OWNER PARTICIPATION AND

DISPOSITION AND DEVELOPMENT AGREEMENT

by and between the

REDEVELOPMENT AGENCY OF THE CITY OF REDLANDS

and

REDLANDS LAND HOLDING L.L.C.

Dated: August 7, 2007

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EXHIBITS

OWNER PARTICIPATION AND DISPOSITION AND DEVELOPMENT AGREEMENT

This Owner Participation and Disposition and Development Agreement (this "**Agreement**") is made this 7th day of August, 2007 ("**Effective Date**"), by and between the Redevelopment Agency of the City of Redlands, a public body corporate and politic (the "**Agency**") and Redlands Land Holding L.L.C., a Delaware limited liability company (the "**Developer**").

RECITALS

A. Effective September 7, 2004, the Agency and the Developer entered into an Exclusive Right to Negotiate (the "**ERN**") relating to the Developer's interest in constructing a retail shopping center project (the "**Project**") within the City of Redlands (the "**City**").

B. Effective January 4, 2005 the Agency and the Developer entered into an Acquisition Funding Agreement (the "**AFA**").

C. The purpose of this Agreement is to effectuate the Redevelopment Plan adopted by Ordinance No. 1500, as amended, of the City by providing for the redevelopment of some or all of approximately 14 acres of real property located within the City of Redlands and more particularly described in Exhibit "A" (the "**Site**"). The Site is located within the Agency's Redlands Redevelopment Project Area ("**Project Area**") as provided in Ordinance No. 1500, as amended, adopting the Redlands Redevelopment Plan ("**Redevelopment Plan**").

D. Developer owns a portion of the Site on which Phase I of the Project will be developed consisting of approximately 9.06 acres, as more particularly described on Exhibit "A-1" (the "**Developer Parcel**").

E. Developer is willing to acquire the properties which make up the balance of the Site on the terms and conditions set forth in this Agreement, as more particularly described on Exhibit "A-2" and Exhibit "A-3" hereto (collectively, the **"Non-Owned Parcels"**), and Developer is willing to redevelop the Site, including that portion of the Site not yet owned by Developer, in phases, on the terms and conditions contained herein; provided that the Agency or Developer acquire the properties which make up the Non-Owned Parcels.

F. The Agency desires to enter into this Agreement because, pursuant to the Community Redevelopment Law (Health and Safety Code section 33000 et seq.) ("**CRL**"), such action will help to eliminate blight, increase employment opportunities, generate additional taxes with which the community can increase and improve the supply of low- and moderate-income housing and assist in providing an environment for the social and economic growth and the well-being of the citizens of the City.

G. The Agency is authorized under the CRL and its Redevelopment Plan to enter into agreements for the acquisition, disposition and development of real property, to acquire real

property in the Project Area and to make and execute contracts necessary or convenient to the exercise of its powers.

H. The Agency and the Developer desire to enter into this Agreement to set forth the terms and conditions relating to: (i) the Agency's potential acquisition of the Non-Owned Parcels; (ii) the disposition of the Non-Owned Parcels to the Developer; and (iii) the development of the Project, on a phased basis, and the maintenance of the Project by the Developer.

I. At Developer's option, the Project may be developed in two phases: the first phase (**"Phase I"**) shall consist of the acquisition by the Developer or the Agency of the Non-Owned Parcels described on Exhibit "A-2" hereto (collectively, the **"Non-Owned Phase I Parcels"**), the disposition of the Non-Owned Phase I Parcels acquired by the Agency to the Developer and the development on the Developer's Parcel and the Non-Owned Phase I Parcels (collectively, the "**Phase I Site**") of those certain improvements more particularly described in the Scope of Development for such phase; and the final phase (**"Phase II"**) shall consist of the acquisition by the Developer or the Agency of the Parcels described on Exhibit "A-3" hereto (collectively, the **"Phase II Parcels"**), the disposition of the Phase II Parcels acquired by the Agency to the Developer and the development on the Phase II Parcels of those certain improvements more particularly described in the Scope of Development for such phase. Phase I and Phase II shall each be hereinafter referred to as a **"Phase."**

AGREEMENT

NOW, THEREFORE, in consideration of the mutual promises contained herein, the Agency and the Developer hereby agree as follows:

100. REPRESENTATIONS AND WARRANTIES

101. Representations and Warranties.

101.1. Developer's Representations. The Developer represents and warrants to its actual knowledge to the Agency as follows:

a. Authority. The Developer is a limited partnership duly organized in good standing under the laws of the State of Delaware. The Developer has full right, power and lawful authority to undertake all obligations as provided herein and the execution of this Agreement by the Developer has been fully authorized by all requisite actions on the part of the Developer.

b. No Conflict. The Developer's performance of its obligations under this Agreement will not constitute a default or a breach under any contract, agreement or order to which the Developer is a party or by which it is bound.

c. No Litigation or Other Proceeding. No litigation or other proceeding (whether administrative or otherwise) is outstanding or has been threatened which would prevent or delay the ability of the Developer to perform its obligations under this Agreement.

d. No Developer Bankruptcy. The Developer is not the subject of a bankruptcy proceeding.

Until the expiration or earlier termination of this Agreement, the Developer shall, upon learning of any fact or condition which would cause any of the foregoing warranties and representations not to be true, immediately give written notice of such fact or condition to the Agency.

101.2. Limitation on Change in Ownership, Management and Control of the Developer. The qualifications and identity of the Developer are of particular concern to the Agency. It is because of those unique qualifications and identity that the Agency has entered into this Agreement with the Developer. No voluntary or involuntary successor in interest of the Developer shall acquire any interest in the Site or the Project, or any rights or powers under this Agreement, except as expressly set forth herein.

a. Consent Required. Prior to meeting all conditions precedent to the issuance of a Certificate of Completion described in Section 412 hereof with respect to any Phase, the Developer shall not, except as hereinafter provided, assign or transfer this Agreement or any rights hereunder with respect to such Phase, or that portion of the Project or the Site comprising such Phase, or any portions of or interests in the foregoing, without the prior written approval of the Agency. The Agency's Executive Director shall approve or disapprove any requested transfer, assignment or refinancing within ten (10) business days after receipt of a written request for approval from the Developer, together with such documentation as may be reasonably required by the Agency's Executive Director to evaluate the proposed transaction and the proposed assignee's/transferee's experience and qualifications, including the proposed assignment and assumption agreement by which the assignee expressly agrees to assume all rights and obligations of the Developer under this Agreement arising after the effective date of the assignment, and in which the assignee agrees to assume, or the Developer expressly remains responsible for, all performance and obligations of the Developer arising prior to the effective date of the assignment. The assignment and assumption agreement shall be in a form reasonably acceptable to the Agency's legal counsel. The Agency's Executive Director shall not unreasonably withhold approval of a transfer or assignment to a proposed transferee/assignee who in the reasonable opinion of the Agency's Executive Director is financially capable and has the development qualifications and experience to perform the duties and obligations of the Developer. No later than the date the assignment becomes effective, the Developer shall deliver to the Agency a fully executed counterpart of the assignment and assumption agreement.

b. Permitted Transfers. Notwithstanding any other provision of this Agreement to the contrary, the Agency's approval of a transfer or assignment of this Agreement, the Project or the Site, or any interest therein, shall not be required in connection with any of the

following ("Permitted Transfer"), but the Developer shall give the Agency prior written notice of any Permitted Transfer together with evidence reasonably supporting the fact that such transfer is a Permitted Transfer:

i. Any transfer or assignment of the Project or any interest therein to Hopkins Real Estate Group ("**Hopkins**"), General Growth Properties, Inc. ("**General Growth**") or an Affiliate of Hopkins, General Growth or the Developer in connection with which such transferee or assignee assumes the rights and obligations of the Developer under this Agreement pursuant to an assignment and assumption agreement reasonably acceptable to Agency's legal counsel. "**Affiliate**" means an entity in which the Developer, General Growth or Hopkins retains a direct or indirect beneficial economic interest and in which the Developer, General Growth or Hopkins retains effective direct or indirect management and control of the transferee entity, subject only to major events requiring the consent or approval of the other owners of such entity.

ii. Transfers resulting from the death or mental or physical incapacity of a constituent member of the Developer;

iii. The granting of temporary or permanent easements or permits to facilitate development of the Project;

iv. Transfers in connection with the sale of all or substantially all of the assets of Hopkins, General Growth or any Affiliate of the foregoing;

v. Leases for occupancy purposes;

vi. Sales or ground leases of outlot parcels to retail users in the Project; and

vii. Encumbrances for purposes of financing the acquisition, construction and/or development of the Project or any portion thereof, made in favor of any recognized lender at the international, national, regional or state level, which makes, funds, syndicates or securitizes real estate or corporate loans in the normal course of its business, and transfers resulting from the foreclosure, trustee's sale or other exercise of remedies by any such lender, provided that the assignment and assumption of this Agreement (but not the Site or any portion thereof) to transferees from such lenders resulting from the foreclosure or other exercise of remedies by such lenders, other than such lenders and their affiliates, shall be subject to approval by the Agency, in accordance with the standards of this Section 101.2, if otherwise required by this Section 101.2.

c. Termination. The restrictions of this Section shall terminate with respect to any Phase of the Project upon the issuance of a Certificate of Completion for such Phase as described in Section 413 hereof; provided however that, thereafter, a written assignment and assumption agreement in a form reasonably acceptable to the Agency shall still be required prior to the transfer or assignment of this Agreement with respect to any Phase.

200. INVESTIGATION AND ACQUISITION OF THE NON-OWNED PARCELS

201. Investigation of Non-Owned Parcels. Subject to its ability to comply with applicable legal prerequisites, Agency agrees to use good faith efforts to gain access to the Non-Owned Parcels as soon as practicable in order to allow Developer and its agents and Agency and its agents to perform environmental investigations and sampling, appraisals, surveys for potential relocation assistance obligations of Agency, surveying and title work. Developer shall arrange for the Hazardous Materials consulting work and ALTA Survey work and such other matters which it deems appropriate for its purposes and the Agency shall arrange for appropriate relocation surveys and such other matters which it deems appropriate, subject to reimbursement by the Developer as provided in Section 203. In connection with any entry onto the Non-Owned Parcels, Developer shall indemnify, defend and hold the owner thereof and the Agency harmless from and against any and all claims, demands, liabilities, costs and expenses, including attorneys' fees ("**Claims**") arising from the activities of Developer and Developer's agents on the Non-Owned Parcels, except any arising from the negligence of the indemnified party. The foregoing sentence shall not apply to Claims resulting from the discovery or reporting of pre-existing conditions.

202. Acquisition of Non-Owned Parcel.

202.1. Developer Acquisitions. The Developer will use its commercially reasonable efforts to acquire the Non-Owned Parcels independently of the Agency and submit signed purchase and sale agreements to the Agency as evidence of Site control. The Developer, in the Acquisition Notice, shall notify the Agency as to whether the Developer has been successful in its efforts to acquire any of the Non-Owned Parcels.

202.2. Purchase of Site; Election to Acquire by Eminent Domain. Within sixty (60) days after the Agency's approval of this Agreement, the Developer shall provide written notice to the Agency of the status of its program for obtaining ownership or control of all of the Non-Owned Parcels (the "**Acquisition Notice**"). Prior to and as a condition to the Agency's consideration of this Agreement, the Agency and the Developer shall have agreed upon the budget for the Agency's estimated total acquisition costs for the Non-Owned Phase I Parcels ("**Phase I Budget**"). With respect to the Non-Owned Parcels in Phase II, the Agency and the Developer shall have agreed upon the budget for the Agency's estimated total acquisition costs ("**Phase II Budget**") within one (1) year of the Effective Date. If the Developer and the Agency have not agreed on the Phase II Budget, and Developer has not approved or waived the condition of title and the physical condition of the Phase II Parcels (as set forth in Sections 305.2 (c) and (e) of this Agreement) within one (1) year of the Effective Date, the Developer's obligation to develop Phase II of the Project shall be terminated.

