$ 175.21 sq. ft.	
Data Source(s)		MLS, Realist and NDC Data		MLS, Realist and NDC Data		MLS, Realist and NDC Data	
Verification Source(s)		Mls#Clw-11566083					
VALUE ADJUSTMENTS	DESCRIPTION	DESCRIPTION	+() \$ Adjustment	DESCRIPTION	-() \$ Adjustment	DESCRIPTION	+() \$ Adjustment
Sale of Financing		Not Applicable		Not Applicable		Not Applicable	
Concessions		Not Applicable		Not Applicable		Not Applicable	
Date of Sale/Time		Listing	-36,000	Listing	-34,500	Listing	-38,340
Location	Suburban	Suburban		Suburban		Suburban	
Leasehold/Fee Simple	Fee Simple	Fee Simple		Fee Simple		Fee Simple	
Site	7000 SF	7187		7499		7492	
View	None	None		None		None	
Design (Style)	Conventional	Conventional		Conventional		Conventional	
Quality of Construction	Average	Average		Average		Average	
Actual Age	99+/- Years	104		102		107	
Condition	Excellent	Average	30,000	Average	30,000	Good	10,000
Above Grade	Total Bdrms Baths	Total Bdrms Baths	5,000	Total Bdrms Baths	5,000	Total Bdrms Baths	5,000
Room Count	8 6 3	7 5 5	-6,000	7 5 2	3,000	7 5 5	-6,000
Gross Living Area 50.00	3,568 sq. ft.	3,314 sq. ft.	12,700	3,018 sq. ft.	27,500	3,647 sq. ft.	-4,000
Basement & Finished Rooms Below Grade	None	None		None		None	
Functional Utility	Average	Average		Average		Average	
Heating/Cooling	FWA	FWA		FWA		FWA	
Energy Efficient Items	Typical	Typical		Typical		Typical	
Garage/Carport	None	None		None		None	
Porch/Patio/Deck	Porch	Porch		Porch		Porch	
Net Adjustment (Total)		<input checked="" type="checkbox"/> + <input type="checkbox"/> -	\$ 5,700	<input checked="" type="checkbox"/> + <input type="checkbox"/> -	\$ 31,000	<input type="checkbox"/> + <input checked="" type="checkbox"/> -	\$ 33,340
Adjusted Sale Price of Comparables		Net Adj. 1.0% Gross Adj. 15.1%	\$ 600,700	Net Adj. 5.4% Gross Adj. 17.4%	\$ 606,000	Net Adj. -5.2% Gross Adj. 9.9%	\$ 605,660
ITEM	SUBJECT	COMPARABLE SALE NO. 4		COMPARABLE SALE NO. 5		COMPARABLE SALE NO. 6	
Date of Prior Sale/Transfer	04/28/2010 Foreclosure	No sale within 36 months		No sale within 36 months		05/01/2009	
Price of Prior Sale/Transfer	\$124,773	Not Applicable		Not Applicable		\$831,000	
Data Source(s)	NDC Data and Realist	NDC Data and Realist		NDC Data and Realist		NDC Data and Realist	
Effective Date of Data Source(s)	July 28, 2012	July 28, 2012		July 28, 2012		July 28, 2012	
Summary of Sales Comparison Approach The active listings are not adjusted to reflect a negotiated sales price. On average over the past 12 months, similar type of properties as the subject have been selling at 6 % lower of the List Price.							

Borrower:	File No.: 12082000
Property Address: 252 S Rampart Blvd.	Case No.:
City: Los Angeles	State: CA Zip: 90057
Lender: Restore Neighborhoods LA	

"APPENDIX B"

CERTIFICATE OF APPRAISER- NSP

Thereby certify that:

1. On July 28, 2012, I personally made a field inspection of the property herein appraised and have also personally made a field inspection of the comparable sales relied upon in making said appraisal. The property being appraised and the comparable sales relied upon in making this appraisal were as represented in the appraisal.
2. To the best of my knowledge and belief that statements contained in the appraisal herein set forth are true, and the information upon which the opinions expressed therein are based is correct, subject to the limiting conditions therein set forth.
3. I understand that such appraisal may be used in connection with the acquisition of property for project utilizing U. S. Department of Housing and Urban Development Neighborhood Stabilization funds.
4. The appraisal has been made in conformity with appropriate laws, regulations, and policies and procedures applicable to appraisal of property for such purposes-**specifically the requirement in the Uniform Relocation and Property Acquisition Act of 1970 regulations at 49 CFR 24.103.**
5. To the best of my knowledge no portion of the value assigned to such property consists of items which are non-compensable under the established law of said State.
6. Any decrease or increase in the fair market value of real property prior to the date of valuation caused by the project for which such property is acquired, or by the likelihood that the property would be acquired for such project, other than that due to physical deterioration within the reasonable control of the owner, was disregarded in determining the compensation for the property.
7. Neither my employment nor my compensation for making this appraisal and report are in any way contingent upon the values reported herein.
8. I have no direct or indirect present or contemplated future personal interest in such property or in any benefit from the acquisition of such property appraised.
9. I have not revealed the finding and results of such appraisal to anyone other than the proper officials of the acquiring agency or officials of the U. S. Department of Housing and Urban Development and I will not do so until so authorized by said officials, or until I am required to do so by due process of law, or until I am released from this obligation by having publicly testified as to such findings.
10. I have not given consideration to, or included in my appraisal, any allowances for relocation assistance benefits.

My opinion of the fair market value of property to be acquired as of the 28th day of July 2012 is \$ 422,000 based upon my independent appraisal and the exercise of my professional judgment.

Name: Hee K. Yi Company: Gold Coast Appraisals, Inc.

Signature: 

License#: AG 035644

Date: July 30, 2012

Borrower:	File No.: 12082000
Property Address: 252 S Rampart Blvd.	Case No.:
City: Los Angeles	State: CA
Lender: Restore Neighborhoods LA	Zip: 90057

APPENDIX D: CHECKLIST FOR NSP Funded Appraisals (49 CFR 24.103)

- 1 Name of First Mortgage Lender: _____
- 2 Name of Grantee: Los Angeles Housing Department
- 3 Address of Property 252 S Rampart Blvd, Los Angeles, CA 90057
- 4 Name of Appraisal Company Gold Coast Appraisals, Inc.
- 5 Name of Appraiser Hee K. Yi
- 6 Appraiser Certification Certified General License# AQ035644

- 7 Physical Inspection: Outside and inside--no windshield survey only An adequate description of the physical characteristics of the property being appraised
 - Items identified as personal property
 - Property rights being obtained
 - A statement of the known and observed encumbrances
 - Title information
 - Location
 - Zoning
 - Present Use
 - Analysis of highest and best use
 - Five year sales history
 - Verification of sales by a party involved in the transaction
 - Adequate photographs

- 8 A description of comparable sales (Field inspection)
 - Physical characteristics
 - Legal characteristics
 - Economic factors
 - Parties to the transaction
 - Source and method of financing
 - Verification by a party involved in the transaction
 - Comparable sales are within six months

- 9 All relevant and reliable approaches to value consistent with Federal appraisal practices
 - All applicable approaches to value considered and explanation of why certain approaches not used seems reasonable (See appendix a 24.103(a)(2) – in some cases an agency may choose to only require the sales approach; additionally the income approach likely wouldn't be applicable to most of these NSP acquisitions with some exceptions of course)
 - Analysis and reconciliation of approaches supports appraiser's opinion of value

- 10 Statement of value of real property
 - Appraised Value
 - Basis of Value
 - Date of value

Borrower: _____ File No.: 12082000
 Property Address: 252 S Rampart Blvd. Case No.: _____
 City: Los Angeles State: CA Zip: 90057
 Lender: Restore Neighborhoods LA

- Date of appraisal
- Signature and certification of the appraiser
- No MSP program discount applied to appraised value
- 11 No consideration of any decrease or increase in the fair market value of the real property caused by the project for which the property is to be acquired, or by the likelihood that the property would be acquired for the project other than due to physical deterioration
- 12 Owner retention of improvements discussed, if any

13. Includes a definition of fair market value as determined by State law and/or "the price that a seller is willing to accept and a buyer is willing to pay on the open market in an arm's length transaction" with the following similar language:

- Buyer and seller are typically motivated;
- Both parties are well informed or well advised, each one acting in own best interest
- A reasonable time is allowed for exposure in the open market;
- Payment is made in terms of cash in U. S. dollars or in terms of financial arrangements comparable thereto; and
- The price represents the normal consideration for the property sold Unaffected by special or creative financing or sales concessions granted by anyone associated with the sale

14. Statement of all relevant assumptions and limiting conditions including any ones that may be required for the particular appraisal assignment, such as:

- The data search requirements and parameters that may be required for the project
- identification of the technology requirements, including approaches to value, to be used to analyze the data
- Need for machinery/equipment appraisals, soil studies, potential zoning changes, etc. Instructions to the appraiser to appraise the property "As Is" or "subject to repairs or corrective action"
- Information on property contamination to be provided and considered by the appraiser in making the appraisal (if applicable)

Other:
 Evidence of tenants Yes, if so, list names No
 HUD Appraiser Certification in File
 Appraiser met grantee's list of qualifications

Appraised Value \$ 422,000 Date of Value July 28, 2012
 Amount Offered _____ Date of Offer _____ %Discount _____
 Final Purchase Price _____ Date of Purchase _____ % Final Discount _____

Record of Negotiations, Special Circumstances or Rationale for Purchase Price or Other Comments.

