

**REAL ESTATE PURCHASE AND SALE AGREEMENT
AND ESCROW INSTRUCTIONS
(320 N. HUMPHREYS, FLAGSTAFF AZ)**

The City of Flagstaff, a municipal corporation organized and existing under the laws of the State of Arizona (the “**Buyer**” or the “**City**”) and FSL Holding Properties, LLC, an Arizona limited liability company (the “**Seller**”), hereby enter this Real Estate Purchase and Sale Agreement and Escrow Instructions (320 N. Humphreys, Flagstaff, AZ (the “**Contract**”) as of _____, 2026 (the “**Contract Date**”).

ARTICLE I

AGREEMENT AND ESCROW INSTRUCTIONS

Section 1.01. Contract. Upon the Opening of Escrow (defined in **Section 2.02**), this Contract will constitute a binding agreement for the sale and purchase of the real property located at 320 N Humphreys St., Flagstaff, Arizona, 86001, APN 101-13-008A, legally described on **Exhibit A** attached hereto (the “**Property**”).

Section 1.02. Purchase and Sale. Seller agrees to sell to Buyer, and Buyer agrees to purchase from Seller the Property upon the terms and conditions of this Contract.

Section 1.03. Future Use and Restrictions on Disposition. Buyer acknowledges that Seller acquired the Property with the intent of developing affordable housing consistent with Seller’s organizational mission. In order to preserve that mission, and as a condition of this sale, without which Seller would not enter this agreement, Buyer agrees to the following restrictions on future use and disposition of the Property. The terms of Section 1.03 shall survive close of escrow and inure to Buyers’s successors and assigns.

Section 1.03.01. Intent of the Parties with Respect to Section 1.03. The parties agree that Section 103 is a non-standard provision that is included in the agreement as a result of the parties’ efforts to address certain objections to the sale of the Property by non-parties. Notwithstanding any language in the agreement to the contrary, the stated and express intent of the parties is to ensure that any future development of the property include an affordable housing component. The parties deliberately decline to adopt a definition of affordable housing for the agreement to allow maximum flexibility to the Buyer to satisfy the intent of this provision.

Section 1.03.02. Specific Buyer Obligations.

1. Buyer agrees to issue a request for proposal or similar public solicitation (“RFP”) including an affordable housing component no later than one year (1) from the close of escrow on the Property.

2. The RFP may include all or part of the Property, but Seller expressly agrees that Buyer may reserve all rights deemed necessary to preserve parking required for public and courthouse parking on the Property.
3. The obligations under Section 1.03 shall terminate in the event the RFP does not result in any qualified responses. In any other event, the obligations shall terminate after a period of three (3) years.

Section 1.04. Escrow Instructions. This Contract will constitute the sole escrow instructions of Buyer and Sellers to the Escrow Agent, and the standard form escrow instructions of Escrow Agent will not be used for this Escrow; provided, however, that either party may request that all parties enter into supplemental escrow instructions consistent with the provisions of this Contract to facilitate closing. In the event the parties enter into such supplemental instructions, and there is a conflict or inconsistency between the provisions of this Contract and such instructions, the provisions of this Contract shall govern and control.

ARTICLE II PRICE, OPENING, CLOSING, AND COMMISSIONS

Section 2.01. Purchase Price for Property: The total purchase price for the Property is \$6,300,000 (the “**Price**”). The Price shall be paid by Buyer to Seller as follows:

(a) Not later than seven (7) business days following the date that the form of this Contract is approved by the City Council for the City of Flagstaff (the “**Effective Date**”), Buyer will deposit with Escrow Agent an initial earnest money deposit in the amount of **\$37,500.00** (the “**Earnest Money**”). Upon the expiration of all contingencies as provided in Article III, the Earnest Money shall be immediately nonrefundable to Buyer, except as otherwise provided in this Contract. Notwithstanding the foregoing, the Earnest Money will remain in Escrow until the Close of Escrow, unless Seller terminates this Contract for a Buyer Default pursuant to **Section 6.02** of this Contract.

(b) On or before the Closing Date, all additional amounts required of Buyer to pay the Price, after credit for the Earnest Money, will be paid by Buyer to Seller in cash.

Section 2.02. Opening of Escrow. The date of the Opening of Escrow (“**Opening of Escrow**”) will be the date on which the last of the following has occurred: **(i)** Escrow Agent has received this Contract executed by Buyer and Seller; **(ii)** Escrow Agent is in receipt of the Earnest Money; and **(iii)** Escrow Agent has accepted this Contract as its escrow instructions by executing this Contract on the signature page and inserting the Opening date and Escrow Number on its signature page.