If the Developer delivers to the Agency an Acquisition Notice, and with respect to any Non-Owned Parcels in Phase II, the Agency and the Developer have agreed upon the Phase II Budget and the Developer has notified the Agency of its approval or waiver of the title and physical condition of the Phase II Parcels, within one (1) year of the Effective date, then the

Agency at its sole discretion and subject to the conditions set forth in Sections 203.1, may undertake reasonable good faith efforts to consider the acquisition of such Non-Owned Parcels in conformity with Government Code Sections 7260 et seq., and the California Environmental Quality Act either through a Negotiated Purchase or by eminent domain. "**Negotiated Purchase**" means the acquisition by the Agency of the Non-Owned Parcels by means of a purchase negotiated with the owner of such property without the necessity of the Agency to consider and take action on a resolution of necessity to acquire such Non-Owned Parcel by an eminent domain action, except that for purposes hereof, a "Negotiated Purchase" shall also include a purchase negotiated in settlement of any eminent domain action with the owner of any Non-Owned Parcel.

In this regard, it is expressly acknowledged, understood and agreed by the parties that the Agency undertakes no obligation to the Developer to adopt a resolution of necessity, and does not prejudge or commit to the Developer regarding the findings and determinations to be made by the Agency with respect thereto. In the event the Agency does not elect to or is unable to acquire title or the insurable right to possession of any Non-Owned Phase I Parcel through exercise of its power of eminent domain, title by one (1) year from the effective Date, the Developer and the Agency shall not be in default under this Agreement, but the Developer shall proceed with development of Phase I except that the Scope of Development, Site Plan, and Schedule of Performance shall be reasonably adjusted to exclude such Non-Owned Phase I Parcel. If the Agency is unable or unwilling to acquire any of the Non-Owned Parcels in Phase II, or in any event, if it has been unable to acquire the right to possession sufficient to permit the Developer to acquire such Non-Owned Parcel as provided herein by three (3) years from the Effective Date, then the Agency shall promptly notify the Developer, and the Scope of Development, Site Plan and Schedule of Performance shall be reasonably adjusted to exclude such parcels.

In the event the Agency exercises its power of eminent domain to acquire any Non-Owned Parcel, the Agency shall exercise its reasonable efforts to apply for and obtain a judicial order (the "**Order of Prejudgment Possession**") authorizing the Agency to take prejudgment possession of the Non-Owned Parcel prior to final judgment and order of condemnation. Notwithstanding any other provision of this Agreement to the contrary, if at any time prior to the Agency's acquisition of title to any Non-Owned Parcel the Agency provides to the Developer a copy of an Order of Prejudgment Possession to such Non-Owned Parcel, and:

a. The Agency delivers possession of the any Non-Owned Parcel to the Developer; and

b. The Agency is diligently proceeding with the eminent domain action seeking the rendering of a final judgment and order which would authorize the taking;

c. The right of possession conveyed by the Agency to the Developer is sufficient to enable the Developer to obtain financing and leasing for the Project and a Title Policy acceptable to the Developer on the Site;

then, subject to satisfaction (or waiver in writing by the appropriate party) of the Agency's and the Developer's Conditions Precedent to Closing set forth in Section 305 hereof, the Agency shall convey and the Developer shall accept title to the Non-Owned Parcel (the "**Prejudgment Conveyance**"), with the date of transfer of possession from the Agency to the Developer treated as the date for close of the Escrow for purposes of the Developer's obligation to proceed with and complete construction of the Project, and the Agency shall use good faith efforts to diligently prosecute the outstanding eminent domain action to completion.

202.3. Title Policy Requirements. In connection with any Prejudgment Conveyance and upon the request of First American Title Insurance Company at 3625 14th Street, Riverside, CA 92501, Attention: Hugo Tello, or another title company mutually acceptable to the Agency and the Developer (the "**Title Company**"), the Agency shall execute an indemnification agreement (the "**Indemnification Agreement**"), in a form reasonably satisfactory to the Title Company and reasonably satisfactory to the Agency and its legal counsel, by which the Agency shall agree to indemnify, defend, protect and hold harmless the Title Company for any liabilities, losses, damages and expenses (including attorneys' fees) incurred by the Title Company in the event of the Agency's abandonment of the eminent domain proceeding.

"**Acquisition Costs**" means the following out-of-pocket costs incurred by the Agency and except pursuant to clause (i)(B) below, in accordance with the Phase I Budget and the Phase II Budget, as amended from time to time, ("**Approved Budget**") in connection with the acquisition of any Non-Owned Parcels in accordance with this Agreement, regardless of whether such costs are incurred prior to or after the Effective Date of this Agreement: (i) the total amount paid to the owner and any tenants and other interest holders of the Non-Owned Parcel as compensation for the acquisition including without limitation relocation costs, goodwill and furniture, fixtures and equipment, (A) paid in connection with a Negotiated Purchase, or (B) as may be determined by a court of competent jurisdiction pursuant to the exercise of the power of eminent domain by the Agency, if such occurs, pursuant to this Section, together with all costs, attorneys' fees, appraisers' fees or other expert witness fees which the Agency may reasonably pay and/or be compelled by the court to pay, to the owner of the Non-Owned Parcel; (ii) fees and actual and reasonable expenses of acquisition agents, attorneys, appraisers, engineers and other experts (other than Agency staff, which shall mean only the staff of the City's Redevelopment Department), the employment of which is reasonably necessary to effect the acquisition of the Non-Owned Parcel; (iii) court costs and reasonable fees required to prosecute an action in eminent domain, if approved, and to defend an action, if any, filed in cross-complaint to any action in eminent domain, or as a separate action, by the owners or other interested persons or entities and any monies incurred and paid in settlement thereof or pursuant to a judgment in such proceedings; (iv) costs necessary to place the title to the Site acquired in the condition required pursuant to Section 303 of this Agreement, including any property taxes and assessments which are required to be paid by the Agency in connection therewith; (v) the Escrow fee paid for the Non-Owned Parcel; (vi) the cost of preparing the deed for the Non-Owned Parcel; (vii) recording fees, if any; (viii) notary fees, premiums for title insurance policies, and the cost of surveys for title insurance policies; (ix) any state, county or City documentary stamps or transfer taxes; (x)

reasonable appraisal fees required for valuation of the Non-Owned Parcel and (xi) all reasonable costs and expenses incurred by the Agency for title assurances under Section 304 below.

In addition to payment of the costs of the Title Policy as set forth in Section 304 hereof, the Developer shall pay as an Acquisition Cost any reasonable additional premium or other charge necessary to cause the Title Company to issue a title insurance policy in connection with the Prejudgment Conveyance, including Title Company charges incurred in connection with the Indemnification Agreement, if any. In the event that the Title Company declines to issue a title insurance policy under such circumstances, the Prejudgment Conveyance shall not occur. "**Conveyance**" shall mean the conveyance of the such Non-Owned Parcel title by the Agency to the Developer and also includes a Prejudgment Conveyance which meets the conditions of Section 202.2.

During the period prior to the Conveyance, neither the Agency nor the Developer shall enter into any lease, sublease, restrictive covenant or other agreement with respect to any Non-Owned Parcel, or modify or amend any existing agreement, which agreement, modification or amendment could prevent, delay or impair the parties' mutual objective to develop in accordance with this Agreement, to acquire and to maintain title to the Non-Owned Parcel consistent with the approved Condition of Title referenced in Section 303 of this Agreement; provided, however, that nothing herein is intended to prevent the Agency or the Developer from entering into and/or modifying agreements with respect to the Site consistent with the purposes and restrictions of this Agreement.

202.4. Abandonment. Notwithstanding any other provision of this Agreement to the contrary, the Agency expressly reserves the right to abandon the eminent domain action and to terminate any purchase agreement (i) upon the Developer's Default under this Agreement it such Default has not been cured within the applicable cure period, or (ii) in the case of any eminent domain action, in its sole discretion. In the event the Agency abandons an action in eminent domain or terminates a purchase agreement, in either case as a result of the circumstances described in clause (i) of the foregoing sentence, the Developer shall, nevertheless, pay any funds necessary to secure the reasonably estimated or actual cost of such abandonment or termination, including any reasonable costs, attorneys' fees, litigation expenses or damages which may be awarded in favor of a condemnee or purchaser against the Agency (collectively, "**Abandonment Costs**").

203. Payment of Acquisition and Abandonment Costs.

Subject to the terms of this Section, the Developer shall pay to the Agency within the times and in the manner provided herein, all Acquisition Costs incurred by the Agency pursuant to the applicable provisions of this Agreement and all Abandonment Costs.

203.1. Developer's Good Faith Deposit or Letter of Credit. If the Agency elects to attempt to acquire any Non-Owned Parcels, it shall provide written notice to the Developer. Within fifteen (15) calendar days of such notice and as a condition precedent to the Agency's

attempt to acquire the Non-Owned Parcels, Developer shall deposit with the Agency an amount (the "**Developer's Property Acquisition Deposit**"), in immediately available funds and/or a direct pay letter of credit ("Letter of Credit") reasonably acceptable to the Agency, equal to 110% of the Agency's estimated total Acquisition Costs applicable to such Non-Owned Parcel, except for those amounts identified in the Approved Budget as negotiated purchase price value or probable just compensation, which amounts shall be paid in immediately available funds or a direct pay letter of credit reasonably acceptable to the Agency as follows:

a. if the Agency successfully negotiates a non-condemnation acquisition of a Non-Owned Parcel, the Developer shall pay such amounts no less than ten (10) days prior to the date that the purchase and sale agreement for said Non-Owned Parcel is slated for Agency Board consideration. If the agreement is approved by the Agency Board, the Agency shall deposit the Developer's funds with Escrow Agent; if the agreement is disapproved, the Developer's funds shall be returned to it; or

b. if the Agency proceeds to adopt a resolution of necessity in connection with the possible condemnation of a Non-Owned Parcel, the Developer shall pay such amounts no less than ten (10) days prior to the date that the resolution of necessity for said Target Parcel is slated for Agency Board consideration. If the resolution is approved by the Agency Board, the Agency shall deposit the Developer's funds with the State Treasurer and pursue an order of prejudgment possession; if the resolution is disapproved, the Developer's funds shall be returned to it.

The Letter of Credit shall be renewed, or a new Letter of Credit on the same terms shall be delivered to the Agency, at least thirty (30) days prior to its expiration, until the Letter of Credit is no longer required to be posted by the Developer or is required to be returned to the Developer by the Agency. From time to time, but not more frequently than monthly, the Developer may cause the principal amount of the Letter of Credit or Developer's Project Acquisition Deposit, as applicable, to be reduced to equal an amount not to exceed 110% of the Agency's estimated budget of remaining Acquisition Costs, as reasonably determined by the Agency; or Agency may cause the principal amount of the Letter of Credit or Developer's Project Acquisition Deposit, as applicable, to be increased to equal an amount not to exceed 110% of the revised estimated budget of remaining Acquisition Costs, if such budget had been duly revised as provided below. All such funds of the Developer shall be deposited in an interest-bearing account, with interest accruing to the Developer's Property Acquisition Deposit.

203.2. Increase in Deposit. If the Agency determines in its good faith discretion at any time that the budgeted amounts are inadequate to fully pay for the Agency's property acquisition program, Developer shall either:

a. Commit to provide the Agency additional funds within 15 calendar days of the Agency's request in an amount that will increase the Developer's Property Acquisition Deposit to 110% of the Agency's revised estimated total Acquisition Costs, to the extent required to be deposited by the Developer pursuant to the standards set forth above; or

b. With respect to the Non-Owned Parcels in Phase II only, the Developer may elect, at any time prior to the Agency's consideration of a Resolution of Necessity, to terminate the Agency's acquisition efforts as to the Non-Owned Parcels in Phase II for which the Acquisition costs exceed that set forth in the Phase II Budget, and Phase II of the Project shall be modified to exclude such Non-Owned Parcels, provided that the Developer shall continue to be responsible for all Abandonment Costs. Developer will be required to accept title to any Non-Owned Parcel that the Agency acquired in accordance with this Agreement prior to termination. Notwithstanding any provisions in this Agreement to the contrary, once the Agency has adopted a Resolution of Necessity with respect to any Phase II Parcel, the Developer shall not elect to terminate the Agency's acquisition efforts as to any affected Non-Owned Parcel.

203.3. Funds Required to Pay Invoices, Bills or Other Costs. The Developer shall have the right to review and comment upon the form of any agreements between the Agency and any third party, including attorneys and consultants, with whom the Agency contracts to carry out its obligations under this Agreement. The Agency shall transmit to the Developer, upon written request, a copy of each invoice, bill or other evidence that the Agency has incurred Acquisition Costs, including back-up documentation or other reasonable substantiation of such Acquisition Costs.