Name of Reviewer _____ Date _____

DIMENSION LIST ADDENDUM

Borrower: _____ File No.: 12082000
 Property Address: 252 S Rampart Blvd. Case No.: _____
 City: Los Angeles State: CA Zip: 90057
 Lender: Restore Neighborhoods LA

GROSS BUILDING AREA (GBA)		3,568	
GROSS LIVING AREA (GLA)		3,568	
Area(s)	Area	% of GLA	% of GBA
Living	3,568		100.00
Level 1	1,868	52.35	52.35
Level 2	1,700	47.65	47.65
Level 3	0	0.00	0.00
Other	0	0.00	0.00
	GBA		
Basement	0		
Garage	0		

Area Measurements				Area Type					
Measurements	Factor	Total		Level 1	Level 2	Level 3	Other	Bsmt.	Garage
51.00 x 12.00 x 1.00 =		612.00		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
49.00 x 4.50 x 1.00 =		220.50		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
50.00 x 20.00 x 1.00 =		1,000.00		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
21.00 x 1.00 x 1.00 =		21.00		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14.00 x 1.00 x 1.00 =		14.00		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
37.50 x 21.00 x 1.00 =		787.50		<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
36.50 x 25.00 x 1.00 =		912.50		<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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SUBJECT PROPERTY PHOTO ADDENDUM

Borrower:		File No.:	.082000
Property Address:	252 S Rampart Blvd.	Case No.:	
City:	Los Angeles	State:	CA
Lender:	Restore Neighborhoods LA	Zip:	90057



FRONT VIEW OF
SUBJECT PROPERTY

Appraised Date: July 28, 2012
Appraised Value: \$ 422,000



REAR VIEW OF
SUBJECT PROPERTY



STREET SCENE

COMPARABLE PROPERTY PHOTO ADDENDUM

Borrower:	File #	12082000
Property Address: 252 S Rampart Blvd.	Case No.:	
City: Los Angeles	State: CA	Zip: 90057
Lender: Restore Neighborhoods LA		



COMPARABLE SALE #1

1824 S. St Andrews Place
Los Angeles, CA 90019
Sale Date: 04/17/2012
Sale Price: \$ 570,000



COMPARABLE SALE #2

1046 S. Gramercy Place
Los Angeles, CA 90019
Sale Date: 01/20/2012
Sale Price: \$ 550,000



COMPARABLE SALE #3

1723 N. Kenmore Avenue
Los Angeles, CA 90027
Sale Date: 10/28/2011
Sale Price: \$ 579,000

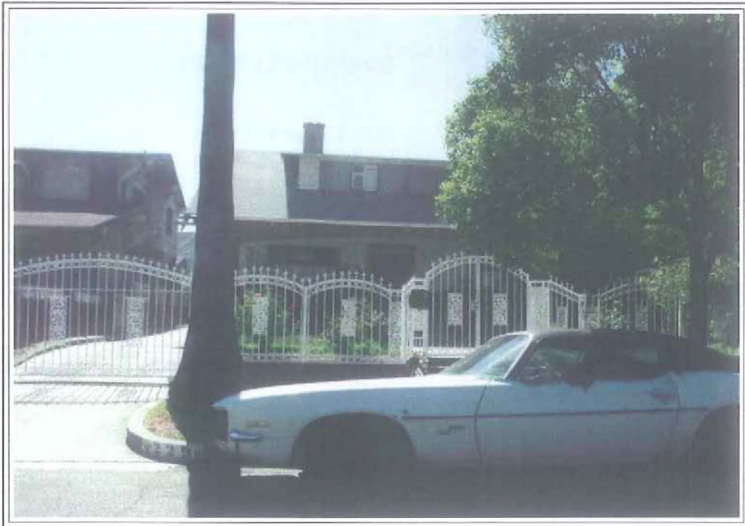
COMPARABLE PROPERTY PHOTO ADDENDUM

Borrower:		File No.:	082000
Property Address:	252 S Rampart Blvd.	Case No.:	
City:	Los Angeles	State:	CA
Lender:	Restore Neighborhoods LA	Zip:	90057



COMPARABLE SALE #4

958 S. Grand View Street
Los Angeles, CA 90006
Sale Date: Listing
Sale Price: \$ 595,000



COMPARABLE SALE #5

229 S. Kingsley Drive
Los Angeles, CA 90004
Sale Date: Listing
Sale Price: \$ 575,000



COMPARABLE SALE #6

1636 W. 25th St.
Los Angeles, CA 90007
Sale Date: Listing
Sale Price: \$ 639,000

Borrower:	File #	12082000
Property Address: 252 S Rampart Blvd.	Case No.:	
City: Los Angeles	State: CA	Zip: 90057
Lender: Restore Neighborhoods LA		



Living Room



Dinning Area



Kitchen

Borrower:	File No.: 082000	
Property Address: 252 S Rampart Blvd.	Case No.:	
City: Los Angeles	State: CA	Zip: 90057
Lender: Restore Neighborhoods LA		



Bedroom
Uninhabitable

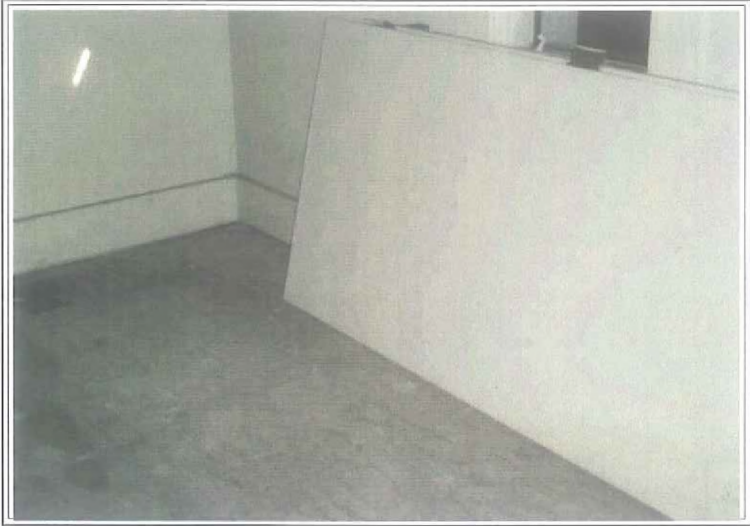


Bathroom
Uninhabitable



Bedroom
Uninhabitable

Borrower:	File No. 12082000	
Property Address: 252 S Rampart Blvd.	Case No.:	
City: Los Angeles	State: CA	Zip: 90057
Lender: Restore Neighborhoods LA		



Bedroom
Uninhabitable



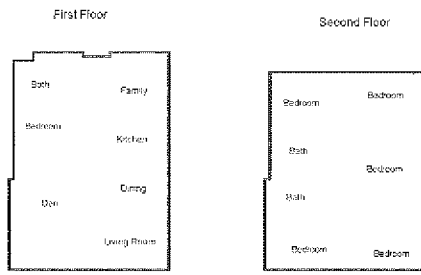
Uninhabitable
Conditions



Possible Closet

FLOORPLAN SKETCH

Borrower: _____ File No.: 12082000
 Property Address: 252 S Rampart Blvd. Case No.: _____
 City: Los Angeles State: CA Zip: 90057
 Lender: Restore Neighborhoods LA