Section 2.03. Closing. The consummation of the transaction contemplated by this Contract (“**Close of Escrow**” or “**COE**”) shall occur on or before ninety-days (90) days after the Opening of Escrow. The Closing shall occur at the offices of the Escrow Agent, or at such other place as Seller and Buyer may agree in writing. Closing shall be deemed to have occurred when (i) all closing documents contemplated by this Contract have been delivered to, received by, and executed by the appropriate parties, (ii) all conditions to such Closing contemplated by

this Contract have been satisfied or waived, (iii) the funds required to be paid under this Contract have been properly delivered to Escrow Agent and are available for distribution to Seller by Escrow Agent, (iv) the Special Warranty Deed (the “**Deed**”) in the form of **Exhibit** attached has been recorded in the Official Records of the Coconino County, Arizona Recorder.

Section 2.04. Broker’s Commission. Neither Buyer nor Seller are represented by a broker on this transaction. **broker**” will refer to any real estate broker, salesperson, agent, listing agent, finder, or any other person entitled to a commission, and the term “**commission**” will refer to any brokerage, advisory, or finder’s fees or commissions. The brokerage indemnity (“**Brokerage Indemnity**”) referred to in this **Section 2.04** shall survive the cancellation or termination of this Contract and the related Escrow (and shall be enforceable against the indemnifying party notwithstanding anything in this **Section 2.04** to the contrary) and the Close of Escrow.

ARTICLE III

CONTINGENCIES, INSPECTION, AND TITLE

For purposes of this Contract, “**Due Diligence Period**” means the period commencing on the date of the Opening of Escrow and terminating at 5:00 p.m. Arizona time sixty (60) calendar days thereafter.

Section 3.01. Buyer’s Inspections, Tests and Studies.

(a) **Buyer’s Inspections, Test, and Studies.** With prior written notice to Sellers, and subject to the responsibilities set forth in this Section , including, without limitation, the indemnification obligations of Buyer set forth in Section 3.01(d), Sellers shall permit Buyer and its authorized agents, consultants, and representatives at any time during the Due Diligence Period to enter upon the Property at all reasonable times while this Contract is in effect to inspect and conduct reasonably necessary tests and studies of the Property including, but not limited to: physical, structural, electrical, mechanical, environmental, hazardous materials, roofs, pavement, landscaping, and public utilities.

(b) **Inspections.** Buyer shall not conduct any intrusive or invasive physical testing at the Property, including, without limitation, environmental, soils, structural or otherwise, without the prior written approval of Sellers. Buyer shall notify Sellers of its intention, or the intention of its agents, consultants or representatives, to enter the Property and conduct tests, via written notice at least twenty-four (24) hours prior to such intended entry. At Sellers’s option, Sellers or its representatives may be present for any such inspection, test or study. Buyer shall bear the cost of all inspections, tests and studies and shall promptly restore any damage or displacements caused by physical testing to the condition in which the same was found before any such inspections, tests or studies were undertaken in accordance with this Section. Buyer will not hold Sellers liable for any damages it might incur during the Due Diligence Period or in their findings from their inspections during the Due Diligence Period. If Buyer cancels this Contract for any reason, Buyer will send all plans, site plans, horizontal development plans, environmental/soils studies, engineering, survey, etc. to Seller.

(c) **Buyer's Responsibilities.** In conducting any investigations, inspections, tests and studies of the Property and/or Documents, Buyer and its agents and representatives shall: (i) not interfere with the operation, use and maintenance of the Property; (ii) not damage any part of the Property or any personal property owned or held by any third person; (iii) not injure or otherwise cause bodily harm to Sellers or any of its partners, agents, contractors and employees, or other third Person; (iv) not permit any liens to attach to the Property by reason of the exercise of its rights hereunder; and (v) fully restore the Property to the condition in which the same was found before any such inspections, tests or studies were undertaken.

(d) **Buyer's Indemnity.** Buyer shall indemnify, defend, and hold Seller and its agents, employees and contractors harmless for, from, and against any and all liens, claims, losses, liabilities, damages, costs, expenses, causes of action and expenses (including reasonable attorneys' fees and court costs) arising out of Buyer's inspections, tests and/or studies of the Property. Notwithstanding the foregoing sentence, the indemnification obligations of Buyer hereunder shall not extend to (i) any pre-existing condition at the Property, including discovery thereof by Buyer, or (ii) any and all liens, claims, losses, liabilities, damages, costs, expenses, causes of action and expenses arising out of the negligence or willful misconduct of Seller or any of its partners, agents, contractors and employees. The obligations set forth in this **Section 3.01(d)** shall survive the Closing or termination of this Contract for any reason for an indefinite period not limited by the applicable statute of limitations.

(e) **Insurance.** Prior to any entry by Buyer and/or any of Buyer's employees, contractors and agents on the Property, Buyer shall furnish Sellers with a Commercial General Liability Insurance Policy with a limit of not less than \$1,000,000.00 each occurrence and \$2,000,000.00 in the aggregate, covering the activities of Buyer and its employees, contractors and agents while on the Property and naming Seller as an additional insured. Buyer's policy must contain a cross-liability provision and be primary and noncontributing with any other insurance available to Seller. Any cancellation of such insurance shall automatically terminate the right of entry granted to Buyer and Buyer's employees, contractors and agents under this Contract. A certificate evidencing such insurance and showing Sellers as an additional insured shall be delivered to Sellers prior to any entry by Buyer or Buyer's employees, contractors and/or agents onto any portion of the Property.