203.4. Funds Required to Pay Abandonment Costs. All funds required to pay Abandonment Costs for which the Developer is expressly made responsible pursuant to Section 202.4 shall be paid by the Developer to the Agency within ten (10) days following the Agency's request therefor by notice to the Developer.

203.5. Termination of Letter of Credit/Refund of Deposit Following Payment of All Acquisition and Abandonment Costs. Promptly following the payment by the Developer of all Acquisition Costs and Abandonment Costs, if any, the Agency shall return the Letter of Credit or Developer's Property Acquisition Deposit, as applicable, to the Developer and notify the issuer of the Letter of Credit or Escrow Agent, as applicable, that the Developer is no longer obligated to advance funds to the Agency, and the Agency shall execute such documents as the issuer of the Letter of Credit or Escrow Agent, as applicable, may reasonably require to terminate such obligation.

203.6. Disposition of Deposit in Event of Failure of Condition or Termination. If there is any failure of condition for the benefit of the Agency or an uncured Default of the Developer has occurred and is continuing, then the Agency shall have no obligation to incur any further Acquisition Costs pursuant to this Agreement and the further rights and obligations of the parties shall be as set forth in Section 603. If (i) there has been a failure of condition for the benefit of the Developer, (ii) an uncured Default of the Agency has occurred and is continuing, or (iii) the Developer terminates this Agreement pursuant to any applicable provision hereof other than on account of an event under clause (i) or (ii) above, then the Developer may, by written notice to the Agency, request that the Agency stop incurring Acquisition Costs. From and after the date the Agency receives such notice from the Developer, the Agency shall no longer have the right to draw upon the Letter of Credit or Deposit, as applicable, except with

respect to obligations of the Developer to pay (A) Acquisition Costs that were incurred prior to the date the Agency receives such notice and wrap up costs reasonably incurred thereafter, and (B) Abandonment Costs, unless an uncured Default of the Agency has occurred and is continuing as provided in clause (ii) above, in which event all rights of the Agency to draw upon the Letter of Credit or Deposit, as applicable, shall terminate, including under the foregoing clauses (A) and (B). When the foregoing obligations have been satisfied, or upon an uncured Default by the Agency under clause (ii) above, the Letter of Credit or the balance of the Deposit, together with interest earned thereon, if any, as applicable, shall be returned to the Developer, accompanied by a notification to the issuer of the Letter of Credit or the Escrow Agent, as applicable, that the Developer is no longer obligated to advance funds to the Agency, and the Agency shall execute such documents as issuer or the Escrow Agent, as applicable, may reasonably require to terminate the Letter of Credit or refund the Deposit to the Developer, respectively.

300. DISPOSITION OF THE SITE TO THE DEVELOPER

301. Purchase and Sale of the Site. The Developer shall purchase from the Agency the fee interest in the Non-Owned Parcels in accordance with and subject to all of the terms, covenants and conditions of this Agreement. The purchase and sale of such interest by the Agency to the Developer shall be in consideration of the Developer's performance of all of its obligations hereunder, including payment of all Acquisition Costs required to be paid by the Developer pursuant to this Agreement.

302. Escrow. Within the time set forth in the Schedule of Performance, the Agency shall open an escrow ("**Escrow**") with First American Title Company at 3625 14th Street, Riverside, CA 92501, Attention: Debbie Bellinger, or another escrow company mutually acceptable to the Agency and the Developer (the "**Escrow Agent**") for Conveyance of the Non-Owned Parcel to the Developer.

302.1. Costs of Escrow. All usual fees, charges and costs chargeable by Escrow Agent for the Escrow including the costs of the Title Policy and the documentary transfer taxes, if any, due with respect to Conveyance of the Non-Owned Parcels shall be paid by the Developer as Acquisition Costs.

302.2. Escrow Instructions. Prior to Conveyance of any Non-Owned Parcel to the Developer, the parties shall submit appropriate escrow instructions to Escrow Agent for the close of the Escrow in accordance with the terms and conditions of this Agreement. The parties shall use reasonable good faith efforts to close Escrow in the shortest possible time. All funds received in the Escrow shall be deposited in interest-bearing accounts for the benefit of the depositing party in any national bank doing business in the State of California. All disbursements shall be made by check or wire transfer from such account. The Closing shall take place when both the Agency's and the Developer's Conditions Precedent to Closing as set forth in Section 305 hereof have been satisfied. Escrow Agent is instructed to release the

Agency's escrow closing and the Developer's escrow closing statements to the respective parties.

302.3. Funding of Escrow. All Acquisition Costs required to be funded into Escrow in order to consummate the Conveyance shall be deposited and funded by the Developer in accordance with the Developer's obligations for funding such Acquisition Costs pursuant to this Agreement.

302.4. Authority of Escrow Agent. Escrow Agent is authorized to, and shall:

a. Pay and charge the Developer for the premium of the Title Policy and any amount necessary to place title in the condition necessary to satisfy Section 303 hereof; any endorsements to the Title Policy that are requested by the Developer; and any escrow fees, charges and costs payable under Section 302.1 hereof.

b. With respect to the Agency's acquisition of the Non-Owned Parcel, record, as applicable, (i) the grant deed conveying title to the Non-Owned Parcel to the Agency in the event of a Negotiated Purchase, (ii) the Order of Prejudgment Possession, or (iii) a final order of condemnation conveying title to the Non-Owned Parcel to the Agency.

c. Record a memorandum of this Agreement ("**Memorandum of Agreement**") in the form attached to this Agreement as Exhibit "G", against the Non-Owned Parcel prior to transferring the Non-Owned Parcel fee interest to the Developer.

d. Disburse funds and deliver and record the grant deed conveying the Non-Owned Parcel to the Developer (the "**Grant Deed**") when both the Developer's and the Agency's Conditions Precedent to Closing have been fulfilled or waived in writing by the Developer and/or the Agency, as applicable.

e. Do such other actions as necessary, including obtaining the Title Policy, to fulfill its obligations under this Agreement.

302.5. Closing. The Escrow for each Non-Owned Parcel shall close within ten (10) days after the satisfaction, or waiver by the appropriate party, of all of the Agency's and the Developer's Conditions Precedent to Closing. "**Closing**" shall mean the time and day the Grant Deed is filed for record with the San Bernardino County Recorder. The "**Closing Date**" shall mean the day on which the Closing occurs.

302.6. Closing Procedure. Escrow Agent shall close the Escrow for each Non-Owned Parcel as follows:

a. Recordation With Respect to the Agency Acquisition Property. Record, as applicable, (i) the grant deed conveying title to the Non-Owned Parcel to the Agency in the event of a Negotiated Purchase by the Agency, (ii) an Order of Prejudgment Possession, or (iii) a final order of condemnation conveying title to the Non-Owned Parcel to the Agency.

b. Memorandum of Agreement. Record the Memorandum of Agreement against the Non-Owned Parcel prior to transferring the Non-Owned Parcel to the Developer.

c. Grant Deed. Record the Grant Deed with instructions for the Recorder of San Bernardino County, California to deliver the Grant Deed to the Developer.

d. Title Policy. Instruct the Title Company to deliver the Title Policy to the Developer.

e. Accounting. Forward to both Developer and the Agency a separate accounting of all funds received from and disbursed to each party and conformed copies of all executed and recorded or filed documents deposited into each Escrow, with such recording and filing date and information endorsed thereon.

303. Review of Title. The Developer shall cause the Title Company to deliver to the Developer and to the Agency a standard preliminary title report (the "**Report**") with respect to the title to the Non-Owned Parcel, together with legible copies of the documents underlying the exceptions ("**Exceptions**") set forth in the Report, within the time set forth in the schedule of performance attached hereto as Exhibit "C" (the "**Schedule of Performance**"). The Developer shall have the right to approve or disapprove the Exceptions in the sole and absolute discretion; provided, however, the Developer hereby approves the following Exceptions which shall be referred to herein as the "**Pre-Approved Exceptions**":

a. Redevelopment Plan. The Redevelopment Plan;

b. Tax Liens. The lien of any non-delinquent property taxes and assessments (to be prorated at Closing);

c. Incidental Easements. Any incidental public utility and public road easements which do not preclude, hinder, delay or impede the Developer's intended use of the Site;

d. Grant Deed. The conditions set forth in the Grant Deed;

e. Memorandum of Agreement. The Memorandum of Agreement;

f. Developer Matters. Matters created by, through or under the Developer;

g. Development Agreement. The Development Agreement between the Developer and the City with respect to the Project.

h. Other Exceptions. Such other exceptions to title as may hereafter be approved by the Developer, in its sole discretion.

Within the time set forth in the Schedule of Performance, the Developer shall give written notice to the Agency and Escrow Holder of the Developer's approval or disapproval of any of the Exceptions (except the Pre-Approved Exceptions). The Developer's failure to give written disapproval of the Exceptions within such time limit shall be deemed disapproval of the Exceptions. If the Developer notifies the Agency of its disapproval of any Exceptions, the Agency shall have the right, but not the obligation, to cause any disapproved Exceptions to be removed within seven (7) days after receiving written notice of the Developer's disapproval or provide assurances satisfactory to Developer that such Exceptions will be removed on or before the Closing. The Agency's failure to notify the Developer within such seven- (7-) day period shall be deemed an election not to remove the disapproved Exceptions. The Agency's election not to remove any disapproved Exceptions shall not be a Default under the provisions of this Agreement. If the Agency cannot or does not elect to remove any of the disapproved Exceptions within such seven- (7-) day period, the Developer shall have five (5) days after the expiration of such seven- (7-) day period to either give the Agency written notice that the Developer elects, in its sole discretion, to proceed with the purchase of the Non-Owned Parcel subject to the disapproved Exceptions or to give the Agency written notice that the Developer elects to terminate its obligation to acquire and pay Acquisition Costs for such Non-Owned Parcel or at Developer's election and any or all other Non-Owned Parcels and/or this Agreement. The Exceptions to title approved by the Developer as provided herein shall hereinafter be referred to as the "**Condition of Title**." If any Exceptions other than Pre-Approved Exceptions are reported by the Title Company after the Developer has approved the Condition of Title for the Non-Owned Parcels pursuant to the foregoing procedures, then any such new Exception shall be subject to the same procedures for review and approval set forth above for Exceptions constituting the Condition of Title.

304. Title Insurance. Concurrently with recordation of the Grant Deed conveying to the Developer title to any Non-Owned Parcel, the Title Company shall issue to the Developer a **1970** form ALTA owner's policy of title insurance (the "**Title Policy**"), together with such endorsements as are reasonably requested by the Developer, insuring that title to the Developer's interest in the Non-Owned Parcel acquired as of the date of issuance of the Title Policy is vested in the Developer. Title Company shall provide the Agency with a copy of the Title Policy. The premium for the Title Policy plus any additional costs, including the cost of surveys, any endorsements requested by the Developer, and the additional premium and/or other charges imposed by the Title Company, if any, in connection with a Prejudgment Conveyance in accordance with Section 201 of this Agreement shall be borne by the Developer pursuant to Section 202 above as an Acquisition Cost.

305. Conditions of Closing. The Closing is conditioned upon the satisfaction of the following terms and conditions within the times designated below:

305.1. The Agency's Conditions of Closing. The Agency's obligation to proceed with the Closing of the Conveyance of each Non-Owned Parcel is subject to the fulfillment or waiver by the Agency of each and all of the conditions precedent described below (**"the**

Agency's Conditions Precedent to Closing"), which are solely for the benefit of the Agency, and which shall be fulfilled or waived within the time periods provided for herein:

a. No Default. Prior to the Closing, the Developer shall not be in Default under the terms of this Agreement, and all representations and warranties of the Developer contained herein shall be true and correct in all material respects.

b. Execution of Documents. The Developer shall have executed and acknowledged the Memorandum of Agreement and any other documents required hereunder and delivered such documents into Escrow.

c. Acquisition of the Non-Owned Parcel. The Agency shall have acquired title to, or effective legal rights of possession of, the Non-Owned Parcel or shall be ready to acquire title to the Non-Owned Parcel concurrently with the Closing, in accordance with Section 201 hereof.

d. Evidence of Financing. Developer shall have provided to the Agency reasonable evidence of financing or ability to self-finance the applicable Phase of the Project related to the Closing.

e. Title. Developer shall have notified Agency of Developer's approval of the condition of title to such Parcel.

f. Physical Condition. Developer shall have notified Agency of Developer's approval of the physical condition of such Parcel.

