



MEMORANDUM NEIGHBORHOOD RESOURCES - HHSC MEMO NO. NR12-005

DATE: JANUARY 24, 2012

TO: MAYOR AND CITY COUNCIL

THRU: RICH DLUGAS, CITY MANAGER *RD*
JEFF CLARK, FIRE CHIEF *jc*

FROM: JENNIFER MORRISON, NEIGHBORHOOD RESOURCES DIRECTOR *JM*

SUBJECT: RECOMMEND APPROVAL OF RESOLUTION 4563 OF THE CITY OF CHANDLER, MARICOPA COUNTY, ARIZONA, AUTHORIZING THE ACQUISITION OF THE PROPERTY LOCATED AT 831 AND 855 W. RAY RD. CHANDLER, ARIZONA FOR FIFTY-FOUR THOUSAND (\$54,000) DOLLARS PLUS CLOSING COSTS OF APPROXIMATELY TWENTY-FOUR HUNDRED (\$2,400) DOLLARS AND RELOCATION COSTS

RECOMMENDATION: Staff recommends Mayor and Council approval of Resolution No. 4563 authorizing the acquisition of the property located at 831 and 855 W. Ray Rd., Chandler, Arizona for fifty-four thousand (\$54,000) dollars plus closing costs of approximately twenty-four hundred (\$2,400) dollars and relocation costs.

BACKGROUND: In November 2010, the City of Chandler established a land banking program with the goal of acquiring and demolishing foreclosed and blighted property in targeted areas of Chandler. A Land Bank is created to efficiently hold, manage and develop property. The goals of the program are to support and assist in the revitalization of neighborhoods, to serve as a catalyst for the development of affordable housing and to facilitate economic development through the elimination of blighting influences. A Land Bank can provide a new pathway for the use of land through demolition, property maintenance and land assembly.

DISCUSSION: The properties located at 831 and 855 W. Ray Rd. are located within the City's Land Bank Program area and are owned by Community Services of Arizona (CSA), a local non-profit. Both properties have been deemed as blighted by the City's Chief Building Inspector. The duplex at 831 W. Ray Rd. was recently appraised at \$46,000 and the triplex at 855 W. Ray Rd. appraised for \$45,000. One unit is currently occupied.

The necessity of relocating the existing tenant will not be determined until after the acquisition is initiated. Upon Council approval of the acquisition of the properties, staff will commence the process of interviewing the tenant to establish their eligibility for relocation benefits. Based on

preliminary information regarding the amount of rent currently being paid by the tenant, staff estimates that relocation costs, if required, will not exceed \$12,000.

FINANCIAL IMPLICATIONS: All costs associated with the acquisition of these properties will be funded by General Fund account number 101-4700-6110.

PROPOSED MOTION: Approve Resolution No. 4563 authorizing the acquisition of the property located at 831 and 855 W. Ray Rd. Chandler, Arizona for fifty-four thousand (\$54,000) dollars plus closing costs of approximately twenty-four hundred (\$2,400) dollars and relocation costs.

Attachments: Resolution 4563

Attachment A: Land Bank Program Area

Attachment B: Map of Ray Road Properties

Attachment C: Purchase Agreement

RESOLUTION NO. 4563

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CHANDLER, MARICOPA COUNTY, ARIZONA, AUTHORIZING THE AQUISITION OF THE PROPERTY LOCATED AT 831 AND 855 W. RAY RD. CHANDLER, ARIZONA FOR FIFTY-FOUR THOUSAND (\$54,000) DOLLARS PLUS CLOSING COSTS OF APPROXIMATELY TWENTY-FOUR HUNDRED (\$2,400) DOLLARS AND RELOCATION COSTS

WHEREAS, in November of 2010, the Chandler City Council established the Chandler Land Bank Area Program in order to acquire and demolish foreclosed and blighted property;

WHEREAS, the properties located at 831 and 855 W. Ray Rd. (legal descriptions attached as "Exhibit A") meet the requirements of this program; and

WHEREAS, Community Services of Arizona, the owner of said property has agreed to sell the properties to the City for fifty-four thousand (\$54,000) dollars;

WHEREAS, the City is authorized by law to acquire such real property; and

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Chandler, Arizona, as follows:

Section 1. The City is authorized and directed to purchase said real property for fifty-four thousand dollars (\$54,000) dollars plus closing costs of approximately twenty four hundred (\$2,400) dollars and relocation costs.