Section 3.02 Document Review.

(a) **Documents.** Within two (2) Business Days following the Opening Date, Seller shall deliver, post into an online data room or otherwise make reasonably available to Buyer copies of all of the following (collectively, the "**Documents**"): assignments to Buyer of all professional reports, including, but not limited to soil reports, engineering reports, all permits affecting the Property, all site plans (including those in Buyer's possession prepared by Architectural Resource Team for Seller for San Francisco Square

Apartments), building floor plans, elevations, construction drawings; all documents using in the zoning application/submittal; environmental reports and related environmental studies including asbestos abatement reports and certificates; and all similar type reports, plans and studies available to or currently in Sellers's possession. All such Documents shall be delivered to Buyer as an accommodation only, with no representation or warranty from Seller as to the accuracy or completion thereof, and with no right on the part of Buyer or any other Person to rely thereon without the express written consent of Seller and of the third Person which prepared such report. The Documents shall be assigned to Buyer pursuant to the terms of that certain Assignment and Assumption Agreement in the form attached hereto as **Exhibit C** (the "**Assignment and Assumption Agreement**").

(b) **Title.** Promptly following the Opening Date, Escrow Agent shall deliver to Buyer and Seller: (i) a preliminary title commitment for an ALTA owner's title insurance policy (the "**Title Commitment**") for the Property and (ii) a photocopy or other medium acceptable to Buyer of all documents ("**Title Documents**") describing all title exceptions shown on the Title Commitment. At Buyer's election, Buyer may obtain an ALTA survey of the Property (the "**Survey**") performed by a registered surveyor and certified to Buyer, Seller, the Title Company, and any other party required by Buyer. Notwithstanding any other provision of this Contract to the contrary, at Closing, Sellers shall be obligated to remove or cause the Escrow Agent to affirmatively insure over all of the following (the "**Monetary Liens**"): (i) all deeds of trust and all other security documents encumbering the Property arising by through or under Seller which secure any indebtedness; (ii) any mechanic's or materialmen's liens against the Property arising by, through or under Sellers; and (iii) any tax or judgment liens or charges against Seller and the Property. On or before fifteen (15) business days after receipt of the Title Commitment, the City shall notify Seller of any matters or exceptions shown on the Title Commitment, or on any documents identified in the Title Commitment as title exceptions, that are not acceptable to the City (the "**Objections**"). Any matters or title exceptions to which the City does not object within such time period shall be deemed to be acceptable matters.

Section 3.03. Right of Termination; Buyer Objections.

(a) **Termination Right.** In the event that, on or prior to the expiration of the Due Diligence Period, Buyer desires to terminate this Contract, for any reason or no reason, Buyer shall deliver a written notice to Sellers and Escrow Holder of such disapproval, and this Contract shall automatically terminate and the Earnest Money shall be promptly delivered to Buyer, and thereafter neither Party shall have any further rights or obligations hereunder, except as specifically provided to the contrary in this Contract. If, however, on or prior to the expiration of the Due Diligence Period, Buyer shall fail to deliver a written notice of termination to Sellers and Escrow Agent, Buyer shall be deemed to have approved all due diligence and inspection matters relating to the Property.

(b) **Buyer Objections**. If any exceptions appear on the Title Commitment, or any encroachments or other title conditions are shown on the Survey, that are not acceptable to Buyer, Buyer may provide written notice to Sellers and Escrow Agent of such unacceptable matters (“**Buyer Objections**”) on or before expiration of the Due Diligence Period. In addition, Buyer will have the right to notify Sellers and Escrow Agent of any additional Buyer Objections that first appear on any updates to the Title Commitment issued after the expiration of the Due Diligence Period and that materially and adversely impact the Property, so long as any such additional objection is made by Buyer within ten (10) days after Buyer receives the updated Title Commitment adding such new matter (but, in any event, prior to the Closing Date). Unless timely objected to in writing by Buyer as Buyer Objections as provided above, all matters disclosed by the Title Commitment or Survey (or any updates thereto) shall be deemed to constitute Permitted Exceptions (defined below).

(c) **Election to Cure or Refuse to Cure Buyer Objections**. Seller may elect (but is not obligated) to cure or attempt to cure any Buyer Objections and Sellers will notify Buyer in writing within ten (10) Business Days (but, in any event, prior to the Closing Date) after Sellers receives Buyer’s notice of Buyer Objections if Seller elect to cure any of such objections. If Seller does not provide written notice to Buyer of its unequivocal intent to cure Buyer Objections within such period, Sellers will be deemed to have refused to cure Buyer Objections. If neither Sellers nor Title Company elect within such period to cure the Buyer Objections, then within five (5) days thereafter (but in any event prior to the Closing Date), Buyer will elect to either (i) terminate this Contract, in which event the Earnest Money will be returned to Buyer and thereafter the parties will have no further rights or obligations under this Contract except as specifically provided to the contrary in this Contract, or (ii) waive any uncured Buyer Objections and proceed to Closing. Failure of Buyer to respond in writing within such five-day period shall be deemed an election by Buyer to waive any uncured Buyer Objections and proceed to Closing. Any Buyer Objections so waived (or deemed waived) by Buyer shall be deemed to constitute “**Permitted Exceptions**”.