305.2. Developer's Conditions of Closing. The Developer's obligation to proceed with the Conveyance of the Non-Owned Parcel is subject to the fulfillment or waiver by the Developer of each and all of the conditions precedent described below ("**Developer's Conditions Precedent to Closing**"), which are solely for the benefit of the Developer, and which shall be fulfilled or waived within the time periods provided for herein:

a. No Default. The Agency shall not be in Default of any of its obligations under the terms of this Agreement.

b. Execution of Documents. The Agency shall have executed and acknowledged any Grant Deed and any other documents required hereunder, and delivered such documents into Escrow.

c. Review and Approval of Title. The Developer shall have reviewed and approved the Condition of Title, as provided in Section 303 hereof.

d. Title Policy. The Title Company shall, upon payment of Title Company's regularly scheduled premium, be ready to issue the Title Policy upon recordation of

the Grant Deed in accordance with Section 304 hereof, and endorsements to the Title Policy thereafter in accordance with Section 304 hereof.

e. Condition of the Non-Owned Parcel. The Developer shall have provided notice to the Agency within the time set forth in the Schedule of Performance that all physical aspects of the Non-Owned Parcel (including the presence of Hazardous Materials contamination, if any, on, under or above the Non-Owned Parcel, or any portion thereof and the soils condition of the Site) are acceptable to the Developer.

f. Entitlements. The Developer shall have obtained each of the entitlements required for the use and occupancy of the Project.

g. Phasing. As to any Non-Owned Parcel constituting a part of any Phase, Developer shall have acquired or be in a position to simultaneously acquire fee title (or Prejudgment Conveyance) from the Agency for all of the other Parcels within such Phase not then owned by Developer.

306. Property Taxes and Assessments. If the Agency pays any ad valorem taxes or assessments levied, assessed or imposed on the Non-Owned Parcel for any period prior to Conveyance of the Non-Owned Parcel to the Developer, then the amount of such ad valorem taxes and assessments paid by the Agency, together with any costs incurred in connection with the payoff or reallocation of any such taxes and assessments, shall be considered part of Acquisition Costs. Ad valorem taxes and assessments levied, assessed or imposed on the Non-Owned Parcel for the period after the Conveyance thereof shall be borne by the Developer.

307. Condition of the Non-Owned Parcel

307.1. No Warranties as to the Non-Owned Parcel; Release of the Agency. Notwithstanding any provision of this Agreement to the contrary, but subject to any covenants of the Agency or conditions for the benefit of the Developer in this Agreement, each Non-Owned Parcel shall be conveyed by the Agency to the Developer in its "AS-IS" condition, "WITH ALL FAULTS," with no warranty expressed or implied by the Agency regarding the presence of Hazardous Materials or the condition of the soil, its geology, the presence of known or unknown seismic faults, title to the Site or the suitability of the Site for the development purposes intended hereunder. "**Hazardous Materials**" means any substance, material or waste which is or becomes regulated by any local governmental authority, the State of California or the United States Government, including any material or substance which is: (i) defined as a "hazardous waste," "extremely hazardous waste," or "restricted hazardous waste" under Sections 25115, 25117 or 25122.7, or listed pursuant to Section 25140 of the California Health and Safety Code, Division 20, Chapter 6.5 (Hazardous Waste Control Law); (ii) defined as a "hazardous substance" under Section 25316 of the California Health and Safety Code, Division 20, Chapter 6.8 (Carpenter Presley-Tanner Hazardous Substance Account Act); (iii) defined as a "hazardous material," "hazardous substance," or "hazardous waste" under Section 25501 of the California Health and Safety Code, Division 20, Chapter 6.95 (Hazardous Materials Release Response

Plans and Inventory); (iv) defined as a "hazardous substance" under Section 25281 of the California Health and Safety Code, Division 20, Chapter 6.7 (Underground Storage of Hazardous Substances); (v) petroleum; (vi) friable asbestos; (vii) polychlorinated biphenyls; (viii) listed under Article 9 or defined as "hazardous" or "extremely hazardous" pursuant to Article 11 of Title 22 of the California Administrative Code, Division 4, Chapter 20; (ix) designated as "hazardous substances" pursuant to Section 311 of the Clean Water Act (33 U.S.C. §1317); (x) defined as a "hazardous waste" pursuant to Section 1004 of the Resource Conservation and Recovery Act, 42 U.S.C. §6901, et seq. (42 U.S.C. §6903); or (xi) defined as "hazardous substances" pursuant to Section 101 of the Comprehensive Environmental Response, Compensation, and Liability Act, 42 U.S.C. §9601, et seq., as the foregoing statutes and regulations now exist or may hereafter be amended. To the extent authorized by contract or law, the Agency shall assign to the Developer all warranties and guaranties with respect to the Site, if any, that the Agency may receive from the prior owners of the Site, and all reports and other work product and rights under any agreements related to the environmental assessment and remediation of the Site.

Each of Developer and the Agency hereby waives, releases and discharges forever the other, and their respective elected officials, officers, directors, shareholders, members, partners, employees, agents and representatives, from all present and future claims, demands, suits, legal and administrative proceedings and from all liability for damages, losses, costs, liabilities, fees and expenses, present and future, arising out of or in any way connected with the condition of the Site, any Hazardous Materials on, under or about the Site, or the existence of Hazardous Materials contamination due to the generation of Hazardous Materials from the Site, however they came to be placed there, except that arising out of the active negligence or willful misconduct of the indemnified party or their respective elected officials, officers, partners, directors, shareholders, members, employees, agents or representatives.

The Developer and the Agency are aware of and familiar with the provisions of Section 1542 of the California Civil Code which provides as follows:

> "A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor."

As such relates to this Section 307.1, each of the Developer and the Agency hereby waives and relinquishes all rights and benefits which it may have under Section 1542 of the California Civil Code.

Developer's Initials _____ Agency's Initials _____

308. Hazardous Materials.

308.1. Duty to Prevent Hazardous Materials Contamination. After the Conveyance, and during Developer's ownership of the Site, the Developer shall take all reasonably necessary precautions to prevent the release of any Hazardous Materials onto or from the Site. Such precautions shall include compliance with all Governmental Requirements with respect to Hazardous Materials. "**Governmental Requirements**" means all laws, ordinances, statutes, codes, rules, regulations, orders and decrees of the United States, the State of California, the County of San Bernardino, the City or any other political subdivision in which the Site is located, and of any other political subdivision, agency or instrumentality exercising jurisdiction over the Agency, the Developer or the Site. In addition, the Developer shall install and utilize such equipment and implement and adhere to such procedures as are consistent with Governmental Requirements in respect of the disclosure, storage, use, removal and disposal of Hazardous Materials.

308.2. Environmental Inquiries. If a release of any Hazardous Materials onto or from any portion of the Site occurs at any time after the Conveyance and prior to Agency's issuance of the Certificate of Completion for the Phase of which such Parcel is a part, the Developer shall, as soon as possible after the release, furnish to the Agency a copy of any and all reports relating thereto and copies of all correspondence with governmental agencies relating to the release.

308.3. Environmental Indemnification. From and after the Conveyance, and during Developer's ownership of the Site, the Developer shall indemnify, defend and hold the City and the Agency harmless from and against any third party claim, action, suit, proceeding, loss, cost, damage, liability, deficiency, fine, penalty, punitive damage or expense (including attorneys' fees), resulting from, arising out of, or based upon the release, use, generation, discharge, storage or disposal of any Hazardous Materials on, under, in or about, or the transportation of any such Hazardous Materials to or from, the Site in violation, or alleged violation, of any Governmental Requirements, arising from Hazardous Materials first placed on the Site during Developer's ownership of the Site, except that the foregoing indemnity obligation shall not apply to any matters that arise out of the active negligence or willful misconduct of the City or the Agency or their elected officials, officers, employees, agents or representatives. This indemnity shall include any damage, liability, fine, penalty, parallel indemnity, cost or expense arising from or out of any claim, action, suit or proceeding for bodily injury (including sickness, disease or death), tangible or intangible property damage, compensation for lost wages, business income, profits or other economic loss, damage to the natural resource or the environment, nuisance, trespass, contamination, leak, spill, release or other adverse effect on the environment.

400. DEVELOPMENT OF THE SITE

401. Scope of Development. The Developer shall develop and construct each Phase of the Project owned by the Developer in full, substantially in accordance with the Scope of Development attached hereto as Exhibit "B", the drawings, plans and documents submitted to

and approved by the City and the plans, drawings and documents submitted by the Developer to the Agency as provided in Section 404, below. All such work shall be performed by licensed contractors. Notwithstanding any provision in this Agreement to the contrary, the Developer shall only be obligated to acquire the Phase II Parcels and to commence and complete the construction of Phase II of the Project in accordance with the terms and conditions set forth in this Agreement, if the Agency and the Developer have agreed upon the Phase II Budget and the Developer has approved or waived the condition of title and the physical condition of the Phase II Parcels within one (1) year of the Effective Date.

402. Permits and Approvals. Before commencement of construction of the Project upon the Site, the Developer, at its expense, shall secure or cause to be secured any and all land use and other entitlements, permits and approvals which may be required by the City and any other governmental agency having jurisdiction over the Project. The Agency's staff will work cooperatively with the Developer to assist in coordinating the expeditious processing and consideration of all necessary permits, entitlements and approvals. However, the execution of this Agreement does not constitute the granting of, or a commitment to obtain, any required land use permits, entitlements or approvals required by the Agency or the City (other than as may be set forth in the Development Agreement). Notwithstanding the foregoing sentence, Agency shall cooperate with Developer in entering into and negotiating a mutually acceptable statutory Development Agreement (the "**DA**") with the City, concurrently with obtaining the entitlements for the Project. The parties concur that this Agreement and DA work in tandem and that the approval of a mutually agreed upon DA is a prerequisite to Developer's obligation to continue under the Agreement. If a DA is not approved by both parties within 120 days (or such longer period as may be agreed to by the parties in their sole discretion) from the Effective Date, then either party may terminate this Agreement.

403. Schedule of Performance. The Developer shall commence and complete construction of the applicable Phase of the Project and satisfy all other obligations and conditions of this Agreement within the times established therefor in the Schedule of Performance attached hereto as Exhibit "C".

404. Design Review

404.1. Basic Concept Drawings. The Agency hereby approves the schematic site plans for the Project, including preliminary landscape plans (the "**Basic Concept Drawings**"), attached hereto as Exhibit "F". The Agency shall cooperate with the Developer and the Agency in processing entitlements for the Project consistent with the Basic Concept Drawings.

404.2. Construction Drawings and Related Documents. Within the time set forth in the Schedule of Performance, the Developer shall prepare and submit to the City's building department detailed construction plans with respect to the applicable Phase of the Project, including a grading plan, which shall have been prepared by a registered civil engineer (the "**Construction Drawings**").

404.3. The Agency's Review and Approval. The Agency's approval of the Basic Concept Drawings shall not relieve the Developer of its obligation to submit drawings and plans to the City in order to obtain the approvals required for the construction of the Project on the Site. Any and all changes or revisions required by City and its inspectors which are required under the City's Municipal Code and all other applicable Uniform Codes (such as Building, Plumbing, Fire and Electrical), and under other applicable Governmental Requirements, shall be included by the Developer in its Construction Drawings and completed during the construction of the Project. The Agency shall be deemed to have approved any change or revision required by City and its inspectors.

404.4. Revisions. If the Developer desires to propose any material revisions to the Agency-approved Basic Concept Drawings, it shall submit such proposed changes to the Agency, and shall also proceed in accordance with all Governmental Requirements regarding such revisions. If, in the reasonable opinion of the Agency's Executive Director, the Basic Concept Drawings, as modified by the proposed material revision or material change, generally and substantially conform to the requirements of the Scope of Development, the Agency's Executive Director shall, within fifteen (15) days after submission to the Agency, approve the proposed change and authorize the City to process the change in accordance with the City's requirements. The Agency's Executive Director is authorized to approve changes to the Agency-approved Basic Concept Drawings provided such changes (i) do not materially reduce the quality of materials to be used; and (ii) do not materially reduce the qualities of the Project design.