Sketch by Apex IV Windows™

AREA CALCULATIONS SUMMARY			
Code	Description	Size	Totals
GLA1	First Floor	1867.50	1867.50
GLA2	Second Floor	1700.00	1700.00
TOTAL LIVABLE (rounded)			3567

LIVING AREA BREAKDOWN		
Breakdown		Subtotals
First Floor		
12.0 x	51.0	612.00
4.5 x	49.0	220.50
20.0 x	50.0	1000.00
1.0 x	21.0	21.00
1.0 x	14.0	14.00
Second Floor		
21.0 x	37.5	787.50
25.0 x	36.5	912.50
7 Areas Total (rounded)		3568

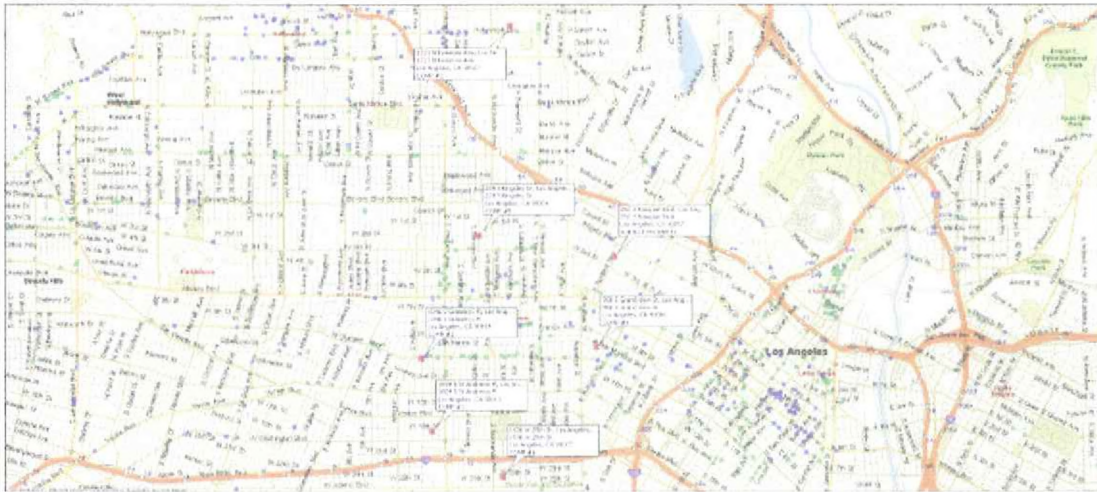
PLAT MAP

Borrower:	File No.: 12082000	
Property Address: 252 S Rampart Blvd.	Case No.:	
City: Los Angeles	State: CA	Zip: 90057
Lender: Restore Neighborhoods LA		



LOCATION MAP

Borrower:	File No.: 12082000	
Property Address: 252 S Rampart Blvd.	Case No.:	
City: Los Angeles	State: CA	Zip: 90057
Lender: Restore Neighborhoods LA		



**RESIDENTIAL INCOME PROPERTY PURCHASE AGREEMENT
AND JOINT ESCROW INSTRUCTIONS ("AGREEMENT")**

1. OFFER:

A. This is an Offer from: Restore Neighborhoods LA, Inc. ("Buyer").

B. Individual(s) A Corporation, An LLC An LLP Other

C. The Real Property to be acquired is commonly known as 252 South Rampart Boulevard, Los Angeles, and Assessor's Parcel No. 5155-025-900 situated in the City of Los Angeles, County of Los Angeles, State of California ("Property"). Legal Description: LOT 60, OF TRACT 91, IN THE CITY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 13, PAGE 112 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

D. The Purchase Price offered is: \$417,780, pursuant to the guidelines of the Housing and Economic Recovery Act of 2008, Section 2301 (d)(1), requires any purchase of a foreclosed upon home, using Neighborhood Stabilization Program (NSP) funds, be at a discount from the current market appraised value of the home.

E. Close of Escrow shall occur on _____ (date) or completed 45 Days After Acceptance.

2. AGENCY:

A. Buyer shall not be liable for any real estate commission, brokerage fees, or finder fees which may arise from or relate to this Agreement. Seller and Buyer each represent to one another that they have not retained or entered into any agreement with any Broker in connection with the sale of the Property or negotiation of this Agreement.

B. **Disclosure:** If the Property contains 1-4 residential dwelling units, Buyer and Seller each acknowledge prior receipt of the C.A.R. Form AD "Disclosure Regarding Real Estate Agency Relationships."

3. FINANCE TERMS: Buyer represents that funds will be good when deposited with _____ ("Escrow Holder").

A. **Initial deposit:** Deposit shall be in the amount of: \$ 5,000.

(1) Buyer shall deliver the deposit directly to Escrow Holder by personal check, electronic funds transfer or other, within 3 business Days After Acceptance or other _____.

B. **Increased Deposit:** Buyer shall deposit with Escrow Holder an increased deposit to an amount sufficient to cover closing costs within 14 Days after Acceptance or N/A. If a liquidated damages clause is incorporated into this Agreement, Buyer and Seller shall sign a separate liquidated damages clause (C.A.R. Form RID) for any increased deposit at the time it is deposited.

C. **Loan(s):**

(1) **First Loan** in the amount of: \$208,000.

(5) **Assumed Or Subject To Financing:** Seller represents that Seller is not delinquent on any payments due on any loans. If Property acquired is subject to an existing loan, Buyer and Seller are advised to consult with legal counsel regarding the ability of an existing lender to call the loan due and the consequences thereof.

I. **Appraisal Contingency and Removal:** This Agreement is (or, if checked, is NOT) contingent upon a written appraisal of the Property by a licensed or certified appraiser at not less than the specified purchase price. If there is a loan contingency, Buyer's removal of the loan contingency shall be deemed removal of this appraisal contingency (or if checked, Buyer shall, as specified in paragraph 18B(3), in writing remove the appraisal contingency or cancel this Agreement with 17 (or _____) Days After Acceptance). If there is no loan contingency, Buyer shall, as specified in paragraph 18B(3), in writing remove the appraisal contingency or cancel this Agreement within 17 (or _____) Days After Acceptance.

J. **All Cash Offer (If checked):** Buyer shall within 7 (or _____) Days After Acceptance, Deliver to Seller written verification of sufficient funds to close this transaction. (If checked, verification attached.)

K. **Buyer Stated Financing:** Seller has relied on Buyer's representation of the type of financing specified (including but not limited to, as applicable, amount of down payment, contingent or non contingent loan, or all cash). If Buyer seeks alternate financing, (i) Seller has no obligation to cooperate with Buyer's efforts to obtain such financing, and (ii) Buyer shall also pursue the financing method specified in this Agreement. Buyer's failure to secure alternate financing does not excuse Buyer from the obligation to purchase the Property and close escrow as specified in this Agreement.

4. **ALLOCATION OF COSTS:** (If checked): Unless otherwise specified in writing, this paragraph only determines who is to pay for the inspection, test or service ("Report") mentioned; it does not determine who is to pay for any work recommended or identified in the Report.

A. **Inspections and Reports:**

(1) Buyer Seller shall pay for an inspection and report for wood destroying pests and organisms ("Wood Pest Report") to be prepared by _____, a registered structural pest control company.

(2) Buyer Seller shall pay to have septic or private sewage disposal systems inspected.

(3) Buyer Seller shall pay to have domestic wells tested for water potability and productivity.

(4) Buyer Seller shall pay for a natural hazard zone disclosure report prepared by _____.

(5) Buyer Seller shall pay for the following inspection or report: Phase I Environmental Study.

(6) Buyer Seller shall pay for the following inspection or report _____.

B. **Government Requirements and Retrofit:**

(1) Buyer Seller shall pay for smoke detector installation and/or water heater bracing, if required by Law. Prior to Close of Escrow, Seller shall provide Buyer written statements of compliance in accordance with state and local Law, unless exempt.

(2) Buyer Seller shall pay the close of compliance with any other minimum mandatory government retrofit standards, inspections and reports if required as a condition of closing under any Law.

(3) Buyer Seller shall pay for installation of approved fire extinguisher(s), sprinkler(s), and hose(s), if required by Law which shall be installed prior to the Close of Escrow. Prior to the Close of Escrow, Seller shall provide Buyer with a written statement of compliance if required by Law.