(d) **No Obligation to Cure Buyer Objections**. Seller has no obligation to bring any action or proceeding or incur any expense to cure, remove or otherwise address any Buyer Objections. Seller may use any portion of the Price being paid at Closing to cure or remove any Buyer Objections that Sellers has agreed to cure or remove, provided the Title Company must thereupon either remove such Buyer Objections as an exception to title or “cure” such Buyer Objections by affirmatively insuring over or providing such other coverage as may be reasonably acceptable to Buyer with respect to such Buyer Objections. Sellers will be entitled to a reasonable extension of the Closing Date (not to exceed thirty (30) days) for the cure or removal of any Buyer Objections that Sellers elects to cure or remove. For purposes of this Section, Buyer Objections that are not completely removed as exceptions to title but have been cured as required above will, as so cured, be Permitted Exceptions.

ARTICLE IV
CLOSING DOCUMENTS

Section 4.01. Sellers's Closing Documents and Items. By no later than the Closing Date, Sellers will deliver to Escrow Agent or Buyer, as applicable, the following documents and items (all in form reasonably acceptable to Buyer, to the extent not in agreed form as an exhibit to this Contract):

- (f) The Deed in the form attached hereto as **Exhibit B**;
- (b) Assignment and Assumption Agreement in the form attached hereto as **Exhibit C**.
- (c) Affidavit of Property Value;
- (d) Non-Foreign Affidavit;
- (e) All other documents reasonably required by the Escrow Agent;
- (f) Any Closing Funds payable by Seller and any cash required for proration adjustments in favor of Buyer;
- (g) Any other documents that may be necessary or appropriate to perform and satisfy the obligations of Sellers under this Contract;
- (h) Appropriate evidence of due authorization and formation of Seller; and
- (i) The Settlement Statement.

Section 4.02. Buyer's Closing Documents and Items. By no later than the Closing Date, Buyer will deliver to Escrow Agent the following documents and items:

- (a) An Affidavit of Property Value;
- (b) Appropriate evidence of due authorization and formation of Buyer;
- (c) Payment of the Price and all other fees required of Buyer per the Settlement Statement;
- (d) Payment of the additional premium for extended coverage portion of the Owner's Title Policy in the amount of the Price and any endorsements thereto requested by Buyer; and
- (e) The Settlement Statement.

Section 4.03. Sellers's Costs. Sellers shall pay the following costs in connection with this transaction:

- (a) The fees and disbursements of Sellers' counsel;
- (b) One-half of all Escrow fees and the premium for a standard owner's Title Policy in the amount of the Price; and
- (c) All release fees and other charges required to be paid in order to release from the Property any Monetary Liens which Sellers are obligated to remove pursuant to the terms of this Contract.

Section 4.04. Prorations. All normal and customarily pro-ratable items, including without limitation real estate and general and special assessments and improvement district liens, personal property taxes, utility bills, rents receivable or paid for the current month (but excluding delinquent rents), shall be prorated as of the Closing Date, Buyer being charged and credited for all of same up to such date and Seller being charged and credited for all of same on and after such date.

Section 4.05. Taxes. General real estate taxes and special or improvement district assessments relating to the Property payable during the year in which Closing occurs shall be prorated with respect to the Property as of the Closing Date. If Closing shall occur before the actual taxes and special assessments payable during such year are known, the apportionment of taxes shall be upon the basis of taxes for the Property payable during the immediately preceding year. If, as the result of an appeal of the assessed valuation of the Property for any real estate tax year prior to (or including) the Closing, there is issued after Closing an administrative ruling, judicial decision or settlement by which the assessed value of the Property for such tax year is reduced, and a real estate tax refund issued, Sellers shall be entitled to all such refunds relating to the period prior to Closing. If the appeal is in process on the Contract Date, and the appeal is successfully culminated either prior to or after the proposed sale transaction, and Buyer would benefit from such appeal for the current or subsequent tax year, then Buyer shall pay a pro-rata share portion of the fee in connection with the appeal based on the Closing Date.

Section 4.06. Closing. When Escrow Agent holds each of the closing documents listed under **Sections 4.01 and 4.02**, Escrow Agent is authorized to complete the Close of Escrow (for Parcels 1 and 2 or the Remainder Parcel, as applicable) by:

- (a) Recording and delivering to Buyer the Deed and the Affidavit of Property Value;
- (b) Issuing or irrevocably committing to issue the Owner's Title Policy to Buyer;
- (c) Delivering to Buyer and Sellers the Settlement Statement in a form and content approved by Buyer and Seller;

- (d) Paying from all Closing proceeds Buyer's and Sellers' share of the closing costs and expenses (as allocated per this Contract);
- (e) Disbursing all Closing proceeds in accordance with the Settlement Statement; and
- (f) Delivering to Buyer and Seller fully executed originals (where applicable) or copies of the Closing documents.