Section 2. That the written offer has been approved by the Chandler City Attorney and the purchase agreement entered into with the property owner has been approved as to form by the City Attorney as is required prior to being deposited into escrow.

Section 3. Subject to Section 2 above, the City's Real Estate Coordinator, is authorized to execute, deliver and deposit into escrow the approved purchased agreement, along with other documents and instructions necessary to consummate the purchase of said real property.

PASSED AND ADOPTED by the City Council of the City of Chandler, Arizona, this _____ day of _____, 2012.

ATTEST:

CITY CLERK

MAYOR

CERTIFICATION

I HEREBY CERTIFY that the above and foregoing Resolution No. 4563 was duly passed and adopted by the City Council of Chandler, Arizona, at a regular meeting held on the _____ day of _____, 2012, and that a quorum was present thereat.

CITY CLERK

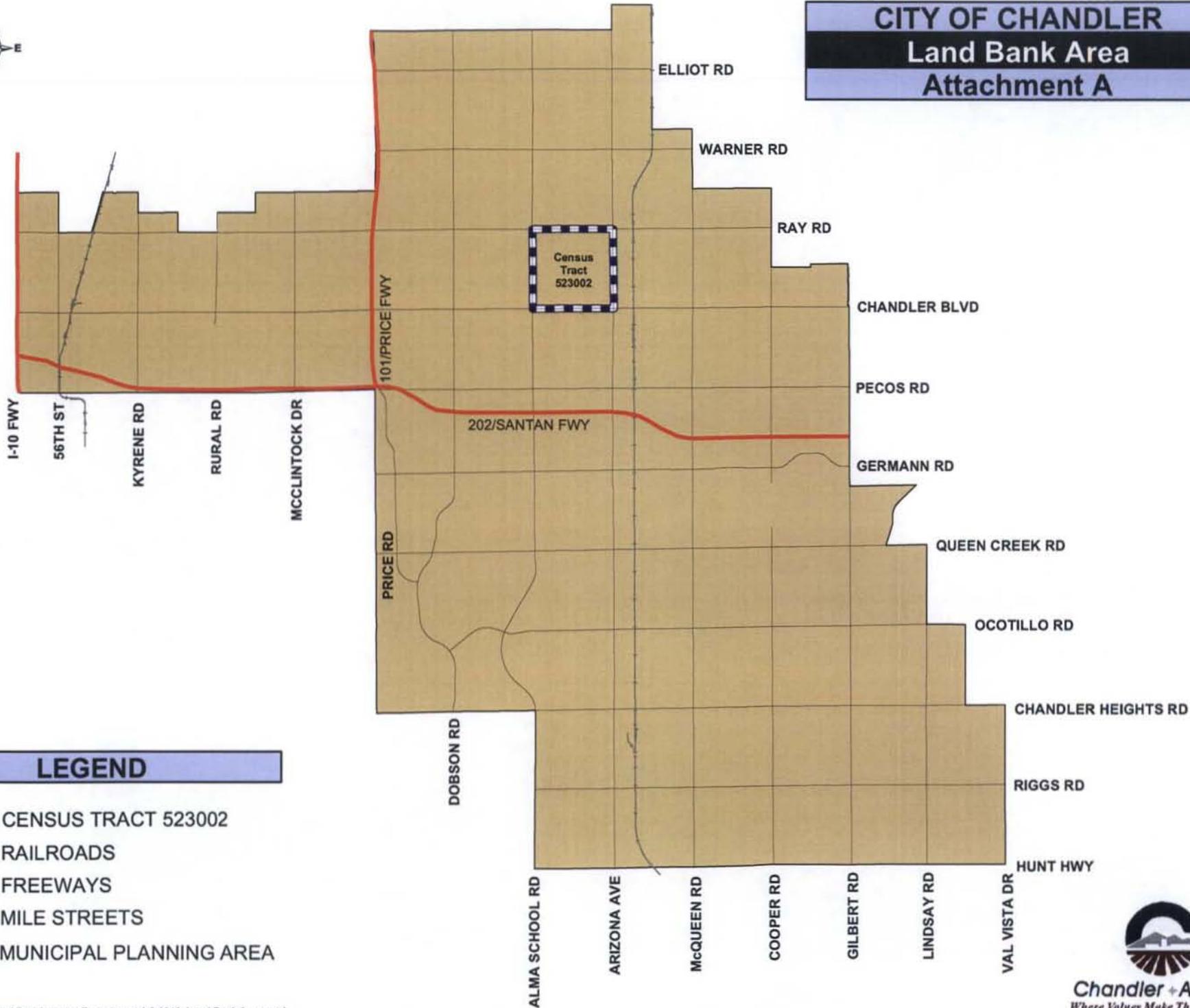
APPROVED AS TO FORM:

CITY ATTORNEY

GJB



CITY OF CHANDLER
Land Bank Area
Attachment A



LEGEND

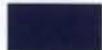
- CENSUS TRACT 523002
- RAILROADS
- FREEWAYS
- MILE STREETS
- MUNICIPAL PLANNING AREA





Acquisition of 831 and 855 West Ray Road

Attachment B



Potential Acquisitions



Chandler + Arizona
Where Values Make The Difference

PURCHASE AGREEMENT

SELLER: Community Services of Arizona, Inc., an Arizona non-profit corporation

BUYER: City of Chandler, an Arizona municipal corporation.

Escrow Agent: Empire West Title Agency

Escrow No.: 10299EW

Date: 1.30.12

1. Agreement and Escrow. This Purchase Agreement, together with Escrow Agent's printed form Escrow Instructions (collectively, the "Agreement"), constitutes a binding agreement by Seller to sell and Buyer to buy the Property (defined below) upon the terms and conditions stated herein, and shall define the terms of the escrow created with Escrow Agent. Escrow Agent shall also serve as title insurer. If there is any conflict or inconsistency between the printed form Escrow Instructions and this Purchase Agreement, the latter shall prevail. Seller and Buyer are sometimes referred to in this Agreement collectively as the "Parties," or individually as a "Party."

2. Subject Property. The "Property" to be purchased and sold in accordance with this Agreement is the following:

2.1. Real Property. That certain real property located at 831 W. Ray Road, consisting of a two-unit duplex, and at 855 W. Ray Road, consisting of a three-unit triplex, in Chandler, Maricopa County, Arizona, all as more particularly described in attached Exhibit "A" (the "Real Property"), together with all rights, privileges, easements and appurtenances thereto, whether recorded or not recorded, including without limitation, all of Seller's right, title and interest in and to any development rights, air rights, rights in adjoining streets and alleyways, and water and water rights used in connection with the real property, and all minerals, oil, gas, and other hydrocarbon substances thereon or thereunder (except as otherwise reserved of record); and

2.2. Improvements. Those certain improvements and fixtures now or hereafter located on the Real Property, including, without limitation, all buildings and structures and any fixtures therein, along with any construction warranties in connection therewith, any landscaping, walls, fencing, gates, slabs, sidewalk or parking improvements thereon (the "Improvements"); and

2.3. Personal Property. Those items of personal property that are affixed to the Improvements or the Real Property and any equipment necessary to operate the heating, ventilation and air conditioning systems, and any appliances for any of the Improvements, including without limitation any refrigerator, stove, or oven and any furniture or furnishings within any occupied residential unit, including any warranties and guarantees in connection therewith (the "Personal Property"); and

2.4. Tenant Leases and Operating Agreements. Those certain tenant leases and any operating, service or other agreements relating to the rental and operation of the Real Property and the Improvements, which are more particularly described in attached Exhibit "B" (the "Tenant Leases" and "Operating Agreements," respectively).

3. Purchase Price. The "Purchase Price" for the Property shall be **FIFTY-FOUR THOUSAND (\$54,000.00) DOLLARS** which shall be payable at Close of Escrow (defined below) by Buyer depositing with Escrow Agent said amount, plus Buyer's share of the closing costs, in cash, or by cashier's check, certified check, wire transfer or other immediately available funds (the "Cash Due at Closing"). If the Cash Due at Closing is to be paid by wire transfer, Buyer shall notify Escrow Agent at least two (2) days prior to Closing and Seller shall designate to Escrow Agent the account or accounts to receive the funds. The Property shall be conveyed free and clear at the Close of Escrow upon the payment of the Cash Due at Closing.