404.5. Consultation and Coordination. The staff of the Agency and the Developer shall communicate and consult informally as frequently as is necessary to ensure that the formal submittal of any documents to the Agency can receive timely and thorough consideration.

404.6. Defects in Plans. The Agency shall not be responsible either to the Developer or to any third parties, in any way, for any defects in the Basic Concept Drawings or the Construction Drawings, or for any structural or other defects in any work done according to the approved Basic Concept Drawings or Construction Drawings, nor for any delays caused by the review and approval processes established by this Section. The Developer shall hold harmless, indemnify, protect and defend the Agency and its elected officials, officers, employees, agents and representatives from and against any claims or suits for damage to property or injury to or death of any persons arising out of or in any way relating to defects in the Basic Concept Drawings or the Construction Drawings, including the violation of any Governmental Requirements, or for defects in any work done according to the approved Basic Concept Drawings and Construction Drawings.

405. Cost of Construction. Except for the City Assistance, which shall be specified in the DA, the cost of acquiring the Site and developing the Project, including but not limited to demolition, site preparation, conditions of development, utility relocation, development impact fees and permits, shall be borne solely by the Developer. In addition, the Developer will be responsible for all costs and fees associated with preparing, filing, processing, and obtaining

approval of any parcel map, City and/or governmental entitlement, permit or approval required to develop the Project. The Agency shall not bear any responsibility whatsoever for the costs associated with the development of the Site. Neither Agency or the City shall maintain any proprietary interest in the Project as a result of such assistance. This Section 405 shall survive any termination of this Agreement, recordation of the Grant Deed(s) and the recordation of any Certificate of Completion.

406. Insurance Requirements. Until issuance of a Certificate of Completion with respect to a Phase of the Project, the Developer shall take out and maintain or shall cause its contractor to take out and maintain with respect to the portion of the Site owned by the Developer constituting such Phase, a commercial general liability policy in the amount of Five Million Dollars ($5,000,000) combined single limit, or such lesser policy limit as the Agency may approve at its discretion, including contractual liability coverage. Such policy or policies shall be written on an occurrence form. Until issuance of a Certificate of Completion with respect to a Phase of the Project, the Developer shall also obtain and maintain with respect to the portion of the Site owned by the Developer constituting such Phase a comprehensive automobile liability policy in the amount of Two Million Dollars ($2,000,000), combined single limit, and, from commencement of construction on such Phase, builder's all-risk insurance in an amount not less than the full insurable cost of the applicable Phase of the Project on a replacement cost basis and shall furnish or cause to be furnished to the Agency evidence satisfactory to the Agency that the Developer and any contractor with whom it has contracted for the performance of work on the Site or otherwise pursuant to this Agreement carries workers' compensation insurance as required by law. Companies writing the insurance required hereunder shall be licensed to do business in the State of California. The Commercial General Liability and Comprehensive Automobile Policies hereunder shall name the Agency, the City and their elected officials, officers, agents, employees and representatives as additional insureds. The Developer shall furnish the Agency with a certificate of insurance evidencing the required insurance coverage and a duly executed endorsement evidencing such additional insured status. The certificate shall contain a statement of obligation on the part of the carrier to notify the Agency of any material change, cancellation or termination of the coverage at least thirty (30) days in advance of the effective date of any such material change, cancellation or termination. Coverage provided hereunder by the Developer shall be primary insurance and shall not be contributing with any insurance, self-insurance or joint self-insurance maintained by the Agency, and the policy shall so provide. The insurance policies shall contain a waiver of subrogation for the benefit of the Agency. The required certificate and endorsement shall be furnished by the Developer to the Agency prior to and as a condition to the Close of Escrow, as a condition for the benefit of the Agency. Notwithstanding any provisions of this Section 406, the Developer may provide the insurance required by this Section through a program of self-insurance meeting the specifications set forth on Exhibit "E".

407. Rights of Access. Prior to the issuance of a Certificate of Completion with respect to a Phase of the Project, for purposes of assuring compliance with this Agreement, the Agency shall have the right of access to such Phase, without charges or fees, at normal construction hours, so long as the Agency representatives comply with all safety rules and they

do not unreasonably interfere with the progress of construction of the Project. The Agency (or its representatives) shall, except in emergency situations, give the Developer reasonable advance notice prior to exercising its rights pursuant to this Section. Nothing herein shall be deemed to limit the ability of the City to conduct code enforcement and other administrative inspections of the Site in accordance with applicable law.

408. Compliance With Laws; Indemnity; Waiver. The Developer shall construct each applicable Phase of the Project in conformity with all applicable Governmental Requirements, including all applicable state labor laws and standards, all applicable Public Contract Code requirements, the City's applicable zoning and development standards, building, plumbing, mechanical and electrical codes, all other applicable provisions of the City's Municipal Code; and all applicable disabled and handicapped access requirements, including the Americans With Disabilities Act, 42 U.S.C. Section 12101, et seq., Government Code Section 4450, et seq., Government Code Section 11135, et seq., and the Unruh Civil Rights Act, Civil Code Section 51, et seq. The Developer warrants and represents in connection with the foregoing that the Developer is a sophisticated, experienced developer of projects similar to the Project and is fully conversant with, and informed, concerning the Governmental Requirements with which the Developer must comply pursuant to this Section.

The Developer shall defend, indemnify and hold harmless the Agency, the City and their respective elected officials, officers, employees, agents and representatives from and against any and all present and future liabilities, obligations, orders, claims, damages, fines, penalties and expenses (including attorneys' fees and costs) (collectively, "**Claims**"), arising out of or in any way connected with the Developer's obligation to comply with all Governmental Requirements with respect to the work for the Project, including all applicable state labor laws and standards and the Public Contract Code, except to the extent such Claims result from actions of the Agency or the City, or their respective elected officials, officers, employees, agents or representatives, which prevent the Developer from complying with Governmental Requirements. If, at any time, the Developer believes that the Agency or the City, or their respective elected officials, officers, employees, agents or representatives, are preventing the Developer from complying with Governmental Requirements, then the Developer shall provide notice to the Agency of the basis of such conclusion by the Developer to enable the Agency and/or the City to take such actions as may be necessary or appropriate to enable the Developer to comply with Governmental Requirements.

409. Developer Acknowledgement. (a) DEVELOPER ACKNOWLEDGES THAT THE AGENCY HAS MADE NO REPRESENTATION, EXPRESS OR IMPLIED, TO DEVELOPER OR ANY PERSON ASSOCIATED WITH DEVELOPER REGARDING WHETHER OR NOT LABORERS EMPLOYED RELATIVE TO THE CONSTRUCTION, INSTALLATION OR OPERATION OF THE PRIVATE WORKS OF IMPROVEMENT CONSTITUTING THE PROJECT MUST BE PAID THE PREVAILING PER DIEM WAGE RATE FOR THEIR LABOR CLASSIFICATION, AS DETERMINED BY THE STATE OF CALIFORNIA, PURSUANT TO LABOR CODE SECTIONS 1720, ET SEQ. DEVELOPER AGREES WITH THE AGENCY THAT DEVELOPER SHALL ASSUME THE

RESPONSIBILITY AND BE SOLELY RESPONSIBLE FOR DETERMINING WHETHER OR NOT LABORERS EMPLOYED RELATIVE TO THE CONSTRUCTION, INSTALLATION OR OPERATION OF THE PRIVATE WORKS OF IMPROVEMENT CONSTITUTING THE PROJECT MUST BE PAID THE PREVAILING PER DIEM WAGE RATE FOR THEIR LABOR CLASSIFICATION, AS DETERMINED BY THE STATE OF CALIFORNIA, PURSUANT TO LABOR CODE SECTIONS 1720, ET SEQ.

(b) DEVELOPER, ON BEHALF OF ITSELF, ITS SUCCESSORS, AND ASSIGNS, WAIVES AND RELEASES THE AGENCY FROM ANY RIGHT OF ACTION THAT MAY BE AVAILABLE TO ANY OF THEM PURSUANT TO LABOR CODE SECTIONS 1726 OR 1781. DEVELOPER ACKNOWLEDGES THE PROTECTIONS OF CIVIL CODE SECTION 1542 RELATIVE TO THE WAIVER AND RELEASE CONTAINED IN THIS SECTION 408, WHICH READS AS FOLLOWS:

> A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR.

BY INITIALING BELOW, DEVELOPER KNOWINGLY AND VOLUNTARILY WAIVES THE PROVISIONS OF SECTION 1542 SOLELY IN CONNECTION WITH THE WAIVERS AND RELEASES OF THIS SECTION 408.

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Developer's Initials

(c) ADDITIONALLY, DEVELOPER SHALL INDEMNIFY, DEFEND AND HOLD HARMLESS THE AGENCY, PURSUANT TO THIS SECTION 408, AGAINST ANY CLAIMS PURSUANT TO LABOR CODE SECTIONS 1726 AND 1781 ARISING FROM THIS AGREEMENT OR THE CONSTRUCTION, INSTALLATION OR OPERATION OF ALL OR ANY PORTION OF THE PRIVATE WORKS OF IMPROVEMENT CONSTITUTING THE PROJECT.

(d) ANYTHING IN THIS AGREEMENT TO THE CONTRARY NOTWITHSTANDING, DEVELOPER SHALL ENSURE THAT ALL LABORERS EMPLOYED RELATIVE TO THE CONSTRUCTION OR INSTALLATION OF ANY PUBLIC IMPROVEMENTS CONSTRUCTED BY DEVELOPER SHALL BE PAID NO LESS THAN THE PREVAILING PER DIEM WAGE RATE FOR THEIR LABOR CLASSIFICATION, AS DETERMINED BY THE STATE OF CALIFORNIA, PURSUANT TO LABOR CODE SECTIONS 1720, ET SEQ.

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Developer's Initials

410. Taxes and Assessments. Following the Closing and during its period of ownership of any portion of the Site, the Developer shall pay prior to delinquency all ad valorem real estate taxes and assessments on the portions of the Site it owns, subject to the Developer's right to contest in good faith any such taxes.

411. Liens and Stop Notices. Until issuance of a Certificate of Completion with respect to a Phase of the Project, the Developer shall not allow to be placed on the portion of the Site constituting such Phase, or any part thereof, any lien or stop notice on account of materials supplied to or labor performed on behalf of the Developer. If a claim of a lien or stop notice is given or recorded affecting the Project, the Developer shall within thirty (30) days of such recording or service pay and discharge the same; or effect the release thereof by recording and delivering to Agency's Executive Director a copy of a surety bond in sufficient form and amount.

412. Right of the Agency to Satisfy Other Liens on the Site After Closing. After the Closing and prior to the completion of construction of a Phase of the Project, and after the Developer has had written notice and has failed after a reasonable time, but in any event not more than sixty (60) days, to satisfy or release any liens or stop notices on such Phase pursuant to Section 410 above, the Agency shall have the right, but not the obligation, to satisfy any such liens or stop notices without further notice to the Developer. In such event the Developer shall be liable for and the Agency shall be entitled to reimbursement by the Developer for such paid lien or stop notice.

413. Certificate of Completion. Following the Developer's "substantial completion" of a Phase in conformity with this Agreement, the Agency shall, upon receipt of written request by the Developer, furnish the Developer with a Certificate of Completion for such Phase. As used herein, the term "substantial completion" means completion to the point that a temporary certificate of occupancy may be issued for the applicable Improvements, other than unleased space for which shell and core have been completed, but which does not total more than ten percent (10%) of the leaseable area of the applicable Phase of the Project. As a condition to the Agency's issuance of a Certificate of Completion based on substantial completion, the Agency may require the Developer to post a bond or deposit a letter of credit, reasonably satisfactory to the Agency, in the amount of the estimated cost of the remaining work necessary to obtain completion of such Phase. The Agency shall not unreasonably withhold such Certificate of Completion. The Certificate of Completion shall be conclusive determination of satisfactory completion of the applicable Phase of the Project on the Site and the Certificate of Completion shall so state, subject to the rights of the Agency with respect to the bond or letter of credit, if any. Any party then owning or thereafter purchasing, leasing or otherwise acquiring any interest in the portion of the Site covered by such Phase shall not (because of such ownership, purchase, lease or acquisition) incur any obligation or liability under this Agreement except for those continuing covenants as set forth in Section 504 of this Agreement.