Section 4.08. Possession. On the Closing Date, Sellers will deliver possession of the Property to Buyer, subject to those matters described in this Contract.

ARTICLE V

REPRESENTATIONS, WARRANTIES, AND COVENANTS

Section 5.01. Sellers Representations. As of the Contract Date hereof, Seller represents, warrants, and covenants to Buyer that the following are true as of the Effective Date and will be true as of the Closing Date:

- (a) Seller is not prohibited from consummating the transaction contemplated by this Contract by any law, regulation, Contract, order, or judgment.
- (b) Seller is legally capable and properly authorized to perform all of its obligations as described in this Contract.
- (c) Seller is not party to any other current Contracts for the sale, exchange, or transfer of all or any portion of the Property.
- (d) Seller has no knowledge of, and have received no notifications from any city, county, state, or other governmental authority having jurisdiction over the Property requiring any work to be done on the Property or alleging, any violation of an applicable ordinance, rule, regulation, or law with respect to the Property.
- (e) Seller owns fee simple title to the Property subject only to the matters described in Schedule B of the Commitment.
- (f) From the Opening Date hereof until the Closing Date, Seller shall not:
 - (a) take any action that would encumber the Property after Closing;
 - (b) enter into any service, vendor or employment contract; and
 - (c) enter into any negotiations, letters of intent or purchase and sale Contracts with any other prospective purchasers of the Property.
- (g) Seller shall maintain the Property in its current condition and make repairs and/or replacements in the ordinary course of business in

connection with any damage to the Property and deliver the Property to Buyer at Closing in the condition existing as of the Opening Date.

- (h) Seller shall provide to Buyer, immediately upon the receipt thereof, any and all written notices relating to the Property received by Seller or its agents or representatives from any governmental or quasi-governmental instrumentality, insurance company, vendor, or from any other entity or party, which notices are of a type not normally received in the ordinary course of Seller's business, or which may have a material effect upon the Property or result in a material change in a representation or warranty made by Seller hereunder.

Section 5.02. Buyer Representations. As of the Contract Date and as of the Closing Date, Buyer represents, warrants and covenants to Seller as follows:

- (a) The execution, delivery and performance of this Contract by Buyer has been duly and validly authorized, and no further action or authorization is necessary for Buyer to consummate the transaction contemplated by this Contract.
- (b) No petition in bankruptcy (voluntary or otherwise), assignment for the benefit of creditor, or petition seeking reorganization or arrangement or other action under federal or state bankruptcy laws is pending against or contemplated by Buyer.
- (c) **BUYER OR ITS ASSIGNEE, BY RECORDATION OF THE DEED, SHALL ACCEPT THE PROPERTY "AS IS", "WHERE IS", AND "WITH ALL FAULTS", WITHOUT ANY REPRESENTATION EXCEPT THOSE EXPLICITLY MADE BY SELLER IN THIS SECTION 5.02 OR WARRANTY WHATSOEVER, INCLUDING, WITHOUT ANY LIMITATION AS TO ITS CONDITION, FITNESS FOR ANY PURPOSE OR MERCHANTABILITY OR COMPLIANCE WITH ALL LEGAL REQUIREMENTS APPLICABLE TO THE PROPERTY, OR ANY OTHER WARRANTY, EXPRESS OR IMPLIED, EXCEPT AS SET FORTH IN THIS CONTRACT.**

[Initial] _____
Buyer

[Initial] _____
Seller

ARTICLE VI

GENERAL PROVISIONS

Section 6.01. Effect of Cancellation. If Buyer or its assignee delivers notice to Seller and Escrow Agent of its election to exercise the termination option pursuant to **Section 3.04 (a)** (Termination Right) or **Section 6.06** (Casualty or Condemnation), termination shall be immediate. Escrow Agent shall promptly return the Earnest Money to the parties in accordance with the specific provisions of this Contract, and Seller shall be solely responsible for any outstanding Escrow fees. If other than as set forth in this Contract, neither party will have any further rights or obligations under this Contract. If Buyer elects to exercise its rights to cancel this Contract as provided herein, Buyer will not be deemed in default under **Section 6.02**.

Section 6.02. Default by Buyer. If Buyer or its assignee breaches this Contract, Seller, as Seller's sole and exclusive remedy, may elect, in its sole discretion, to cancel this Contract and retain the Earnest Money as full, liquidated, and agreed-upon damages. With the fluctuation in land values, the unpredictable state of the economy, the fluctuating money market for real estate loans, and other factors that affect the marketability of the Property, Buyer and Seller agree that it would be impractical and extremely difficult to estimate the actual damages that Seller may suffer in the event of a default by Buyer. If Seller elects cancellation hereunder, Buyer has **5 days** from the date of receipt of Seller's notice to cure the breach. If Buyer has not cured such breach and provided notice thereof to Seller and Escrow Agent within **5 days** after receipt of Seller's election to cancel, this Contract will be deemed cancelled. This remedy provision has been agreed-upon after specific negotiation, keeping in mind the difficulties in estimating actual damages. Buyer and Seller agree that the Earnest Money paid into Escrow through the cancellation date represents a reasonable estimate of the total damages.