(4) Buyer and Seller shall pay for installation of drain cover and anti-entrapment device or system for any pool or spa meeting the minimum requirements permitted by the U.S. Consumer Products and Safety Commission.

C. Escrow and Title:

(1) Buyer Seller shall pay escrow fee.

Escrow Holder shall be: _____

(2) Buyer Seller shall pay for owner's title insurance policy specified in paragraph 18.

Owner's title policy to be issued by _____

(Buyer shall pay for any title insurance policy insuring Buyer's lender, unless otherwise agreed to in writing).

D. Other Costs:

(1) Buyer Seller shall pay County transfer tax or fee.

(2) Buyer Seller shall may City transfer tax or fee.

(3) Buyer Seller to pay for any Homeowner's Association ("HOA") transfer fee.

(4) Buyer Seller shall pay any HOA document preparation fees.

(5) Buyer Seller shall pay the cost, not to exceed \$ _____, of a one-year home warranty plan issued by _____, with the following optional coverages: Air Conditioner Pool/Spa Code and Permit upgrade Other _____
Buyer is informed that home warranty plans have many optional coverages in addition to those listed above. Buyer is advised to investigate these coverages to determine those that may be suitable for Buyer.

(6) Buyer Seller shall pay for _____

(7) Buyer Seller shall pay for _____

5. CLOSING AND POSSESSION:

A. Buyer intends (or does not intend) to occupy any unit in the Property as Buyer's primary residence.

B. Seller-occupied or vacant property: Possession shall be delivered to Buyer at 5:00 PM or (_____ AM PM) on the date of Close of Escrow; on _____; or no later than _____ Days After Close of Escrow. If transfer of title and possession do not occur at the

same time, Buyer and Seller are advised to: (i) enter into a written occupancy agreement (C.A.R. Form PAA, paragraph 2); and (ii) consult with their insurance and legal advisors.

C. Tenant occupied units: Possession and occupancy, subject to the rights of tenants under existing leases, shall be delivered to Buyer on Close of Escrow.

D. At Close of Escrow, (i) Seller assigns to Buyer, any assignable warranty rights for items included in the sale, and (ii) Seller shall deliver to Buyer available Copies of warranties.

E. At Close of Escrow, unless otherwise agreed in writing, Seller shall provide keys and/or means to operate all locks, mailboxes, security systems, alarms and garage door openers. If the Property is a condominium or located in a common interest subdivision, Buyer may be required to pay a deposit to the Homeowners' Association ("HOA") to obtain keys to accessible HOA facilities.

F. **Risk of Loss:** Risk of Loss to the Property shall be borne by the Seller until title has been conveyed to Buyers. In the event that the improvements on the Property are destroyed between the Date of this Acceptance and Close of Escrow, Buyer shall have the option of demanding and receiving back its entire deposit and being released from all obligations hereunder, or alternatively, receiving all of the insurance proceeds attainable under Seller's insurance policy and proceeding with the consummation of this transaction. Upon Buyer's physical inspection and approval of the Property, Seller shall maintain the Property through Close of Escrow in the same condition and repair as approved, reasonable wear and tear excepted.

6. **SECURITY DEPOSITS:** Security deposits, if any, to the extent they have not been applied by Seller in accordance with any rental agreement and current Law, shall be transferred to Buyer on Close of Escrow. Seller shall notify each tenant in compliance with the California Civil Code.

7. **STATUTORY DISCLOSURES (INCLUDING LEAD BASED PAINT HAZARD DISCLOSURES) AND CANCELLATION RIGHTS:**

A. **Lead-Based Paint Hazard Disclosures:**

(1) Seller shall, within the time specified in paragraph 18, deliver to Buyer, if required by Law, Federal Lead-Based Paint Disclosures and pamphlet ("Lead Disclosures"). If the Lead Disclosures are delivered to Buyer after the offer is Signed, Buyer shall have the right to cancel this Agreement within 3 Days After Delivery in person, or 5 Days After Delivery by deposit in the mail, by giving written notice of cancellation to Seller. (Lead Disclosures sent by mail must be sent certified mail or better.)

(2) Buyer shall, within the time specified in paragraph 18, return a Signed Copy of the Lead Disclosure to Seller.

B. **Natural and Environmental Hazards:** Within the time specified in paragraph 18, Seller shall, if required by Law: (i) deliver to Buyer earthquake guides (and questionnaire) and environmental hazards booklet and (ii) even if exempt from the obligation to provide a NHD, disclose if the Property is located in a Special Flood Hazard Area; Potential Flooding (Inundation) Area; Very High Fire Hazard Zone; State Fire Responsibility Area; Earthquake Fault Zone; Seismic Hazard Zone; and (iii) disclose any other zone as required by Law and provide any other information required for those zones.

C. **Withholding Taxes:** Within the time specified in paragraph 18A, to avoid required withholding, Seller shall Deliver to Buyer an affidavit sufficient to comply with federal (FIRPTA) and California withholding Law (C.A.R. Form AS or QS).

D. Megan's Law Database Disclosure: Notice: Pursuant to Section 290.46 of the Penal Code, information about specified registered sex offenders is made available to the public via an Internet Web site maintained by the Department of Justice at www.meganslaw.ca.gov. Depending on an offender's criminal history, this information will include either the address at which the offender resides or the community of residence and ZIP Code in which he or she resides. (Sellers are not required to check this website. If Buyer wants further information, Buyer may obtain information from this website during Buyer's inspection contingency period).

8. RESIDENTIAL 1 – 4 PROPERTIES: STATUTORY DISCLOSURES (INCLUDING LEAD-BASED PAINT HAZARD DISCLOSURES) AND CANCELLATION RIGHTS.

A. (1) Seller shall, within the time specified in paragraph 18A, deliver to Buyer, if required by Law: (i) Federal Lead-Based Paint Disclosures (C.A.R. Form FLD) and pamphlet ("Lead Disclosures"); and (ii) disclosures or notices required by sections 1102 et. seq. and 1103 et. seq. of the Civil Code ("Statutory Disclosures"). Statutory Disclosures include, but are not limited to, a Real Estate Transfer Disclosure Statement ("TDS"), Natural Hazard Disclosure Statement ("NHD"), notice of actual knowledge of release of illegal controlled substance, notice of special tax and/or assessments (or, if allowed, substantially equivalent notice regarding the Mello-Roos Community Facilities Act and Improvement Bond Act of 1915) and, if Seller has actual knowledge, of industrial use and military ordnance location (C.A.R. Form SPQ or SSD).

(2) Buyer shall, within the time specified in paragraph 18B(1), return Signed Copies of the Statutory and Lead Disclosures to Seller.

(3) If any disclosure or notice specified in 8A(1), or subsequent or amended disclosure or notice is Delivered to Buyer after the offer is Signed, Buyer shall have the right to cancel this Agreement within 3 Days After Delivery in person or 5 Days After Delivery by deposit in the mail, by giving written notice of cancellation to the Seller.

9. SELLER DOCUMENTATION AND ADDITIONAL DISCLOSURE: Within the time specified in paragraph 18, Seller shall disclose, make available or Deliver, as applicable, to Buyer, the following information:

A. Rental/Service Agreements: Seller shall make available to Buyer for inspection and review: (i) all current leases, rental agreements, service contracts, and other agreements pertaining to the operation of the Property; (ii) a rental statement including names of tenants, rental rates, period of rental, date of last rent increase, security deposits, rental concessions, rebates or other benefits, if any, and a list of delinquent rents and their duration. Seller represents that no tenant is entitled to any rebate, concession, or other benefit, except as set forth in these documents. Seller represents that the documents to be furnished are those maintained in the ordinary and normal course of business.

B. Income and Expense Statements: Seller shall make available to Buyer the books and records for the Property, including a statement of income and expense for the 12 months preceding Acceptance. Seller represents that the books and records are those maintained in the ordinary and normal course of business, and used by Seller in the computation of federal and state income tax returns.

C. Tenant Estoppel Certificates: (If checked) Seller shall Deliver to Buyer tenant estoppel certificates (C.A.R Form TEC) completed by Seller, and signed by tenants, acknowledging: (i) that tenants' rental or lease agreements are unmodified and in full force and effect (or if modified, stating all such modifications); (ii) that no lessor defaults exist; and (iii) stating the amount of any prepaid rent or security deposit.