If the Agency refuses or fails to furnish any Certificate of Completion, the Agency shall, within ten (10) business days after the Developer's written request therefor, provide the Developer with a written statement of the reasons the Agency refused or failed to furnish such Certificate of Completion. The statement shall also contain the Agency's opinion of the actions the Developer must take to obtain such Certificate of Completion. The Agency's failure to provide such a written statement within such thirty- (30-) day period shall be deemed the Agency's disapproval of the Developer's request for issuance of such Certificate of Completion. Any such Certificate of Completion shall not constitute evidence of compliance with or satisfaction of any obligation of the Developer to any holder of any mortgage, or any insurer of a mortgage, securing money loaned to finance the Project, or any part thereof. A Certificate of Completion is not a notice of completion as referred to in Section 3093 of the California Civil Code.

414. Mortgage, Deed of Trust, Sale and Lease-Back Financing.

414.1 Holder Not Obligated to Construct Project. The holder of any mortgage or deed of trust on any portion of the Site shall not be obligated by the provisions of this Agreement to construct or complete the Project or to guarantee such construction or completion. Nothing in this Agreement shall be deemed to or be construed to permit or authorize any such holder to devote the Site to any uses or to construct any improvements or project thereon, other than the Project provided for by this Agreement.

414.2 Notice of Default to Mortgagee or Deed of Trust Holders; Right to Cure. With respect to any mortgage or deed of trust granted by the Developer as provided herein, whenever the Agency shall deliver any notice to the Developer with respect to any Default by the Developer hereunder, the Agency shall at the same time deliver to each holder of record of any mortgage or deed of trust authorized by this Agreement a copy of such notice. No Notice of Default shall be effective as to the holder unless such notice is given. Each such holder shall (insofar as the rights of the Agency are concerned) have the right, at its option, within sixty (60) days after the receipt of the copy of the notice, to cure or remedy or commence to cure or remedy any such Default. In the event possession of the Site is required to effectuate such cure or remedy, the holder shall be deemed to have timely cured or remedied if it commences the proceedings necessary to obtain possession thereof within sixty (60) days after receipt of the copy of the notice, diligently pursues such proceedings to completion, and, after obtaining possession, diligently completes such cure or remedy. Any such holder properly completing the Improvements shall be entitled, upon compliance with the requirements of Section 413 of this Agreement, to a Certificate of Completion.

415. Adjacent Development. The Agency will continue to cooperate with the Owner of the development across Eureka Street (presently Investwest) with respect to its redevelopment plans.

500. COVENANTS, RESTRICTIONS AND AGREEMENTS

501. Use Covenants. So long as the provisions of this Section remain in effect, the Developer and its successors and assigns (i) shall comply with the use restrictions set forth herein; (ii) shall comply with the limitations of the Redevelopment Plan and the Grant Deed; (iii) shall not cause or permit the Site or any portion thereof to be used for any of the prohibited uses set forth on Exhibit "D" hereto; and (iv) shall not use or transfer all or any portion constituting more than 10% of the square footage of the Improvements on the Site or the Project to any person or entity such that it would cause the exemption of the payment of ten percent (10%) or more of the real property taxes otherwise assessable regarding the Site or the Project, without the prior written consent of the Agency, unless the Developer covenants to and does pay to the Agency the amount of property tax revenue not received by the Agency as a result of such use or transfer, for the balance of the duration of this covenant. So long as the provisions of this Section remain in effect, no use other than that specified herein (except as provided above) shall be permitted without the prior written approval of the Agency, which approval shall be granted or denied in its sole discretion. The covenants set forth in this Section 501 shall remain in effect for the period of time specified in Section 504, below.

502. Maintenance Covenants. The Developer shall maintain in accordance with the Maintenance Standards, as hereinafter defined, the private improvements and landscaping within the Site and in the public right of way contiguous to the Project. Such improvements shall include buildings, sidewalks, pedestrian lighting, landscaping, irrigation of landscaping, architectural elements identifying the Site located on the Site, and any and all other improvements on the Site. To accomplish such maintenance, Developer shall either staff or contract with and hire licensed and qualified personnel to perform such maintenance work, including the provision of labor, equipment, materials, support facilities, and any and all other items necessary to comply with the requirements of this Section 502. The maintenance covenants and obligations set forth in this Section shall remain in effect for the period of time specified in Section 504, below. The standards provided in this Section 502 (**"Maintenance Standards"**) shall be complied with by Developer and its maintenance staff, contractors and subcontractors. Developer's compliance with the Maintenance Standards shall be judged by a comparative standard with the custom and practice generally applicable to comparable retail developments located within the City.

a. Landscape Maintenance. Landscape maintenance shall include: watering/irrigation; fertilization; mowing; edging; trimming of grass; tree and shrub pruning; trimming and shaping of trees and shrubs to maintain a healthy, natural appearance, and irrigation coverage; replacement, as needed, of all plant materials; weeding of all planters, shrubs, lawns, ground covers, or other planted areas; and staking for support of trees.

b. Clean-Up Maintenance. Clean-up maintenance shall include: maintenance of all sidewalks, paths and other paved areas in clean and weed-free condition; maintenance of all such areas clear of dirt, mud, trash, debris or other matter which is unsafe or

unsightly; removal of all trash, litter and other debris from improvements and landscaping; clearance, cleaning and proper disposal of all cuttings, weeds, leaves and other debris.

c. Maintenance Required by Law. All maintenance work shall conform to all applicable Federal and state Occupation Safety and Health Act standards and regulations for the performance of maintenance.

d. Chemicals and Pesticides. Any and all chemicals, unhealthful substances, and pesticides used in and during maintenance shall be applied in strict accordance with all Governmental Requirements. Precautionary measures shall be employed recognizing the extent to which areas are open to public access.

e. Improvements. The Project shall be maintained in good condition and repair, reasonable wear and tear, damage and destruction and condemnation excepted.

f. Failure to Maintain Project. If, in the Agency's good faith reasonable judgment, the Developer is not maintaining the private and public improvements on the Site, in accordance with the Maintenance Standards, the Agency shall so notify the Developer in writing, specifying in reasonable detail the deficiencies and the actions required to be taken by the Developer to cure the deficiencies. Subject to the Developer's right to contest any such notification, upon such notification, the Developer shall have forty-eight (48) hours to correct, remedy or cure the deficiency if the problem poses an imminent threat to public health and safety. If the problem does not pose an imminent threat to public health and safety, then the Developer shall have thirty (30) days within which to correct, remedy or cure the deficiency, unless such deficiency cannot reasonably be corrected, remedied or cured within such thirty- (30) day period, in which event the Developer shall commence such correction, remedy or cure within such thirty- (30-) day period and thereafter diligently pursue to completion such correction, remedy or cure as soon as reasonably possible after the expiration of such thirty- (30-) day period.

In the event the Developer fails so to correct, remedy or cure such maintenance deficiency, then the City and/or the Agency shall have the right to perform such maintenance to cure such maintenance deficiency. The Developer agrees to pay the Agency upon demand all charges and costs reasonably incurred by the Agency or the City for such maintenance. Until so paid, the Agency shall have a lien on the portion of the Site which is the subject of the maintenance deficiency for the amount of such charges or costs, which lien shall be perfected by the recordation of a **"Notice of Claim of Lien"** against such portion of the Site. Any lien in favor of the Agency created or claimed hereunder is expressly made subject and subordinate to any mortgage or deed of trust made in good faith and for value, recorded as of the date of the recordation of the Notice of Claim of Lien, and no such the Agency lien shall in any way defeat, invalidate or impair the obligation or priority of any such mortgage or deed of trust. In addition, any lien in favor of the Agency created or claimed hereunder is expressly made subject and subordinate to any lease, sublease or easement in the Site, and no lien in favor of the Agency created or claimed hereunder shall in any way defeat, invalidate or impair the obligation or

priority of any lease, sublease or easement. The Developer acknowledges and agrees that the City and the Agency may also pursue any and all other remedies available in law or equity in the event of a breach of the maintenance obligations and covenants set forth herein.

503. Nondiscrimination Covenants. Developer herein covenants by and for itself, its successors and assigns, that there shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the premises herein conveyed, nor shall the grantee or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the premises herein conveyed. The foregoing covenants shall run with the land.

Notwithstanding the immediately preceding paragraph, with respect to familial status, the immediately preceding paragraph shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in the immediately preceding paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the Civil Code and subdivisions (n), (o), and (p) of Section 12955 of the Government Code shall apply to the immediately preceding paragraph.

All deeds, leases or contracts entered into by Developer relating to the Project shall contain or be subject to substantially the following nondiscrimination or nonsegregation clauses:

a. In deeds: "The Grantee herein covenants by and for himself or herself, his or her heirs, executors, administrators, and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (l) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the premises herein conveyed, nor shall the grantee or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the premises herein conveyed. The foregoing covenants shall run with the land.

"Notwithstanding the immediately preceding paragraph, with respect to familial status, the immediately preceding paragraph shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in the immediately preceding paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the Civil Code and subdivisions (n), (o), and

(p) of Section 12955 of the Government Code shall apply to the immediately preceding paragraph."

b. In leases: "The lessee herein covenants by and for himself or herself, his or her heirs, executors, administrators, and assigns, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions:

"That there shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (l) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the premises herein leased nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees in the premises herein lease.

"Notwithstanding the immediately preceding paragraph, with respect to familial status, the immediately preceding paragraph shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in the immediately preceding paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the Civil Code and subdivisions (n), (o), and (p) of Sections 12955 of the Government Code shall apply to the immediately preceding paragraph."

c. In contracts: "There shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraphs (l) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the premises which are the subject of this Agreement, nor shall the grantee or any person claiming under or through him or her, establish or permit any practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the premises herein conveyed. The foregoing covenants shall run with the land."

"Notwithstanding the immediately preceding paragraph, with respect to familial status, the immediately preceding paragraph shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in the immediately preceding paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the Civil Code and

subdivisions (n), (o), and (p) of Section 12955 of the Government Code shall apply to the immediately preceding paragraph."

The foregoing covenants shall, without regard to technical classification and designation, be binding for the benefit and in favor of Agency, its successors and assigns, any occupants of the Project, and any successor in interest to the Project. The covenants against discrimination shall remain in effect in perpetuity.

504. Effect of Violation of the Terms and Provisions of this Agreement After Completion of Construction. The Agency and the City are deemed beneficiaries of the provisions of this Agreement and of the covenants running with the land, for and in their own right and for the purposes of protecting the interests of the community and other parties, public or private, in whose favor and for whose benefit this Agreement and the covenants running with the land have been provided, without regard to whether the Agency or City has been, remains or is an owner of any interest in the Site. The Agency and/or the City shall have the right, if this Agreement or the covenants are breached, to exercise all rights and remedies, and to maintain any actions or suits at law or in equity or other proper proceedings to enforce the curing of such breaches to which it may be entitled. The Developer's covenants contained in this Agreement shall remain in effect with respect to each Phase of the Project until the issuance of the applicable Certificate of Completion for such Phase of the Project, except for the following:

a. The covenants pertaining to maintenance of and payment of taxes on the Site and all improvements thereon, and payment of costs of construction, as set forth in Sections 308, 405, 409 and 502, shall remain in effect until the termination date of the Redevelopment Plan, but no later than September 26, 2025.

b. The covenants against discrimination, as set forth in Section 503, shall remain in effect in perpetuity.

600. DEFAULTS AND REMEDIES

601. Default Remedies. Failure by either party to perform any action or covenant required by this Agreement within the time periods provided herein following notice shall constitute a **"Default"** under this Agreement. A party claiming a Default shall give written Notice of Default to the other party specifying the Default complained of. Except as otherwise expressly provided in this Agreement, the claimant shall not institute any proceeding against the other party if such party within thirty (30) days following receipt of such Notice of Default immediately, with due diligence, commences to cure, correct or remedy such failure or delay and completes such cure, correction or remedy with diligence.

602. Institution of Legal Actions. Except as otherwise specifically provided herein, upon the occurrence of a Default, and the expiration of the applicable cure period pursuant to Section 601 above, the non-defaulting party shall have the right, in addition to any other rights or remedies, to institute any action at law or in equity to cure, correct, prevent or remedy any

Default, or to recover damages for any Default, or to obtain any other remedy consistent with the purpose of this Agreement. Such legal actions must be instituted in the Superior Court of the County of San Bernardino, State of California, or in the Federal District Court for the Central District of the State of California. Notwithstanding anything herein to the contrary, a party's right to recover damages in the event of a Default by the other party shall be limited to recovery of actual damages and shall exclude consequential damages.