Section 6.03. Default by Seller. If Seller materially breaches this Contract, Buyer, as Buyer's sole and exclusive remedy, may elect, in its sole discretion, to: **(i)** cancel this Contract and the Escrow and receive a refund of the Earnest Money, and Seller shall reimburse Buyer for its out-of-pocket costs and expenses incurred in connection with this Contract, and the transactions contemplated hereunder, including attorneys' fees and legal costs up to a maximum of **\$25,000**; or **(ii)** elect to close the transaction, in which case Seller shall reimburse Buyer for its actual, direct damages resulting from such breach including actual attorneys' fees and legal costs, up to a maximum of **\$25,000**. If Buyer elects cancellation, Seller has **5 days** from the date of receipt of Buyer's notice to cure the breach. If Seller has not cured such breach and provided notice thereof to Buyer and Escrow Agent within **5 days** after receipt of Buyer's election to cancel, this Contract will be deemed cancelled. In the event Seller cures such breach and provides timely notice of such cure, all dates affecting Buyer's obligations shall be postponed by **10 days**, including without limitation the Closing Date. If Buyer elects to close the transaction as provided in **Section 6.03(ii)** above, Buyer shall be entitled to apply Earnest Money against the Price, in addition to the receipt from Seller of the Buyer's direct damages provided for therein. The remedies available to Buyer under this **Section 6.03** shall apply only in the event of a breach or default or event that is not otherwise dealt with under the terms of this Contract and shall apply, among other reasons, for a Seller default under **Section 5.01(a)** (breach of Seller representation or warranty).

Section 6.04. Attorneys' Fees. If any action is brought, by either Buyer or Seller regarding its rights under this Contract, the prevailing party shall be entitled to attorneys' fees in a reasonable amount, expenses, and court costs both at trial and on appeal.

Section 6.05. Notices. All notices, requests, demand, and other communications required or permitted under this Contract must be in writing and will be deemed to have been delivered, received, and effective: **(i)** on the date of service, if served by hand-delivery or by facsimile telecopy or by email on the party to whom notice is to be given; or **(ii)** as of the date and time sent if sent by email to Seller, Seller's attorney, and Seller's Broker; or **(iii)** on the date that is **one business day** after deposit of the notice properly addressed to the party at the address shown below, if sent by national overnight delivery; or **(iv) 3 days** after deposit of the notice properly addressed, if sent by U.S. certified mail, return-receipt requested. The addresses, telephone numbers, and telecopy numbers shown on the first page of this Contract are the places and numbers for delivery of all notices. Any party may change the place or number for delivery of notice by notifying all other parties. Notices shall be provided as follows:

If to the Seller:

FSL Holding Properties, LLC
c/o FSL Real Estate Services
1201 E. Thomas Road
Phoenix, AZ 85014
Attn: Tamara Bohannon
Email: TamiB@althrive365.org

With a copy to:

Lotzar Law Firm, PC
8687 E. Via de Ventura, Ste. 115
Scottsdale, AZ 85258
Attn: Mary Sue Lotzar
Email: mssl@lotzar.com

If to the Buyer:

City of Flagstaff
Attn: City Manager
211 W. Aspen Avenue
Flagstaff, AZ 86001
FAX (928) 779-7656
Email:

If to "Escrow Agent":

Pioneer Title Agency, Inc. of Flagstaff, Arizona
100 N. Elden
Flagstaff, AZ 86001

Attn: John Kuban, Assistant County Manager/Escrow Manager/Vice
President
Phone: (928) 779-0371
Email: John.Kuban@ptaaz.com

Section 6.06. Casualty and Condemnation. Seller will promptly provide notice to Buyer of any loss, damage, or taking (“Loss”) prior to Close of Escrow. If the amount of the Loss exceeds \$100,000 then, within 15 days of Buyer’s receipt of Seller’s notice of the Loss, Buyer may elect to either: (i) terminate this Contract; or (ii) proceed with the purchase of the Property, or any portion thereof. If Buyer does not terminate this Contract, the Purchase Price will be adjusted downward by the amount of all awards and payments actually paid to Seller by the insurer or the condemning authority plus any deductible amounts under any applicable policies of insurance and other uninsured amounts. If Seller has not actually received the entire award or payment from the insurer or the condemning authority at the Close of Escrow, Seller also will assign to Buyer all of its rights to any further awards or payments.

Section 6.07. No Assignment. Buyer's interest under this Contract may not be assigned. Buyer shall not be released from its obligations under this Contract upon any assignment, and

Section 6.08. Governing Law and Exclusive Jurisdiction. This Contract is to be governed by and construed and enforced in accordance with the laws of the State of Arizona.