4. Escrow. The sale contemplated by this Agreement shall be consummated through Escrow as follows:

4.1. Opening and Closing Dates. Escrow shall open on the business day on which Escrow Agent receives one (1) fully executed copy of this Agreement. Upon receipt, Escrow Agent shall give written notice to the persons listed in Section 17 below of the date that escrow has opened and such notice shall constitute evidence of Escrow Agent's acceptance of the Agreement. Subject to Section 5 below, "Close of Escrow" or "Closing" shall occur on or before 5:00 p.m., Arizona time, on or before ten (10) days after all title requirements and Buyer's contingencies under Section 5 below have been met, or upon such other date as Buyer and Seller hereafter agree upon in writing. If Closing otherwise falls on a Saturday, Sunday or legal holiday, Closing shall occur upon the next following business day.

4.2. Closing Place. The Closing shall take place in the offices of Escrow Agent at 4808 N. 22nd Street, Suite 100, Phoenix, AZ 85016.

4.3. Documents to be Delivered for the Closing. As a condition precedent to Buyer's obligation to close under this Agreement, Seller shall deposit or have deposited into Escrow the following documents, instruments and other items at least one (1) business day prior to the Close of Escrow (or sooner, if required elsewhere in this Agreement):

(a) A Special Warranty Deed, in the form and substance of the attached Exhibit "C", conveying the Real Property and the Improvements to Buyer subject to all matters of record that have been approved in writing by Buyer;

(b) A Bill of Sale for the transfer of the Personal Property in form and substance acceptable to Buyer;

(c) A Non-Foreign Certificate;

(d) IRS Form W-9;

(e) Any document required by the Arizona Department of Water Resources and/or otherwise necessary for (i) the transfer by Seller to Buyer of all of Seller's right, title and interest in and to any and all ground and/or surface water rights appurtenant to or owned or used in connection with the Property; (ii) the transfer or assignment of any claims in any water rights proceedings or adjudications, and (iii) the notation of such transfer on any ownership records maintained by the Arizona Department of Water Resources or other applicable public records;

(f) Release documents in form and substance reasonably satisfactory to Buyer, executed by all appropriate parties, releasing any monetary liens or encumbrances against the Property;

(g) An estoppel certificate from Seller in form acceptable to Buyer indicating that there are no leases affecting the Property except those identified as Tenant Leases and stating that none of the Tenant Leases contains an option to purchase the Property or any portion of the Property;

(h) Written assignments of all Tenant Leases and Operating Agreements in form acceptable to Buyer;

(i) All other documents or instruments necessary to satisfy requirements for the title insurance to be provided to Buyer in connection with this purchase transaction; and

(j) A "closing" or "pre-audit settlement" statement prepared by Escrow Agent, in form and substance satisfactory to Buyer.

All of such documents and instruments shall be duly executed and, where appropriate, acknowledged.

4.4. Closing Items. At Close of Escrow, the transaction provided for herein shall be consummated by Escrow Agent (a) delivering to Buyer or recording, as appropriate, the documents and instruments referred to in paragraph 4.3 above and (b) disbursing funds to Seller in accordance with the terms of this Agreement.

4.5. Title Policy. At Close of Escrow, Escrow Agent shall issue or cause to be issued in favor of Buyer an ALTA standard coverage owner's policy of title insurance insuring title to the Property in an amount equal to the Purchase Price, subject only to (a) the usual exceptions, conditions and stipulations contained in the printed form of such a standard coverage policy, and (b) those title defects or exceptions which are listed in the Title Report (defined below), and which are deemed waived or approved by Buyer in accordance with paragraph 5.1 below (the "Title Policy").

5. Buyer's Contingencies. Buyer's obligation to close under this Agreement is subject to satisfaction of the following conditions precedent (any or all of which may be waived by Buyer, in its sole discretion, but only in writing signed by Buyer's duly authorized agent):

5.1. Status of Title. As soon as reasonably possible after the Opening of Escrow, Escrow Agent shall provide Buyer and Seller with a preliminary report of the title to the Property, disclosing all matters of record which relate to the title to the Property, and Escrow Agent's requirements for both closing the Escrow created by this Agreement and issuing the Title Policy. At such time as Buyer receives the preliminary title report (and any amended report adding additional title exceptions) (the "Title Report"), **Escrow Agent shall also cause legible copies of all instruments referred to in the Title Report to be furnished to Buyer.** Buyer shall have thirty (30) days after receipt of the Title Report and the furnishing of all instruments described in the Title Report to make objection in writing to Seller and Escrow Agent as to any matter shown thereon. If Buyer fails to object within this period, the condition of title to the Property shall be deemed approved. If Buyer does object to any matter disclosed in the Title Report, Seller may elect to remove such objection before Close of Escrow. If Seller does not elect to remove such objection, or if any such matter cannot be removed after Seller's attempts to do so, Seller shall so notify Buyer and Escrow Agent, in writing, within twenty (20) days after receipt of a written objection from Buyer, and Buyer shall elect in writing to Seller and Escrow Agent within twenty (20) days after receipt of Seller's notice either: (i) to cancel the Escrow and this Agreement without any penalty, charge or cost to Buyer or Seller; or (ii) to close Escrow, waiving such objections and taking title subject to such matters. Failure to give notice to Seller of Buyer's election shall constitute an election to waive the objection.

