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ARTICLE 5

CONDITIONS PRECEDENT TO PURCHASE

The City's duty to purchase the Pier Avenue School is conditioned upon the occurrence of all the following events:

5.01 The conditions set forth in the escrow instructions as modified by Article 4 above, and

5.02 The execution by the parties of all the agreements attached hereto as exhibits, and

5.03 The acceptance and receipt by the City of the Department of Housing and Urban Development Grant monies (HUD) (Fiscal years 1976-77, 1977-78) pursuant to the terms and conditions set forth by HUD, and

5.04 The approval by Title Insurance and Trust Company of the provisions set forth in the deed restrictions as identified in Articles 9 and 10.

ARTICLE 6

MISCELLANEOUS CONDITIONS AND WARRANTY

6.01 If the City receives the grant monies from the Department of Housing and Urban Development (Fiscal Years 1976-77, 1977-78) and the City is permitted under the terms of the grant to use the funds for the purchase of the Pier Avenue School, and thereafter elects not to purchase Pier Avenue School but to use the funds for some other purpose, the City shall pay to the District, as liquidated damages, forthwith, the sum of Twenty-four Thousand Dollars (\$24,000.00).

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6.02 If for any reason the District ceases to be an independent District or becomes a part of another District through consolidation, merger, etc., the successor district shall have and shall be entitled to all the rights of the District set forth in this agreement, including the right of re-entry hereinafter set forth.

6.03 The District warrants that it has the power and right to sell Pier Avenue School upon the terms and conditions set forth in this Agreement and all Agreements attached by Exhibits hereto and said warranty shall survive the closing of the escrow.

ARTICLE 7

POSSESSION

The District shall deliver possession of the property to the City at the close of escrow free and clear of all uses and occupancies other than those who are the present lessees or tenants of the District who have certain limited rights to use the premises pursuant to their agreement with the District.

ARTICLE 8

DESTRUCTION OF PREMISES

8.01 The City accepts the Pier Avenue School "as it presently is" and the District promises to keep and maintain the Pier Avenue School "as it presently is", until the close of escrow.

8.02 Should any of the improvements of the Pier Avenue School be substantially destroyed or substantially damaged prior to the close of this escrow, the District shall have the right to correct the destruction or damage within a reasonable period of time.