D. Survey, Plans, And Engineering Documents: Seller shall, at no cost to Buyer, Deliver to Buyer Copies of surveys, plans, specifications, and engineering documents, if any, prepared on Seller's behalf or in Seller's possession.

E. Permits: If in Seller's possession, Seller shall Deliver to Buyer Copies of all permits and approvals concerning the Property, obtained from any governmental entity, including, but not limited to, certificates of occupancy, conditional use permits, development plans, and licenses and permits pertaining to the operation of the Property.

F. Structural Modifications: Seller shall disclose to Buyer in writing any known structural additions or alterations to, or the installation, alteration, repair, or replacement of significant components of the structure(s) upon the Property.

G. Seller Representation: Seller represents that Seller has no actual knowledge: (i) of any current pending lawsuit(s), investigation(s), inquiry(ies), action(s), or other proceeding(s) affecting the Property or the right to use and occupy it; (ii) of any unsatisfied mechanic's or materialman lien(s) affecting the Property; and (iii) that any tenant of the Property is the subject of a bankruptcy. If Seller receives any such notice prior to Close of Escrow, Seller shall immediately notify Buyer.

H. Governmental Compliance: (1) Seller shall disclose to Buyer any improvements, additions, alterations, or repairs to the Property made by Seller, or known to Seller to have been made without required governmental permits, final inspections, and approvals, (2) Seller shall disclose to Buyer if Seller has actual knowledge of any notice of violations of Law filed or issued against the Property.

10. SUBSEQUENT DISCLOSURES: In the event Seller, prior to Close of Escrow, becomes aware of adverse conditions materially affecting the Property, or any material inaccuracy in disclosures, information or representations previously provided to Buyer, Seller shall promptly Deliver a subsequent or amended disclosure or notice, in writing, covering those items. However, a subsequent or amended disclosure shall not be required for conditions and material inaccuracies of which Buyer is otherwise aware, or which are disclosed in reports provided to or obtained by Buyer or ordered and paid for by Buyer.

11. CHANGES DURING ESCROW:

A. Prior to Close of Escrow, Seller may engage in the following acts, ("Proposed Changes"), subject to Buyer's rights in paragraph 18B: (i) rent or lease any vacant unit or other part of the premises; (ii) alter, modify or extend any existing rental or lease agreement; (iii) enter into, alter, modify or extend any service contract(s); or (iv) change the status of the condition of the Property.

B. At least 7 (or _____) Days Prior to any Proposed Changes, Seller shall Deliver written notice to Buyer of any such Proposed Changes.

12. CONDOMINIUM/PLANNED UNIT DEVELOPMENT DISCLOSURES:

A. Seller has 7 (or [] _____) Days After Acceptance to disclose to Buyer whether the Property is a condominium, or is located in a planned development or other common interest subdivision (C.A.R. Form SPQ or SSD).

B. If Property is a condominium or is located in a planned development or other common interest subdivision, Seller has 3 (or [] _____) Days After Acceptance to request from the HOA (C.A.R. Form HOA): (i) Copies of any documents required by Law; (ii) disclosure of any pending or anticipated claim or litigation

by or against the HOA; (iii) a statement containing the location and number of designated parking and storage spaces; (iv) Copies of the most recent 12 months of HOA minutes for regular and special meetings; and (v) the names and contact information of all HOA's governing the Property (collectively, "CI Disclosures"). Seller shall itemize and deliver to Buyer all CI Disclosures received from the HOA and any CI Disclosures in Seller's possession. Buyer's approval of CI Disclosures is a contingency of this Agreement as specified in paragraph 18B(3).

13. ITEMS INCLUDED AND EXCLUDED:

A. Note to Buyer and Seller: Items listed as included or excluded in the Seller's Request for Proposal or any applicable marketing materials are not included in the purchase price or excluded from the sale unless specified in 13B or C.

B. Items Included in the sale:

(1) All existing fixtures and fittings that are attached to the Property.

(2) Existing electrical, mechanical, lighting, plumbing and heating fixtures, ceiling fans, fireplace inserts, gas logs and grates, solar systems, built-in appliances, window and door screens, awnings, shutters, window coverings, attached floor coverings, television antennas, satellite dishes, private integrated telephone systems, air coolers/conditioners, pool/spa equipment, garage door openers, remote controls, mailbox, in-ground landscaping, trees/shrubs, water softeners, water purifiers, security systems/alarms.

(3) A complete inventory of all personal property of Seller currently used in the operation of the Property and included in the purchase price shall be delivered to Buyer within the time specified in paragraph 18.

(4) Seller represents that all items included in the purchase price, unless otherwise specified, are owned by Seller.

(5) Seller shall deliver title to the personal property by Bill of Sale, free of all liens and encumbrances, and without warranty of condition.

(6) As additional security for any note in favor of Seller for any part of the purchase price, Buyer shall execute a UCC-1 Financing Statement to be filed with the Secretary of State, covering the personal property included in the purchase, replacement thereof, and insurance proceeds.

C. Items Excluded from Sale: N/A.

14. CONDITION OF PROPERTY: Unless otherwise agreed: (i) the Property is sold (a) in its PRESENT physical ("as-is") condition as of the date of Acceptance and (b) subject to Buyer's Investigation rights; (ii) the Property, including pool, spa, (if any) landscaping and grounds, is to be maintained in substantially the same condition as of the date of Acceptance; and (iii) all debris and personal property not included in the sale shall be removed by Seller by Close of Escrow.

A. Seller warrants that the Property is legally approved as one single house with 6 bedrooms and 3 bathrooms.

B. Seller shall, within the time specified in paragraph 18, DISCLOSE KNOWN MATERIAL FACTS AND DEFECTS affecting the Property, including known insurance claims within the past five years, and make any and all other disclosures required by Law.

C. Buyer has the right to inspect the Property and, as specified in paragraph 18, based upon information discovered in those inspections: (i) cancel this Agreement; or (ii) request that Seller make Repairs or take other action.

D. Buyer is strongly advised to conduct investigations of the entire Property in order to determine its present condition since Seller may not be aware of all defects affecting the Property or other factors that Buyer considers important. Property improvements may not be built according to code, in compliance with current Law, or have had permits issued.

15. **BUYER'S INVESTIGATION OF PROPERTY AND MATTERS AFFECTING PROPERTY:**

A. Buyer's acceptance of the condition of, and any other matter affecting the Property, is a contingency of this Agreement as specified in this paragraph and paragraph 18B. Within the time specified in paragraph 18B(1), Buyer shall have the right, at Buyer's expense unless otherwise agreed, to conduct inspections, investigations, tests, surveys and other studies ("Buyer investigations"), including, but not limited to, the right to: (i) inspect for lead-based paint and other lead-based paint hazards; (ii) inspect for wood destroying pests and organisms; (iii) review the registered sex offender database; (iv) confirm the insurability of Buyer and the Property; and (v) satisfy Buyer as to any matter specified in the attached Buyer's Inspection Advisory (C.A.R. Form BIA). Without Seller's prior written consent, Buyer shall neither make nor cause to be made (i) invasive or destructive Buyer Investigations; or (ii) inspections by any governmental building or zoning inspector or government employee, unless required by Law.

B. Seller shall make the Property available for all Buyer Investigations. Buyer shall (i) as specified in paragraph 18B, complete Buyer Investigations and, either remove the contingency or cancel this Agreement, and (ii) give Seller, at no cost, complete Copies of all Investigation reports obtained by Buyer, which obligation shall survive the termination of this Agreement.

C. Seller shall have water, gas, electricity and all operable pilot lights on for Buyer's Investigations and through the date possession is made available to Buyer.

D. **Buyer indemnity and Seller protection for entry upon Property:** Buyer shall: (i) keep the Property free and clear of liens; (ii) repair all damage arising from Buyer Investigations; and (iii) indemnify and hold Seller harmless from all resulting liability, claims, demands, damages and costs of Buyer's Investigations. Buyer shall carry, or Buyer shall require anyone acting on Buyer's behalf to carry, policies of liability, workers' compensation and other applicable insurance, defending and protecting Seller from liability for any injuries to persons or property occurring during any Buyer Investigations or work done on the Property at Buyer's direction prior to Close of Escrow, Seller is advised that certain protections may be afforded Seller by recording a "Notice of Non-responsibility" (C.A.R. Form NNR) for Buyer Investigations and work done on the Property at Buyer's direction. Buyer's obligations under this paragraph shall survive the termination or cancellation of this Agreement and Close of Escrow.