5.2. Additional Encumbrances. Except for matters which are to be released at or as part of the Close of Escrow, Seller shall not voluntarily and affirmatively place, or cause to be placed, any liens or encumbrances on the title to the Property from the date of this Agreement through Close of Escrow or thereafter. If Seller voluntarily and affirmatively places, or causes to be placed, a lien or encumbrance on the Property, contrary to the provisions of this Agreement, which can be removed by the payment of money, Escrow Agent is hereby expressly authorized, directed, and instructed to pay such moneys otherwise payable to Seller at Close of Escrow, and the net proceeds otherwise available to Seller at Close of Escrow shall be reduced accordingly. To the extent that moneys available to Seller at Close of Escrow are insufficient to cause any such lien or encumbrance to be removed, Seller shall, on or before the date set for Close of Escrow, cause additional money to be deposited with Escrow Agent to enable Escrow Agent to remove the lien or encumbrance.

5.3. Investigation; Review Period. Buyer shall have until 5:00 p.m., Arizona time, ninety (90) days after Escrow opens (the "Review Period"), in which to examine the Property. During such time, Buyer may review, investigate, survey, conduct environmental testing, and examine the Property at any time with any persons who it shall designate, including engineers, environmental testing and soil testing personnel. Seller shall permit access to the Property by Buyer and the persons so designated by it, and shall afford them the opportunity to investigate, inspect and perform any tests upon the Property that Buyer deems necessary or appropriate to determine whether the Property is suitable for Buyer's purposes, provided that Buyer shall not unreasonably interfere with Seller's use of the Property. In the event that Buyer, after conducting such inspections, investigations, and tests, discovers that the Property is contaminated with hazardous or toxic substance or waste and either (a) the cost of remediating

the same will exceed the net proceeds to Seller in connection with the escrow, or (b) Seller refuses to agree to use so much of the net proceeds as necessary to remediate the Property from contamination with the hazardous or toxic substances or waste, Buyer may elect at any time prior to the end of the Review Period to cancel this Agreement by written notice to Seller and Escrow Agent, who shall, without further instruction from either party or any other person, promptly return any documents deposited hereunder to the appropriate party, and this Agreement shall thereafter have no further force or effect. If Buyer does not elect to cancel under this paragraph within the Review Period, then Close of Escrow shall occur on the closing date specified in this Agreement, provided that all other contingencies set forth in this Section 5, including, without limitation, status of title requirements, are met.

5.3.1. Indemnification. In conducting or having conducted any review, inspection, examination, investigation or test upon the Property, Buyer shall indemnify and hold Seller harmless against liability, loss, cost, damage or expense which may arise out of any personal injury or property damage resulting from such entry upon the Property, except to the extent that such personal injury or property damage is caused by or contributed to by the conduct of Seller or Seller's agents, servants, employees or independent contractors. This indemnification obligation shall constitute a covenant of Buyer that survives the Close of Escrow.

5.4. Leases and Other Records. No later than fifteen (15) days after opening of escrow, Seller shall provide Buyer with legible copies of all of the Tenant Leases and Operating Agreements, if any; all books and records relating to the Tenant Leases and Operating Agreements; and all of the following records, if any: surveys, site plans, drawings, specifications or other documents related to the Real Property or the Improvements; and any studies, reports, test results, or maintenance records relating to the Property. Buyer shall have until the end of the Review Period to cancel this Agreement due to objection to any of the Tenant Leases or Operating Agreements.