Section 6.09. Time. Time is of the essence of this Contract.

Section 6.10. Entire Contract. This Contract constitutes the entire understanding between the parties pertaining to the subject matter of this Contract, and all prior Contracts, representations, and understandings of the parties, whether oral or written, are superseded and merged in this Contract.

Section 6.11. Counterparts. This Contract may be executed in any number of counterparts, whether by original, copy, or telecopy signature, each of which, when executed and delivered, will be deemed an original, but all of which together will constitute one binding Contract and instrument.

Section 6.12. Severability. If any one or more of the provisions of this Contract or the applicability of any provision to a specific situation is held invalid or unenforceable, the provision will be modified to the minimum extent necessary to make it or its application valid and enforceable in a manner consistent with the intent of this Contract.

Section 6.13. Further Assurances. Each party shall execute such further documents, paper and instruments and take such further action as is necessary, appropriate or helpful as the other Party hereto shall reasonably request in order to carry out the purposes, intent and spirit of this Contract.

SIGNATURES APPEAR ON THE FOLLOWING PAGE

Buyer and Seller have executed this Real Estate Purchase and Sale Contract and Escrow Instructions (320 N. Humphreys, Flagstaff, AZ) as of the Contract Date.

SELLER:

FSL Holding Properties, LLC, an Arizona limited liability company

By: _____
Tamara Bohannon, Manager

BUYER:

City of Flagstaff, an Arizona municipal corporation

By: _____
Becky Dagget, Mayor

ATTEST:

City Clerk

APPROVED AS TO FORM:

City Attorney

ESCROW AGENT’S ACCEPTANCE

By its execution below, Escrow Agent affirms that it has accepted this Agreement as its escrow instructions as of _____ __, 2026. Upon its execution, Escrow Agent agrees to: return one fully executed counterpart of the Agreement to Buyer and Seller, retain one for Escrow Agent’s files, and fill in the Escrow Number assigned to this Escrow below.

Pioneer Title Agency, Inc.

By: _____
John Kuban, Escrow Agent

Escrow Number: _____

EXHIBIT A
TO PURCHASE AND SALE AGREEMENT
AND ESCROW INSTRUCTIONS
(LEGAL DESCRIPTION FOR THE PROPERTY)

LOTS 1 THROUGH 24 (INCLUSIVE) AND ALL OF THE EAST AND WEST ALLEY AND ALL OF THE NORTH AND SOUTH ALLEY, ALL IN BLOCK 45, TOWNSITE OF FLAGSTAFF, AS SHOWN ON THE PLAT THEREOF RECORDED IN BOOK 1 OF MAPS, PAGE 7 RECORDS OF COCONINO COUNTY, ARIZONA AS SURVEYED AND PLATTED BY H. C. NUTT, TRUSTEE FOR THE ATLANTIC AND PACIFIC RAILROAD COMPANY IN COCONINO COUNTY, STATE OF ARIZONA.

EXCEPTING THEREFROM A TRIANGULAR-SHAPED PORTION OF LOT 12, BLOCK 45 OF SAID FLAGSTAFF TOWNSITE; BEGINNING AT THE SOUTHWEST CORNER OF SAID LOT 12; THENCE NORTHEASTERLY 15.00 FEET ALONG THE WESTERLY LINE OF SAID LOT 12; THENCE SOUTHWESTERLY TO A POINT ON THE SOUTHERLY LINE OF SAID LOT 12 WHICH LIES SOUTHEASTERLY 15.00 FEET FROM THE SOUTHWEST CORNER OF SAID LOT 12; THENCE NORTHWESTERLY TO THE TRUE POINT OF BEGINNING; EXCEPTING THEREFROM A TRIANGULAR-SHAPED PORTION OF LOT 18, BLOCK 45 OF SAID FLAGSTAFF TOWNSITE; BEGINNING AT THE NORTHWEST CORNER OF SAID LOT 18; THENCE SOUTHEASTERLY 15.00 FEET ALONG THE NORTHERLY LINE OF SAID LOT 18; THENCE SOUTHWESTERLY TO A POINT ON THE WESTERLY LINE OF SAID LOT 18 WHICH LIES SOUTHWESTERLY 15.00 FEET FROM THE NORTHWEST CORNER OF SAID LOT 18; THENCE NORTHEASTERLY TO THE TRUE POINT OF BEGINNING.

**EXHIBIT B
TO PURCHASE AND SALE AGREEMENT
AND ESCROW INSTRUCTIONS
(FORM OF DEED)**

WHEN RECORDED RETURN TO:

SPECIAL WARRANTY DEED

For valuable consideration, the receipt and sufficiency of which are acknowledged, FSL Holding Properties, LLC, an Arizona limited liability company (“**Grantor**”), conveys to the City of Flagstaff, an Arizona municipal corporation (“**Grantee**”), the following real property situated in Coconino County, Arizona, together with all appurtenant interests, benefits, rights, and privileges and any improvements located thereon (collectively, the “**Property**”):

See **Exhibit A** attached hereto and incorporated by this reference

Subject to all current taxes and assessments, all matters of record, and all matters that would be revealed by an accurate ALTA Survey or physical inspection of the Property, Grantor agrees to warrant and defend Grantee’s title to the Property against the acts of Grantor, but none other.