[Remainder of page left intentionally blank]

16. SELLER DISCLOSURES; ADDENDA; ADVISORIES; OTHER TERMS:

A.	Seller Disclosures (if checked): Seller shall within the time specified in paragraph 18A, complete and deliver to Buyer a:
	<input type="checkbox"/> Seller Property Questionnaire (C.A.R. Form SPQ) OR <input type="checkbox"/> Supplemental Contractual and Statutory Disclosure (C.A.R. Form SSD).
B.	Addenda (if checked): <input type="checkbox"/> Addendum # (C.A.R. Form ADM)
	<input type="checkbox"/> Wood Destroying Pest Inspection and Allocation of Cost Addendum (C.A.R. Form WPA)
	<input type="checkbox"/> Purchase Agreement Addendum (C.A.R. Form PAA)
	<input type="checkbox"/> Short Sale Addendum (C.A.R. Form SSA)
	<input type="checkbox"/> Seller Intent to Exchange or Supplement (C.A.R. Form SES)
	<input type="checkbox"/> Septic, Well and Property Monument Addendum (C.A.R. Form SWP)
	<input checked="" type="checkbox"/> Other - Supplemental Disclosure (see attached)
	<input type="checkbox"/> Buyer Intent to Exchange or Supplement 9 (C.A.R. Form BES)
C.	Advisories (if checked):
	<input type="checkbox"/> Probate Advisory (C.A.R. Form PAK)
	<input type="checkbox"/> Trust Advisory (C.A.R. Form TA)
	<input type="checkbox"/> Buyer's Inspection Advisory (C.A.R. Form BIA)
	<input type="checkbox"/> Statewide Buyer and Seller Advisory (C.A.R. Form SBSA)
	<input type="checkbox"/> REO Advisory (C.A.R. Form REO)
D.	Other Terms:

17. TITLE AND VESTING:

A. Within the time specified in paragraph 18, Buyer shall be provided a current preliminary title report, which shall include a search of the General Index, Seller shall within 7 Days After Acceptance, give Escrow Holder a completed Statement of Information. The preliminary report is only an offer by the title insurer to issue a policy of title insurance and may not contain every item affecting title, Buyer's review of the preliminary report and any other matters which may affect title are a contingency of this Agreement as specified in paragraph 18B.

B. Title is taken in its present condition subject to all encumbrances, easements, covenants, conditions, restrictions, rights and other matters, whether of record or not, as of the date of Acceptance except: (i) monetary liens of record unless Buyer is assuming those obligations or taking the Property subject to those obligations; and (ii) those matters which Seller has agreed to remove in writing.

C. Within the time specified in paragraph 18A, Seller has a duty to disclose to Buyer all matters known to Seller affecting title, whether of record or not.

D. At Close of Escrow, Buyer shall receive a grant deed conveying title (or, for stock cooperative or long-term lease, an assignment of stock certificate or of Seller's leasehold interest), including oil, mineral and water rights if currently owned by Seller. Title shall vest as designated in Buyer's supplemental escrow instructions. THE MANNER OF TAKING TITLE MAY HAVE SIGNIFICANT LEGAL AND TAX CONSEQUENCES. CONSULT AN APPROPRIATE PROFESSIONAL.

E. Buyer shall receive a standard coverage owner's CL TA policy of title insurance. An ALTA policy or the addition of endorsements may provide greater coverage for Buyer. A title company, at Buyer's request, can provide information about availability, desirability, coverage, survey requirements and cost of various title insurance coverages and endorsements. If Buyer desires title coverage other than that required by this paragraph, Buyer shall instruct Escrow Holder in writing and pay any increase in cost.

18. **TIME PERIODS; REMOVAL OF CONTINGENCIES; CANCELLATION RIGHTS:** The following time periods may only be extended, altered, modified or changed by mutual written agreement. Any removal of contingencies or cancellation under this paragraph by either Buyer or Seller must be exercised in good faith and in writing (C.A.R. Form CR or CC).

A. Seller has: 7 (or 15) Days After Acceptance to deliver to Buyer all reports, disclosures and information for which Seller is responsible under paragraphs 4, 7A, B and C, 8A, 9, 12A, 13B(3), 14B, 16A and B, and 17. Buyer may give Seller a Notice to Seller to perform (C.A.R. Form NSP) if Seller has not Delivered the items within the time specified.

B. (1) Buyer has: 17 (or 30) Days After Acceptance, unless otherwise agreed in writing, to: (i) complete all Buyer Investigations; approve all disclosures, reports and other applicable information, which Buyer receives from Seller; and approve all other matters affecting the Property; and (ii) Deliver to Seller Signed Copies of Statutory and Lead Disclosures Delivered by Seller in accordance with paragraphs 7A or 8A.

(2) Within the time specified in 18B(1), Buyer may request that Seller make repairs or take any other action regarding the Property (C.A.R. Form RR). Seller has no obligation to agree to or respond to Buyer's requests.

(3) Within the time specified in 18B(1) (or as otherwise specified in this Agreement), Buyer shall Deliver to Seller either (i) a removal of the applicable contingency (C.A.R. Form CR), or (ii) a cancellation (C.A.R. Form CC) of this Agreement based upon a remaining contingency or Seller's failure to Deliver the specified items. However, if any report, disclosure or information for which Seller is responsible is not Delivered within the time specified in 18A, then Buyer has 5 (or _____) Days After Delivery of any such items, or the time specified in 18B(1), whichever is later, to Deliver to Seller a removal of the applicable contingency or cancellation of this Agreement.

(4) **Continuation of Contingency:** Even after the end of the time specified in 18B(1) and before Seller cancels this Agreement, if at all, pursuant to 18C, Buyer retains the right to either (i) in writing remove remaining contingencies, or (ii) cancel this Agreement based upon a remaining contingency. Once Buyer's written removal of all contingencies is Delivered to Seller, Seller may not cancel this Agreement pursuant to 18C(1).

C. **Seller Right to Cancel:**

(1) **Seller right to Cancel; Buyer Contingencies:** If, within the time specified in this Agreement, Buyer does not in writing Deliver to Seller a removal of the applicable contingency or cancellation of this Agreement then Seller, after first Delivering to Buyer a Notice to Buyer to Perform (C.A.R. Form NBP) may cancel this Agreement. In such event, Seller shall authorize return of Buyer's deposit.

(2) **Seller right to Cancel; Buyer Contract Obligations:** Seller, after first Delivering to Buyer a NBP may cancel this Agreement for any of the following reasons: (i) if Buyer fails to deposit funds as required by 3A or 3B; (ii) if the funds deposited pursuant to 3A or 3B are not good when deposited; (iii) if Buyer fails to Deliver a notice of FHA or VA costs or terms as required by 3C(3) (C.A.R. Form FVA); (iv) if Buyer fails to Deliver a letter as required by 3H; (v) if Buyer fails to Deliver verification as required by 3G or 3J; (vi) if Seller reasonably disapproves of the verification provided by 3G or 3J; (vii) if Buyer fails to return Statutory and Lead Disclosures as required by paragraphs 7A(2) or 8A(2); or (viii) if Buyer fails to sign or initial a separate liquidated damages form for an increased deposit as required by paragraphs 3B and 3I, In such event, Seller shall authorize return of Buyer's deposit.

(3) **Notice To Buyer To Perform:** The NBP shall: (i) be in writing; (ii) be signed by Seller; and (iii) give Buyer at least 2 (or _____) Days After Delivery (or until the time specified in the applicable paragraph, whichever occurs last) to take the applicable action. A NBP may not be Delivered any earlier than

2 Days Prior to the expiration of the applicable time for Buyer to remove a contingency or cancel this Agreement or meet an obligation specified in 18C(2).

D. Effect Of Buyer's Removal Of Contingencies: If Buyer removes, in writing, any contingency or cancellation rights, unless otherwise specified in a separate written agreement between Buyer and Seller, Buyer shall with regard to that contingency or cancellation right conclusively be deemed to have: (i) completed all Buyer Investigations, and review of reports and other applicable information and disclosures (ii) elected to proceed with the transaction; and (iii) assumed all liability, responsibility and expense for Repairs or corrections or for inability to obtain financing.