5.5. Additional Contingency. Seller acknowledges that this is a voluntary sale and that Seller has represented that only one residential unit is occupied in the Real Property. Further, because Buyer is a municipal corporation and any tenants would have to be relocated from the Property and/or may be entitled to relocation assistance, including at least 90-days notice of the need to relocate from the Real Property, Seller agrees not to lease the unoccupied residential units during the term of this Agreement.

5.6. Lender Release: This agreement is contingent upon the existing lender(s) agreeing to the Purchase Price and releasing the existing debt at close of escrow.

6. Appraisal. Intentionally Deleted.

7. Seller's Property Disclosure Form and Lead Based Paint Disclosure Form. Intentionally Deleted.

8. Seller's Representations and Warranties. Seller does represent, covenant and warrant to Buyer as follows:

8.1. Seller shall not encumber the Property or any part thereof or interest therein, or assign, convey, lease or transfer any part thereof or interest therein. To the best of Seller's knowledge, there is no existing default under any encumbrance on the Property (or any event which, with the passage of time, giving of notice or both, would constitute a default), and Seller shall keep all such encumbrances current until the close of escrow.

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

8.3. No work has been performed or is in progress at the Property and no materials have been furnished to the Property for which payment will not be made in a timely manner.

8.4. Seller has full power, authority and legal capacity to execute, deliver, and perform this Agreement and all related documents or instruments. Except as otherwise expressly provided herein, no consent, approval or authorization of any other person or entity is required in connection with Seller's execution or performance of this Agreement.

8.5. Neither the execution of this Agreement nor the consummation of the transactions contemplated hereby will constitute a default or an event which, with notice or the passage of time or both, would constitute a default under, or violation or breach of, any agreement to which Seller is a party or by which Seller may be bound.

8.6. Seller represents and acknowledges that this is a voluntary transaction not done under threat of condemnation, but is intended as a means of settling certain differences held by the Parties concerning the use, maintenance and condition of the Property that arose in connection with certain funding previously provided by Buyer to Seller in connection with Seller's acquisition of the Property.

8.7. There are no leases or service agreements affecting the Property except for the Tenant Leases and the Operating Agreements. No tenant under any lease identified as one of the Tenant Leases holds an option to purchase the Property, or any portion thereof, and the lease period for each of the Tenant Leases is that stated in the copy of each such lease provided pursuant to paragraph 5.4, and has not been modified, amended or extended, either orally or in writing.

8.8. There is currently no default or arrearage under any of the Tenant Leases or Operating Agreements; no notice of default under the Tenant Leases or Operating Agreements

has been given or received; and no action or proceeding is being maintained against any Tenant under the Tenant Leases or under any of the Operating Agreements.

9. Buyer's Representations and Warranties. Buyer does represent, warrant and covenant to Seller as follows:

9.1. Buyer has full power, authority and legal capacity to execute, deliver, and perform this Agreement and all related documents or instruments. Except as otherwise expressly provided herein, no consent, approval or authorization of any other person or entity is required in connection with Buyer's execution or performance of this Agreement.

9.2. Neither the execution of this Agreement nor the consummation of the transactions contemplated hereby will constitute a default or an event which, with notice or the passage of time or both, would constitute a default under, or violation or breach of, any agreement to which Buyer is a party or by which Buyer may be bound.

9.3. Buyer represents and acknowledges that the Property will be of benefit to Buyer for future public use, but is not required for any pending public works project, and that the purchase transaction is intended as a means of settling certain differences held by the Parties concerning the use, maintenance and condition of the Property that arose in connection with certain funding previously provided by Buyer to Seller in connection with Seller's acquisition of the Property.

10. Costs and Prorations; Distribution of Net Proceeds.

10.1. Seller shall pay the cost of a standard coverage ALTA owner's policy. All escrow fees shall be split equally between Buyer and Seller. Any other costs or expenses shall be paid by the party to whom they are specifically allocated hereunder.

10.2. All real property taxes, rents and assessments shall be prorated through Escrow as of the Close of Escrow, based upon the most current available information.

10.3. All rentals from the Tenant Leases shall be prorated as of Close of Escrow. At Close of Escrow, should delinquent rents and charges be due to Seller from the Tenant presently in possession of the real property under the Tenant's Tenant Lease, nothing contained herein shall prohibit Seller from seeking recovery of said sums from said Tenant. At Close of Escrow, Seller shall pay Buyer an amount equal to the deposits, if any, held in connection with the Tenant Leases.