603. Termination. This Agreement may be terminated: (i) if there is an uncured Default, by written notice from the party not in Default, (ii) if there is a failure of an express condition (which is not waived by the party whom the condition benefits) by notice from the party whom the condition benefits, or (iii) in accordance with the provisions of Sections 202, 303 or 308 hereof. In the event of such termination, and unless the Agency has breached a material term of this Agreement, the Developer shall remain obligated to advance all Acquisition Costs in accordance with the provisions of this Agreement; provided, however, the Agency shall complete acquisition of the Site only to the extent that: (A) completion of such acquisition is required by law, or (B) completion of such acquisition is necessary, in the reasonable judgment of the Agency, to avoid liability for damages, costs or expenses which might reasonably arise if the Agency failed to complete such acquisition. If the Developer fails so to pay any Acquisition Costs, the Agency shall have the right to draw upon the Deposit. Except as provided in the foregoing clauses (A) and (B), the Agency shall abandon acquisition of the Site upon termination of this Agreement. The Developer shall pay all Abandonment Costs incurred in connection with such abandonment in accordance with the provisions of Section 203 of this Agreement, and if the Developer fails to so pay, the Agency shall have the right to draw upon the Deposit. Upon the Developer's payment in full of any Acquisition Costs the Agency shall cause the Escrow Agent to return any unused portion of the Deposit to the Developer and promptly notify the issuer of the Letter of Credit that the Developer is no longer obligated to advance funds to the Agency, and the Agency shall execute and deliver to issuer such documents as issuer may reasonably require to terminate the Letter of Credit and refund the unused portion of the Deposit to the Developer.

604. Rights and Remedies Are Cumulative. The rights and remedies of the parties are cumulative, and the exercise by either party of one or more of such rights or remedies shall not preclude the exercise by it, at the same or different times, of any other rights or remedies for the same default or any other default by the other party, except as otherwise expressly provided herein.

605. Inaction Not a Waiver of Default. Any failures or delays by either party in asserting any of its rights and remedies as to any Default shall not operate as a waiver of any Default or of any such rights or remedies, or deprive either such party of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert or enforce any such rights or remedies.

700. GENERAL PROVISIONS

701. Notices, Demands and Communications Between the Parties. Any approval, disapproval, demand, document or other notice (**"notice"**) which either party may desire to give to the other party under this Agreement must be in writing and shall be given by certified mail, return receipt requested and postage prepaid, personal delivery, or reputable overnight courier (but not by facsimile or email), to the party to whom the notice is directed at the address of the party as set forth below, or at any other address as that party may later designate by notice.

To Agency:

N. Enrique Martinez, Executive Director
Redevelopment Agency of the City of Redlands
35 Cajon Street, Suite 200
P.O. Box 3005 (mailing)
Redlands, California 92373
Telephone No. (909) 798-7510
Facsimile No. (909) 798-3503

With a copy to:

Daniel J. McHugh, Esq.
City Attorney
City of Redlands
35 Cajon Street, Suite 200
P.O. Box 3005 (mailing)
Redlands, CA 92373
Telephone No. (909) 798-7595
Facsimile No. (909) 798-7503

and to:

Best, Best & Krieger
3750 University Avenue, Suite 400
Riverside, CA 92501-3347
Attn: Delmar Williams, Esq.

To Developer:

Redlands Land Holding L.L.C.
c/o General Growth Properties
110 North Wacker Drive
Chicago, Illinois 60606
Attention: Heath Fear
Facsimile No.: (312) 960-5476

and to:

Redlands Land Holding L.L.C.
c/o General Growth Properties
110 North Wacker Drive
Chicago, Illinois 60606
Attention: Martin Vahtra
Facsimile No.: (312) 960-5476

With a copy to:

Brown, Winfield & Canzoneri, Inc.
300 South Grand Avenue, Suite 1500
Los Angeles California 90071-3125
Attention: Anthony Canzoneri, Esq.
Facsimile No.: (213) 687-1703

Any notice shall be deemed received on the date of delivery is delivered by personal service, on the date of delivery or refused delivery as shown by the return receipt if sent certified mail, and on the date of delivery or refused delivery as shown by the records of the overnight courier if sent via nationally recognized overnight courier. Notices sent by a party's attorney on behalf of such party shall be deemed delivered by such party.

702. Enforced Delay; Extension of Times of Performance. Subject to the limitations set forth below, performance by either party hereunder shall not be deemed to be in Default, and all performance and other dates specified in this Agreement shall be extended, where delays are due to: war; insurrection; strikes; lockouts; riots; floods; earthquakes; fires; casualties; acts of God; acts of the public enemy; epidemics; quarantine restrictions; freight embargoes; governmental restrictions or priority; litigation, including court delays; unusually severe weather; acts or omissions of the other party; acts or failures to act of the City or any other public or governmental agency or entity (other than the acts or failures to act of the Agency which shall not excuse performance by the Agency); or any other cause beyond the affected parties' reasonable control. An extension of time for any such cause shall be for the period of the enforced delay and shall commence to run from the time of the commencement of the cause, if notice by the party claiming such extension is sent to the other party within thirty (30) days of the commencement of the cause. Times of performance under this Agreement may also be extended in writing by the mutual agreement of the Agency and the Developer. The Agency and the Developer acknowledge that adverse changes in economic conditions, either of the affected party specifically or the economy generally, changes in market conditions or demand, and/or inability to obtain financing or other lack of funding to pay all Acquisition Costs, or to complete the Project shall not constitute grounds of enforced delay pursuant to this Section. Each party expressly assumes the risk of such adverse economic or market changes and/or financial inability, whether or not foreseeable as of the Effective Date of this Agreement. Notwithstanding the foregoing, if the Agency fails to acquire and deliver to the Developer any parcel, the Agency shall not unreasonably withhold its consent to a modification to the Project, Scope of Development and Schedule of Performance necessary or desirable to accommodate such changes.

703. Successors and Assigns. Subject to the restrictions on the Developer transfers set forth in Section 101.2 above, all of the terms, covenants and conditions of this Agreement shall be binding upon the Developer and the Agency and their respective permitted successors and assigns. Whenever the term "Developer" is used in this Agreement, such term shall include any permitted successors and assigns as herein provided. From and after the satisfaction of the conditions precedent to issuance of a Certificate of Completion of any Phase of the Project, the obligations, rights and duties of the Developer hereunder shall apply only to the then owner of the applicable Phase of the Site, provided such owner acquired such interest in accordance with the terms of the Agreement, and no default by the Developer as to any other Phase shall affect or impose any liability on the owner of any other Phase or affect the continued effectiveness of this Agreement as to such unaffected Phase. Upon any permitted assignment hereunder, the term "Developer" as used herein shall mean only the then current owner of the site, and each prior Developer shall be released of any liability arising under this Agreement, except for breaches occurring prior to such conveyance or indemnity obligations founded upon circumstances occurring in whole or in part prior to such conveyance.

704. Relationship Between the Agency and the Developer. It is hereby acknowledged that the relationship between the Agency and the Developer is not that of a partnership or joint venture and that the Agency and the Developer shall not be deemed or construed for any purpose

to be the agent of the other. Accordingly, except as expressly provided herein, the Agency shall have no rights, powers, duties or obligations with respect to the development, operation, maintenance or management of the Site or the Project. The Developer shall indemnify, protect, hold harmless and defend the Agency from any claim made against the Agency by the Developer or the Developer's lenders, creditors, contractors, subcontractors, tenants, agents, employees, representatives, partners, shareholders, members, officers or directors arising from a claimed relationship of partnership or joint venture between the Agency and the Developer with respect to the development, operation, maintenance or management of the Site or the Project.

705. Counterparts. This Agreement may be signed in multiple counterparts which, when signed by both parties, shall constitute a binding agreement.

706. Integration. This Agreement contains the entire understanding between the parties relating to the transactions contemplated by this Agreement. All prior or contemporaneous agreements, understandings, representations and statements, oral or written, including the ERN and AFA, are merged in this Agreement and shall be of no further force or effect. Each party is entering this Agreement based solely upon the representations set forth herein and upon each party's own independent investigation of any and all facts such party deems material.

707. Brokerage. The Agency and the Developer each represents to the other that it has not engaged the services of any broker and that it is not liable for any real estate commissions, broker's fees which may accrue by means of the acquisition of the Site, except that the Developer has engaged, and may engage in the future, real estate brokers to assist it in the negotiated acquisition of the Non-Owned Parcels directly from the owners of such parcels. Each party shall indemnify, defend, protect and hold the other party harmless from any and all liabilities, losses, causes of action, claims, costs and expenses (including reasonable attorneys' fees) in connection with any claim asserted that such commissions or fees are alleged to be due from the party making such representations.

708. Titles and Captions. Titles and captions are for convenience of reference only and do not define, describe or limit the scope or the intent of this Agreement or of any of its terms. Reference to section numbers are to sections in this Agreement, unless expressly stated otherwise.

709. Interpretation. As used in this Agreement, masculine, feminine or neuter gender and the singular or plural number shall each be deemed to include the others where and when the context so dictates. The word "including" shall be construed as if followed by the words "without limitation." This Agreement shall be interpreted as though prepared jointly by both parties.

710. No Waiver. A waiver by either party of a breach of any of the covenants, conditions or agreements under this Agreement to be performed by the other party shall not be

construed as a waiver of any succeeding breach of the same or other covenants, agreements, restrictions or conditions of this Agreement.

711. Modifications. Any alteration, change or modification of or to this Agreement, in order to become effective, shall be made in writing and in each instance signed in behalf of each party.

712. Severability. If any term, provision, condition or covenant of this Agreement or its application to any party or circumstances shall be held, to any extent, invalid or unenforceable, the remainder of this Agreement, or the application of the term, provision, condition or covenant to persons or circumstances other than those as to whom or which it is held invalid or unenforceable, shall not be affected, and shall be valid and enforceable to the fullest extent permitted by law, unless the enforcement of this Agreement or such term, provision, condition or covenant would be grossly inequitable under all the circumstances, or would frustrate the purpose of this Agreement.

713. Computation of Time. The time in which any act is to be done under this Agreement is computed by excluding the first day, and including the last day, unless the last day is a holiday or Saturday or Sunday, and then that day is also excluded. The term "holiday" shall mean all holidays as specified in Sections 6700 and 6701 of the California Government Code.

714. Legal Advice. Each party represents and warrants to the other the following: they have carefully read this Agreement, and in signing this Agreement, they do so with full knowledge of any right which they may have; they have received independent legal advice from their respective legal counsel as to the matters set forth in this Agreement, or have knowingly chosen not to consult legal counsel as to the matters set forth in this Agreement; and, they have freely signed this Agreement without any reliance upon any agreement, promise, statement or representation by or in behalf of the other party, or their respective agents, employees, or attorneys, except as specifically set forth in this Agreement, and without duress or coercion, whether economic or otherwise.

715. Time of Essence. Time is expressly made of the essence with respect to the performance by the Agency and the Developer of each and every obligation and condition of this Agreement.

716. Cooperation. Each party agrees to cooperate with the other in this transaction and, in that regard, shall execute any and all documents which may be reasonably necessary, helpful or appropriate to carry out the purposes of this Agreement.

717. Conflicts of Interest. No member, official or employee of the Agency shall have any personal interest, direct or indirect, in this Agreement, nor shall any such member, official or employee participate in any decision relating to the Agreement which affects his personal interests or the interests of any corporation, partnership or association in which he is directly or indirectly interested.

718. Developer's Indemnity. The Developer shall indemnify, defend (with counsel reasonably acceptable to the Agency), protect and hold the Agency and the City, and their officers, employees, agents and representatives, harmless from, all third-party claims, demands, damages, defense costs or liability of any kind or nature relating to the development of the Project, including damages to property or injuries to persons, accidental death, and reasonable attorneys' fees and costs, which may be caused by any of the Developer's activities under this Agreement, whether such activities or performance thereof be by the Developer or by anyone directly or indirectly employed or contracted with by the Developer and whether such damage shall accrue or be discovered before or after termination of this Agreement. The Developer's indemnity obligations under this Section shall not extend to claims, demands, damages, defense costs or liability for property damage, bodily injury or death to the extent occasioned by the active negligence or willful misconduct of the Agency or the City, or its or their officers, employees, agents or representatives.