E. Close of Escrow: Before Seller or Buyer may cancel this Agreement for failure of the other party to close escrow pursuant to this Agreement, Seller or Buyer must first Deliver to the other a demand to close escrow (C.A.R. Form DCE).

F. Effect of Cancellation on Deposits: If Buyer or Seller gives written notice of cancellation pursuant to rights duly exercised under the terms of this Agreement, Buyer and Seller agree to Sign mutual instructions to cancel the sale and escrow and release deposits, if any, to the party entitled to the funds, less fees and costs incurred by that party. Fees and costs may be payable to service providers and vendors for services and products provided during escrow. Release of funds will require mutual Signed release instructions from Buyer and Seller, judicial decision or arbitration award. A Buyer or Seller may be subject to a civil penalty of up to \$1,000 for refusal to sign such instructions if no good faith dispute exists as to who is entitled to the deposited funds (Civil Code §1057.3).

19. REPAIRS: Repairs shall be completed prior to final verification of condition unless otherwise agreed in writing. Repairs to be performed at Seller's expense may be performed by Seller or through others, provided that the work complies with applicable Law, including governmental permit, inspection and approval requirements. Repairs shall be performed in a good, skillful manner with materials of quality and appearance comparable to existing materials. It is understood that exact restoration of appearance or cosmetic items following all Repairs may not be possible. Seller shall: (i) obtain receipts for Repairs performed by others; (ii) prepare a written statement indicating the Repairs performed by Seller and the date of such Repairs; and (iii) provide Copies of receipts and statements to Buyer prior to final verification of condition.

20. ENVIRONMENTAL HAZARD CONSULTATION: Buyer and Seller acknowledge: (i) Federal, state, and local legislation impose liability upon existing and former owners and users of real property, in applicable situations, for certain legislatively defined, environmentally hazardous substances; and (ii) Buyer and Seller are each advised to consult with technical and legal experts concerning the existence, testing, discovery, location and evaluation of/for, and risks posed by, environmentally hazardous substances, if any, located on or potentially affecting the Property.

21. AMERICANS WITH DISABILITIES ACT: The Americans with Disabilities Act ("ADA") prohibits discrimination against individuals with disabilities. The ADA affects almost all commercial facilities and public accommodations. Residential properties are not typically covered by the ADA, but may be governed by its provisions if used for certain purposes. The ADA can require, among other things that buildings be made readily accessible to the disabled. Different requirements apply to new construction, alterations to existing buildings, and removal of barriers in existing buildings. Compliance with the ADA may require significant costs. Monetary and injunctive remedies may be incurred if the Property is not in compliance. Buyer and Seller are advised to contact an attorney, contractor, architect, engineer or other qualified professional of Buyer or Seller's own choosing to determine to what degree, if any, the ADA impacts that principal or this transaction.

22. **FINAL VERIFICATION OF CONDITION:** Buyer shall have the right to make a final inspection of the Property within 5 (or [] ____) Days Prior to Close of Escrow, NOT AS A CONTINGENCY OF THE SALE, but solely to confirm: (i) the Property is maintained pursuant to paragraph 14A; (ii) Repairs have been completed as agreed; and (iii) Seller has complied with Seller's other obligations under this Agreement (C.A.R. form VP).

23. **PRORATIONS OF PROPERTY TAXES AND OTHER ITEMS:** Unless otherwise agreed in writing, the following items shall be PAID CURRENT and prorated between Buyer and Seller as of Close of Escrow: real property taxes and assessments, interest, rents, HOA regular, special, and emergency dues and assessments imposed prior to Close of Escrow, premiums on insurance assumed by Buyer, payments on bonds and assessments assumed by Buyer, and payments on Mello-Roos and other Special Assessment District bonds and assessments that are a current lien. The following items shall be assumed by Buyer WITHOUT CREDIT toward the purchase price: prorated payments on Mello-Roos and other Special Assessment District bonds and assessments and HOA special assessments that are a current lien but not yet due. The Property will be reassessed upon change of ownership. Any supplemental tax bills shall be paid as follows: (i) for periods after Close of Escrow, by Buyer; and (ii) for periods prior to Close of Escrow, by Seller (see C.A.R. Forms SPT or SBSA for further information). **BILLS ISSUED AFTER CLOSE OF ESCROW SHALL BE HANDLED DIRECTLY BETWEEN BUYER AND SELLER.** Prorations shall be made based on a 30-day month.

24. **SELECTION OF SERVICE PROVIDERS:** Buyer and Seller may select ANY Providers of their own choosing.

25. **EQUAL HOUSING OPPORTUNITY:** The Property is sold in compliance with federal, state and local anti-discrimination Laws.

26. **DEFINITIONS:** As used in this Agreement:

- A. "Acceptance" means the date the Seller signs this Agreement and Delivers it to Buyer.
- B. "C.A.R. Form" means the specific form referenced or another comparable form agreed to by the parties.
- C. "Close of Escrow" means the date the grant deed, or other evidence of transfer of title, is recorded.
- D. "Copy" means copy by any means including photocopy, NCR, facsimile and electronic.
- E. "Days" means calendar days. However, after Acceptance, the last Day for performance of any act required by this Agreement (including Close of Escrow) shall not include any Saturday, Sunday, or legal holiday and shall instead be the next Day.
- F. "Days After" means the specified number of calendar days after the occurrence of the event specified, not counting the calendar date on which the specified event occurs, and ending at 11:59 PM on the final day.
- G. "Days Prior" means the specified number of calendar days before the occurrence of the event specified, not counting the calendar date on which the specified event is scheduled to occur.
- H. "Deliver", "Delivered" or "Delivery" means and shall be effective upon (i) personal receipt by Buyer or Seller; (ii) on the day following the date such notice is sent by recognized overnight delivery service, (iii) on the date sent, if sent by electronic facsimile provided the sender receives confirmation that the facsimile was received, or (iv) on the date two (2) days after deposit in the United States mail, certified or registered mail with postage prepaid. Notices shall be addressed as follows:

Seller: Los Angeles Housing Department
Portfolio Management Unit
1200 West 7th Street, 9th FL
Los Angeles, CA 90017
Attn: David Zaitz

Buyer: Restore Neighborhoods LA, Inc.
315 West Ninth Street
Los Angeles, CA
Attn: John Perfit

I. "Electronic Copy" or "Electronic Signature" means, as applicable, an electronic copy or signature complying with California Law. Buyer and Seller agree that electronic means will not be used by either party to modify or alter the content or integrity of this Agreement without the knowledge and consent of the other party.

J. "Law" means any law, code, statute, ordinance, regulation, rule or order, which is adopted by a controlling city, county, state or federal legislative, judicial or executive body or agency.

K. "Repairs" means any repairs (including pest control), alterations, replacements, modifications or retrofitting of the Property provided for under this Agreement.

L. "Signed" means either a handwritten or electronic signature on an original document, Copy or any counterpart.

27. **ASSIGNMENT:** Buyer shall not assign all or any part of Buyer's interests in this Agreement without first having obtained the written consent of Seller. Such consent shall not be unreasonably withheld, unless otherwise agreed in writing. Any total or partial assignment shall not relieve Buyer of Buyer's obligations pursuant to this Agreement.

28. **SUCCESSORS AND ASSIGNS:** This Agreement shall be binding upon, and inure to the benefit of, Buyer and Seller and their respective successors and assigns, except as otherwise provided herein.

29. **COPIES:** Seller and Buyer each represent that Copies of all reports, documents, certificates, approvals and other documents that are furnished to the other are true, correct and unaltered Copies of the original documents, if the originals are in the possession of the furnishing party.

30. **JOINT ESCROW INSTRUCTIONS TO ESCROW HOLDER:**

A. The following paragraphs, or applicable portions thereof, of this Agreement constitute the joint escrow instructions of Buyer and Seller to Escrow Holder, which Escrow Holder is to use along with any relating addenda, and any additional mutual instructions to close the escrow: 1, 3, 4, 6, 7C, 16B and D, 17, 18F, 23, 26, 30, 34, and 40. The terms and conditions of this Agreement not specifically referenced above, in the specified paragraphs are additional matters for the information of Escrow Holder, but about which Escrow Holder need not be concerned. Buyer and Seller will receive Escrow Holder's general provisions directly from Escrow Holder and will execute such provisions upon Escrow Holder's request. To the extent the general provisions are inconsistent or conflict with this Agreement, the general provisions will control as to the duties and obligations of Escrow Holder only. Buyer and Seller will execute additional instructions, documents and forms provided by Escrow Holder that are reasonably necessary to close the escrow.