10.4. Upon Close of Escrow and payment of all costs, expenses, fees, taxes, rents, assessments, real estate commissions and other applicable charges of Seller, the net proceeds to Seller shall be distributed to Seller.

11. No Sales Commissions. Each party represents and warrants to the other that no real estate sales or brokerage commissions or like commissions are or will be due from the other party in connection with this transaction. Further, each party agrees to indemnify and hold

harmless the other party for, from and against any and all liability, loss, cost, damage or expense, including but not limited to court costs and reasonable attorneys' fees, resulting from any assertion of a right to a brokerage commission as a consequence of any act or omission of such indemnifying party.

12. Title Insurance Option. Buyer, at its option and cost, may obtain extended coverage title insurance.

13. Non-Foreign Status. If Seller fails to deliver the Non-Foreign Certificate described herein, or in the event Buyer has a reasonable basis for believing that the information contained in any such Non-Foreign Certificate delivered by Seller is false or inaccurate, Buyer shall be entitled to withhold, or to direct Escrow Agent to withhold upon the Close of Escrow, from the sums to be delivered to Seller under Section 3, an amount equal to ten percent (10%) of the Purchase Price, which sum may be paid to the Internal Revenue Service or United States Treasury if Buyer, in Buyer's sole discretion, deems it necessary to make such a delivery of such funds. Notwithstanding the foregoing, any sums withheld upon the Close of Escrow under this Section shall be considered, for all purposes, as having been paid and applied against the Purchase Price hereunder.

14. Risk of Loss. Until the Close of Escrow, Seller shall bear all risk of loss with regard to the Property.

15. Condemnation. If condemnation or eminent domain proceedings or an agreement with a governmental agency in lieu of such proceedings should affect all or part of the Property prior to the Close of Escrow, Buyer may, at its option, either (a) terminate this Escrow and Agreement by written notice to Seller, in which event neither Buyer nor Seller shall have any further liability hereunder, or (b) elect to consummate this transaction, in which event Seller shall assign to Buyer all of its right, title and interest in and to any award made or to be made in connection with such condemnation or eminent domain proceedings and shall permit Buyer to conduct all negotiations and enter into all agreements with respect thereto provided such agreements are reasonably approved by Seller. Buyer's rights hereunder shall be cumulative, and Buyer shall have the foregoing rights in the case of each such condemnation or eminent domain proceeding.

16. Remedies.

16.1. In the event of default by Buyer, Seller may: (i) cancel this Agreement fifteen (15) days after Seller gives written notice to Buyer and Escrow Agent that Buyer is in default, if within such period such default has not been cured by Buyer; or (ii) proceed with whatever steps Seller may deem necessary in order to enforce the rights and remedies available to Seller under this Agreement, at law or in equity, including, without limitation, the right of specific performance of this Agreement or recover its damages from Buyer.

16.2. In the event of default by Seller, Buyer may: (i) cancel this Agreement fifteen (15) days after Buyer gives written notice to Seller and Escrow Agent that Seller is in default, if within such period such default has not been cured by Seller; or (ii) proceed with

whatever steps Buyer may deem necessary in order to enforce the rights and remedies available to Buyer under this Agreement, at law or in equity, including, without limitation, the right of specific performance of this Agreement or recover its damages from Seller.

17. Notices. All notices, consents, approvals and waivers required or permitted hereunder shall be given in writing and shall be effective upon personal delivery or direct facsimile transmission, or two (2) business days after being deposited in the U.S. Mail, registered or certified, return receipt requested, postage prepaid, or one (1) business day after being deposited with any commercial air courier or express service. All such notices shall be addressed as follows or to such other address or addresses as the parties or Escrow Agent may from time to time specify in writing delivered as provided in this paragraph:

If to Escrow Agent: Empire West Title Agency
4808 N. 22nd Street Suite 100
Phoenix, Arizona 85016
Attn.: Sharon Dyke, Senior Escrow Officer
Phone: (602) 749-7082
Fax No.: (602) 674-0864

If to Seller: Community Services of Arizona, Inc.
650 N. Arizona Avenue
Chandler, AZ 85225
Attn: Noah Schwartz, Executive Director
Phone: (480) 963-6276 ext. 200
Fax No. (480) 963-0113

If to Buyer: City of Chandler
Real Estate Division
P.O. Box 4008, Mail Stop 400
Chandler, Arizona 85244-4008
Attn.: Erich Kuntze, Real Estate Coordinator
Phone: (480) 782-3397
Fax No.: (480) 782-3365

18. Further Assurances. Promptly upon the request of the other or upon the request of Escrow Agent, each party shall do such further acts and shall execute, have acknowledged and deliver to the other party or to Escrow Agent, as appropriate, any and all further documents or instruments reasonably requested in order to carry out the intent and purpose of this Agreement.