DATED as of _____, 202_.

GRANTOR:

FSL Holding Properties, LLC, an Arizona limited liability company

By: _____
Tamara Bohannon, Manager

EXHIBIT D
TO PURCHASE AND SALE AGREEMENT
AND ESCROW INSTRUCTIONS
(FORM OF ASSIGNMENT AND ASSUMPTION AGREEMENT)

ASSIGNMENT and ASSUMPTION AGREEMENT
(320 N. HUMPHREYS, FLAGSTAFF, AZ)

This ASSIGNMENT AND ASSUMPTION AGREEMENT (320 N. HUMPHREYS, FLAGSTAFF, AZ) (the “**Agreement**”) is made as of _____, 202_ by FSL Holding Properties, LLC, an Arizona limited liability company (“**FSL Holdings**” or “**Assignor**”), and the City of Flagstaff, an Arizona municipal corporation (“**City**” or “**Assignee**”)

RECITALS

WHEREAS, Assignor as “Seller” and Assignee as “Buyer” entered into that certain Purchase and Sale Agreement and Escrow Instructions (320 N. Humphreys, Flagstaff, AZ) with an Agreement Date as of _____, 202_ (the “**PSA**”), for the purchase and sale of certain real property described in **Exhibit A** attached hereto (the “**Real Property**”) and certain intangible property as described in this Agreement; and

WHEREAS, Assignor desires to quit claim unto Assignee all of Assignor's right, title and interest in the property described herein, and Assignee desires to assume the rights, title, and interest of Assignor with respect to the property described herein.

NOW, THEREFORE, in accordance with the PSA and for good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, the parties do hereby covenant and agree as follows:

1. Assignor does hereby quitclaim unto Assignee all of the Assignors' right, title and interest in and to the following property to the extent the same is transferable by Assignor: any and all licenses, permits, authorizations, any right to use the name under which the Property was operated, certificates of occupancy, all plans, site plans, elevations, construction drawings; all documents in connection with any Property zoning application/submittal; all environmental reports and related environmental studies including asbestos abatement reports and certificates and geotechnical reports; and all similar type reports, plans and studies available to or currently in Seller's possession, and other approvals that are in effect as of the date of this Agreement and are necessary for the development of a portion of the Property, including but not limited those items listed on **Exhibit B** attached (collectively, the “**Reports, Plans, and Authorizations**”).

2. Assignee hereby accepts the foregoing assignment of the Reports, Plans, and

Authorizations, and hereby assumes all duties and obligation of Assignor with respect to such property for the period on and after the Closing Date (as defined in the PSA).

3. As of the date hereof, Assignor represents and warrants to Assignee as follows:

(a) Assignor is the owner of the Reports, Plans, and Authorizations and has the full right and power to assign this property to Assignee.

(b) Assignor is not in default of any of its obligations under the Reports, Plans, and Authorizations, and, to the best of Assignor's knowledge, no event has occurred that, with notice, the passage of time, or both, would constitute a default of any kind under the Reports, Plans, and Authorizations.

4. Assignor and Assignee acknowledge and agree that Assignor is assigning the Reports, Plans, and Authorizations and the other property described in Paragraph 1(a) above "as-is" and "with all faults" and without warranty, express or implied, as to their accuracy, completeness, fitness for a particular purpose or intended use, and compliance with applicable laws.

5. If any provision of this Agreement or the application thereof to any entity, person or circumstance shall be invalid or unenforceable to any extent, the remainder of this Agreement and the application of such provisions to other entities, persons or circumstances shall not be affected thereby, and shall be enforced to the greatest extent permitted by law.

6. It is expressly agreed by Assignors that this Agreement shall not be construed or deemed made for the benefit of any third party or parties

7. This Agreement may be executed in multiple counterparts, each of which shall constitute an original, but all of which together shall constitute one document.

SIGNATURES APPEAR ON THE FOLLOWING PAGE

This Assignment and Assumption Agreement (320 N. Humphreys, Flagstaff, AZ) has been signed and delivered by the parties as of the date first above written.

ASSIGNOR:

FSL Holding Properties, LLC, an Arizona limited liability company

By: _____
Tamara Bohannon, Manager

ASSIGNEE:

City of Flagstaff, an Arizona municipal corporation

By: _____
Becky Dagget, Mayor

ATTEST:

City Clerk

APPROVED AS TO FORM

City Attorney

EXHIBIT A
TO ASSIGNMENT AND ASSUMPTION AGREEMENT
LEGAL DESCRIPTION OF THE PROPERTY

EXHIBIT B
TO ASSIGNMENT AND ASSUMPTION AGREEMENT
LIST OF REPORTS, PLANS, AND AUTHORIZATIONS