B. A Copy of this Agreement shall be delivered to Escrow Holder within 3 business days after Acceptance (or [] _____). Escrow Holder shall provide Seller's Statement of Information to Title company when the preliminary report is ordered. Buyer and Seller authorize Escrow Holder to accept and rely on Copies and Signatures as defined in this Agreement as originals, to open escrow and for other

purposes of escrow. The validity of this Agreement as between Buyer and Seller is not affected by whether or when Escrow Holder Signs the Agreement.

C. A Copy of any amendment that affects any paragraph of this Agreement for which Escrow Holder is responsible shall be delivered to Escrow Holder within 2 business days after mutual execution of the amendment.

31. **LIQUIDATED DAMAGES:** If Buyer fails to complete this purchase because of Buyer's default, Seller shall retain, as liquidated damages, the deposit actually paid. If the Property is a dwelling with no more than four units, one of which Buyer intends to occupy, then the amount retained shall be no more than 3% of the purchase price. Any excess shall be returned to Buyer. Release of funds will require mutual, Signed release instructions from both Buyer and Seller, judicial decision or arbitration award. AT THE TIME OF THE INCREASED DEPOSIT, BUYER AND SELLER SHALL SIGN A SEPARATE LIQUIDATED DAMAGES PROVISION FOR ANY INCREASED DEPOSIT (C.A.R. FORM RID).

Buyer's Initials: TP Seller's Initials: _____

32. **DISPUTE RESOLUTION:**

A. **Mediation:** Buyer and Seller agree to mediate any dispute or claim arising between them out of this Agreement or any resulting transaction, before resorting to arbitration or court action. Mediation fees, if any, shall be divided equally among the parties involved.. THIS MEDIATION PROVISION APPLIES WHETHER OR NOT THE ARBITRATION PROVISION IS INITIALED. Exclusions from this mediation agreement are specified in paragraph 35C.

B. **Arbitration of Disputes:** Buyer and Seller agree that any dispute or claim in Law or equity arising between them out of this Agreement or any resulting transaction, which is not settled through mediation, shall be decided by neutral, binding arbitration. The arbitrator shall be a retired judge or justice, or an attorney with at least 5 years of residential real estate Law experience, unless the parties mutually agree to a different arbitrator. The parties shall have the right to discovery in accordance with Code of Civil Procedure §1283.05. In all other respects, the arbitration shall be conducted in accordance with Title 9 of Part 3 of the Code of Civil Procedure. Judgment upon the award of the arbitrator(s) may be entered into any court having jurisdiction. Enforcement of this agreement to arbitrate shall be governed by the Federal Arbitration Act. Exclusions from this arbitration agreement are specified in paragraph 32C.

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

"WE HAVE READ AND UNDERSTAND THE FOREGOING AND AGREE TO SUBMIT DISPUTES ARISING OUT OF THE MATTERS INCLUDED IN THE 'ARBITRATION OF DISPUTES' PROVISION TO NEUTRAL ARBITRATION."

Buyer's Initials: TP Seller's Initials: _____

C. Additional Mediation and Arbitration Terms:

(1) **Exclusions:** The following matters shall be excluded from mediation and arbitration: (i) a judicial or non-judicial foreclosure or other action or proceeding to enforce a deed of trust, mortgage or installment land sale contract as defined in Civil Code §2985; (ii) an unlawful detainer action; (iii) the filing or enforcement of a mechanic's lien; and (iv) any matter that is within the jurisdiction of a probate, small claims or bankruptcy court. The filing of a court action to enable the recording of a notice of pending action, for order of attachment, receivership, injunction, or other provisional remedies, shall not constitute a waiver or violation of the mediation and arbitration provisions.

33. TERMS AND CONDITIONS OF OFFER:

This is an offer to purchase the Property on the above terms and conditions. The liquidated damages paragraph or the arbitration of disputes paragraph is incorporated in this Agreement if initiated by all parties or if incorporated by mutual agreement in a counter offer or addendum. If at least one but not all parties initial such paragraph(s), a counter offer is required until agreement is reached. Seller has the right to continue to offer the Property for sale and to accept any other offer at any time prior to notification of Acceptance. This Agreement and any supplement, addendum or modification, including any Copy, may be Signed in two or more counterparts, all of which shall constitute one and the same writing.

34. TIME OF ESSENCE; ENTIRE CONTRACT; CHANGES: Time is of the essence. All understandings between the parties are incorporated in this Agreement. Its terms are intended by the parties as a final, complete and exclusive expression of their Agreement with respect to its subject matter, and may not be contradicted by evidence of any prior agreement or contemporaneous oral agreement. If any provision of this Agreement is held to be ineffective or invalid, the remaining provisions will nevertheless be given full force and effect. Neither this Agreement nor any provision in it may be extended, amended, modified, altered or changed, except in writing Signed by Buyer and Seller.

35. AUTHORITY: Any person or persons signing this Agreement represent(s) that such person has full power and authority to bind that person's principal, and that the designated Buyer and Seller has full authority to enter into and perform this Agreement. Entering into this Agreement and the completion of the obligations pursuant to this contract, does not violate any Articles of Incorporation, Articles of Organization, Bylaws, Operating Agreement Partnership Agreement or other document governing the activity of either Buyer or Seller.

36. GOVERNING LAW: This Agreement shall be governed and construed in accordance with California Law.

37. COUNTERPARTS: This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed an original; such counterparts shall together constitute one agreement.

38. FURTHER ASSURANCES. Buyer and Seller agree to cooperate with each other and execute any documents reasonably necessary to carry out the purpose and intent of this Agreement.

39. EXPIRATION OF OFFER: Buyer expressly acknowledges and agrees that any acceptance of this offer on the part of the Seller is subject to approval by the Mayor and City Council. Therefore, in order to provide Seller with the opportunity to obtain the necessary approvals, Buyer agrees that this offer and all the terms and conditions thereof, shall remain valid from the date Buyer signs below, and shall remain valid, unless Seller fails to return a signed copy of this offer to Buyer by 5:00 PM on the 10th day after the Seller receives the necessary approval by Mayor and City Council, after which time the offer shall be deemed revoked and the deposit, if any, returned.

Buyer has read and acknowledges receipt of a Copy of this Agreement.

Date: 7/31/12
Buyer: [Signature]
By: Restore Neighborhoods LA, Inc.
Print Name: Tim Pinsky
Title: Deputy Director
Address: 315 W. 9th St, Ste: 501
Los Angeles, CA, 90015

Date: _____
Buyer: _____
By: _____
Print Name: _____
Title: _____
Address: _____

40. **ACCEPTANCE OF OFFER:** Seller warrants that Seller is the owner of the Property, and has obtained the necessary Mayor and Council approval to execute this Agreement. Seller accepts the above offer, agrees to sell the Property pursuant to the above terms and conditions. Seller has read and acknowledges receipt of a Copy of the Agreement and agrees to deliver a signed copy of this Agreement to Buyer by the time indicated above in Section 39.

Date: _____
Seller: _____
By: _____
Print Name: _____
Title: _____
Address: _____

Date: _____
Seller: _____
By: _____
Print Name: _____
Title: _____
Address: _____

(/)
Initials

Confirmation of Acceptance: A Copy of Signed Agreement was delivered to Buyer on _____ at _____ [] AM [] PM. A binding Agreement is created when a Copy of the Signed Agreement is delivered to Buyer by the time required in Section 39. Completion of this confirmation is not legally required in order to create a binding Agreement; it is solely intended to evidence the date that Confirmation of Acceptance has occurred.

[Remainder of page left intentionally blank]

Supplemental Disclosure

Seller wishes to disclose to Buyer that the adjoining property owner has made an accusation that there is oil leaking from the Property. The adjoining property owner reported that they have been fined for the oil contamination. Seller has made a cursory review of the Property and was unable to confirm the validity of the accusation. Seller believes that the oil originated from tenants of the adjoining property owner work on their automobile. As such, the Buyer is encouraged to complete a Phase I Environmental Assessment of the Property in order to determine the source of the oil leak, if any.