19. Other Important Provisions.

19.1. Modification and Waiver. Except as expressly provided herein to the contrary, no supplement, modification or amendment of any term of this Agreement shall be deemed binding or effective unless in writing and signed by the parties hereto. No waiver of any of the provisions of this Agreement shall constitute or be deemed a waiver of any other

provision, nor shall any waiver be a continuing waiver. Except as otherwise expressly provided herein, no waiver shall be binding unless executed in writing by the party making the waiver.

19.2. Exhibits. The Exhibits referred to herein and attached hereto (the “Exhibits”) are incorporated herein by reference.

19.3. Litigation Expenses and Attorneys’ Fees. In the event of litigation involving this Agreement, the prevailing party in any such action or proceeding shall be entitled to recover its costs and expenses incurred in such action from the other party, including without limitation the cost of reasonable attorneys’ fees as determined by the judge of the court.

19.4. Severability. Whenever possible, each provision of this Agreement shall be interpreted in such a manner as to be valid under applicable law, but if any provision of this Agreement shall be deemed invalid or prohibited thereunder, such provision shall be deemed severed from this Agreement, and this Agreement shall otherwise remain in full force and effect.

19.5. Entire Agreement. This Agreement, including the Exhibits attached hereto, constitutes the entire agreement among the parties. All terms and conditions contained in any other writings previously executed by the parties and all prior and contemporaneous arrangements and understandings between the parties are superseded hereby. No agreements, statements or promises about the subject matter hereof shall be binding or valid unless they are contained herein.

19.6. Successors and Assigns. This Agreement shall be binding upon, inure to the benefit of, and be enforceable by and against the parties to this Agreement and their respective heirs, executors, administrators, personal representatives, successors and assigns.

19.7. Counterparts. This Agreement may be executed by the signing in counterparts. The execution of this instrument by each of the parties signing a counterpart hereof shall constitute a valid execution, and this instrument and all of its counterparts so executed shall be deemed for all purposes to be a single instrument.

19.8. Applicable Law. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Arizona.

19.9. Headings and Construction. The descriptive headings of the paragraphs of this Agreement are inserted only for convenience and shall not define, limit, extend, control or affect the meaning or construction of any provision herein. Where the context requires herein, the singular shall be construed as the plural, and neuter pronouns shall be construed as masculine and feminine pronouns, and vice versa. This Agreement shall be construed according to its fair meaning and any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not apply in the interpretation of this Agreement.

19.10. Survival. Except as expressly set forth herein, all representations, warranties and covenants set forth herein shall survive the Close of the Escrow.

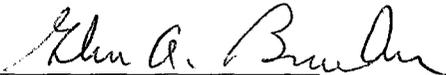
19.11. Time of Essence. Time is of the essence of this Agreement, and Buyer and Seller hereby agree to perform each and every obligation hereunder in a prompt and timely manner.

19.12. Possession. Upon the Close of Escrow, possession of the Property will be transferred to Buyer, subject to the interest of any tenant under any of the Tenant Leases.

SELLER:
Community Services of Arizona, Inc., an Arizona corporation

By: 
Its: President/CEO, CSA Inc

APPROVED AS TO FORM:


City Attorney

BUYER: CITY OF CHANDLER, an Arizona municipal corporation

By: _____
Its: _____

Accepted this _____ day of _____, 2011

ESCROW AGENT: First American Title Insurance Company

By: _____
Its: _____

EXHIBIT "A"

Property Number One:
831 W. Ray Road
Chandler, Arizona
APN 302-49-212A

Legal Description

Lot 91, of HOLIDAY ADDITION, according to the plat of record in the office of the County Recorder of Maricopa County, Arizona, recorded in Book 139 of Maps, Page 13.

Property Number Two:
855 W. Ray Road
Chandler, Arizona
APN: 302-49-218A

Legal Description

Lot 97, of HOLIDAY ADDITION, according to the plat of record in the office of the County Recorder of Maricopa County, Arizona, recorded in Book 139 of Maps, Page 13.