719. Nonliability of Officials and Employees of the Agency. No elected, official, officer or employee of the Agency or the City shall be personally liable to the Developer, or any successor in interest, in the event of any Default or breach by the Agency (or the City) or for any amount which may become due to the Developer or its successors, or on any obligations under the terms of this Agreement. The Developer hereby waives and releases any claim it may have against the elected officials, officers or employees of the Agency and the City with respect to any Default or breach by the Agency (or the City) or for any amount which may become due to the Developer or its successors, or on any obligations under the terms of this Agreement. The Developer makes such release with full knowledge of Civil Code Section 1542 and hereby waives any and all rights thereunder to the extent of this release, if such Section 1542 is applicable. Section 1542 of the Civil Code provides as follows:

> "A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor."

Developer's Initials

720. Estoppel Certificates. Upon request of Developer, Agency shall deliver to the Developer, or its lenders, partners, tenants, and any of their respective successors and assigns, in form and substance reasonably acceptable to Developer, an estoppel certificate confirming the continued existence of this Agreement, that there are no defaults under this Agreement or if any such defaults are claimed to exist, listing same with particularity, describing the remaining items to be completed by the Developer pursuant to this Agreement, certifying as to the completeness of this Agreement and any amendments, that the addressee may rely upon this certificate, and such other matters as may reasonably be requested by the Developer. The Developer shall draft

or cause to be drafted any estoppel certificate in a form that is reasonably acceptable to the Agency. The Agency's approval of an estoppel certificate shall not be unreasonably withheld. The Executive Director of the Agency may execute any such estoppel certificate without further authorization from the Agency.

721. Agency Approvals and Actions. The Agency shall maintain authority of this Agreement and the authority to implement this Agreement through the Agency's Executive Director (or his duly authorized representative). The Agency's Executive Director, or designee shall have the authority to make approvals, issue interpretations, execute documents, waive provisions, and/or enter into certain amendments of this Agreement on behalf of the Agency so long as such actions do not materially or substantially change the uses or development permitted on the Site, or add to the costs incurred or to be incurred by the Agency as specified herein, and such approvals, interpretations, waivers and/or amendments may include extensions of time to perform as specified in the Schedule of Performance. All other material and/or substantive interpretations, waivers, or amendments shall require the consideration, action and written consent of the Agency Board.

722. Memorandum of Agreement. Developer and Agency shall execute, and Agency shall cause to be recorded concurrently with Developer's acquisition of the Site, a Memorandum of Agreement, in the form included herewith as Exhibit "G" referencing this Agreement and serving as notice of its existence and contents.

723. Project Sign. Developer agrees to permit the Agency to maintain upon the Site during construction and until the issuance of a Certificate of Completion, a sign which identifies the subject project as an Agency assisted activity; provided, however, that the design, content, size and location of such sign shall be subject to the reasonable approval of Developer. Developer shall have the right to relocate such sign from time to time.

724. Groundbreaking and Completion Ceremonies. To ensure proper protocol and recognition of Agency Board/City Council members, Developer shall cooperate (without any additional costs or expense to Developer) with Agency/City staff in the organization of any project-related groundbreakings, completion ceremony or any other such inaugural events/ceremonies sponsored by Developer celebrating the development which is the subject of this Agreement, provided such events do not unreasonably interfere with Developer's construction of the Improvements.

[Signatures on the Following Page]

THE AGENCY

By:_____
Jon Harrison, Chairperson
Redevelopment Agency for the
City of Redlands

THE DEVELOPER

REDLANDS LAND HOLDING L.L.C.,
a Delaware limited liability company

By: Redlands Land Acquisition Company LP,
a Delaware limited partnership,
its sole member

By: Redlands Land Acquisition L.L.C.,
a Delaware limited liability company,
its general partner

By:_____
Name:_____
Title:_____

ATTEST:

By:_____
Lorrie Poyzer, Secretary
Redevelopment Agency for the
City of Redlands

APPROVED AS TO FORM:

By:_____
Delmar Williams, Agency Special Counsel
Best, Best & Krieger

EXHIBIT "A"

Legal Description of the Site

(See Attached)

EXHIBIT "A"

LEGAL DESCRIPTION

PER FIRST AMERICAN TITLE INSURANCE COMPANY COMMITMENT NO.: NCS-277486RIV, DATED JANUARY 23, 2007:

THE LAND REFERRED TO IN THIS COMMITMENT IS SITUATED IN THE CITY OF REDLANDS, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

PARCEL A:
LOTS 35, 36, 37 AND THE SOUTH 40 FEET OF LOT 38, ROGERS TERRACE TRACT NO. 2083, IN THE CITY OF REDLANDS, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 30, PAGE 28 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL B:
THE SOUTHERLY 73? FEET OF THE WEST 154 OF THAT PORTION OF THE WEST ½ OF THE EAST ½ OF THE NORTH ½ OF LOT 27, BLOCK 77, RANCHO SAN BERNARDINO, LYING NORTH OF THE NORTH LINE OF STUART AVENUE, AS CONVEYED TO THE CITY OF REDLANDS, AS PER DEED RECORDED JANUARY 27,1905 AS INSTRUMENT NO. 33, IN BOOK 358, PAGE 91 OF DEEDS IN THE CITY OF REDLANDS, AS PER PLAT RECORDED IN BOOK 7 OF MAPS, PAGE 2, RECORDS OF SAID COUNTY.

EXCEPT THAT PORTION CONVEYED TO THE STATE OF CALIFORNIA, BY DEED RECORDED APRIL 11, 1960, IN BOOK 5107, PAGE 587, OFFICIAL RECORDS.

ALSO EXCEPTING THEREFROM THAT PORTION CONDEMNED TO THE STATE OF CALIFORNIA FOR HIGHWAY PURPOSES BY FINAL ORDER OF CONDEMNATION A CERTIFIED COPY OF WHICH RECORDED JUNE 27,1991 AS INSTRUMENT NO. 91-242077, OFFICIAL RECORDS.

PARCEL C:
THAT PORTION OF THE WEST 1/2 OF THE EAST 1/2 OF THE NORTH ½ OF LOT 27, BLOCK 77, RANCHO SAN BERNARDINO, AS PER PLAT RECORDED IN BOOK 7 OF MAPS, PAGE 2, RECORDS OF SAID COUNTY, LYING NORTHERLY OF THE NORTH LINE OF STUART AVENUE, AS CONVEYED TO THE CITY OF REDLANDS, BY DEED RECORDED JANUARY 27,1905 AS INSTRUMENT NO. 33, IN BOOK 358, PAGE 91 OF DEEDS AND LYING SOUTHERLY OF THE SOUTHERLY LINE OF THAT PORTION OF THE STATE HIGHWAY AS CONVEYED TO THE STATE OF CALIFORNIA, BY FINAL ORDER OF CONDEMNATION, RECORDED JULY 22, 1961 IN BOOK 5488 PAGE 135 OF OFFICIAL RECORDS.

EXCEPTING THEREFROM THE WESTERLY 154 FEET.

ALSO EXCEPTING THEREFROM THAT PORTION CONDEMNED TO THE STATE OF CALIFORNIA FOR HIGHWAY PURPOSES BY FINAL ORDER OF CONDEMNATION, A CERTIFIED COPY OF WHICH RECORDED JUNE 27,1991 AS INSTRUMENT NO. 91-242077, OFFICIAL RECORDS.

PARCEL D:
THAT PORTION OF THE EAST 1/2 OF THE EAST 1/2 OF THE NORTH ½ OF LOT 27, BLOCK 77, RANCHO SAN BERNARDINO, IN THE CITY OF REDLANDS, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER PLAT RECORDED IN BOOK 7 OF MAPS, PAGE 2, RECORDS OF SAID COUNTY, LYING SOUTH OF THE STATE HIGHWAY, AS CONVEYED TO THE STATE OF CALIFORNIA BY DEED RECORDED DECEMBER 11, 1961 IN BOOK 5607, PAGE 40, OFFICIAL RECORDS.

EXCEPT THEREFROM ANY PORTION EMBRACED WITHIN THE LINES OF BLOCK "I", OF FAIRBANKS AND WILSONS' SUBDIVISION, AS PER PLAT RECORDED IN BOOK 4 OF MAPS, PAGE 47, RECORDS OF SAID COUNTY.

ALSO EXCEPTING THEREFROM THAT PORTION CONVEYED TO THE CITY OF REDLANDS BY DEED RECORDED FEBRUARY 28,1905, IN BOOK 336, PAGE 211 OF DEEDS RECORDS OF SAID COUNTY.

ALSO EXCEPTING THAT PORTION CONVEYED TO THE CITY OF REDLANDS RECORDED AUGUST 7, 1972 IN BOOK 7983, PAGE 831, OFFICIAL RECORDS, AND RECORDED JANUARY 5, 1973 IN BOOK 8094, PAGE 1073, OFFICIAL RECORDS.

ALSO EXCEPTING ANY PORTION WITHIN STUART AVENUE, 80 FEET WIDE.

ALSO EXCEPTING THEREFROM THAT PORTION CONDEMNED TO THE STATE OF CALIFORNIA FOR HIGHWAY PURPOSES BY FINAL ORDER OF CONDEMNATION, A CERTIFIED COPY OF WHICH RECORDED JUNE 27, 1991 AS INSTRUMENT NO. 91-242078, OFFICIAL RECORDS.

PARCEL E:
LOTS 39 AND 40, TRACT NO. 2083, IN THE CITY OF REDLANDS, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 30, PAGE 28 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL F:
LOT 41 AND THAT PORTION OF LOT 42 OF ROGERS TERRACE, TRACT 2083, AS SHOWN ON MAP RECORDED IN BOOK 30 OF MAPS, PAGE 28, RECORDS OF SAID COUNTY, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHEASTERLY CORNER OF SAID LOT 42; THENCE NORTH 35°14'48" WEST 33.20 FEET; THENCE NORTH 84°56'45" WEST 117.49 FEET TO A POINT IN THE WESTERLY LINE OF SAID LOT, DISTANT ALONG SAID WESTERLY LINE NORTH 0°20'47" WEST 57.84 FEET FROM THE SOUTHWESTERLY CORNER OF SAID LOT; THENCE ALONG SAID WESTERLY LINE SOUTH 0°20'47" EAST 57.84 FEET TO SAID SOUTHWESTERLY CORNER; THENCE ALONG THE SOUTHERLY LINE OF SAID LOT, NORTH 89°38'13" EAST TO THE POINT OF BEGINNING.

EXCEPTING THEREFROM ALL MINERALS, OILS, GASES AND OTHER HYDROCARBONS BY WHATSOEVER NAME KNOWN THAT MAY BE WITHIN OR UNDER THE PARCEL OF LAND HEREIN ABOVE DESCRIBED, WITHOUT, HOWEVER, THE RIGHT TO DRILL, DIG OR MINE THROUGH THE SURFACE THEREOF; AS EXCEPTED IN THE DEED FROM THE STATE OF CALIFORNIA RECORDED FEBRUARY 8, 1963 IN BOOK 5847, PAGE 322, OFFICIAL RECORDS.

PARCEL G:
LOT 34 OF ROGERS TERRACE TRACT NO. 2083, IN THE CITY OF REDLANDS, COUNTY SAN BERNARDINO, STATE OF CALIFORNIA, AS PER PLAT RECORDED IN BOOK 30 OF MAPS, PAGE 28, RECORDS OF SAID COUNTY.

TOGETHER WITH THAT CERTAIN PARCEL ONE LAND, FORMERLY CONSTITUTING AN ALLEY, ADJOINING SAID LOT 34 ON THE SOUTH NOW CLOSED, BEING A STRIP OF LAND 10 FEET WIDE AND 120 FEET IN LENGTH, SAID ALLEY NOW CLOSED RAN IN AN EAST-WEST DIRECTION.

PARCEL H:
LOTS 31, 32 AND 33 OF TRACT NO. 2083, ROGERS TERRACE, IN THE CITY OF REDLANDS, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER PLAT RECORDED IN BOOK 30, PAGE 28 OF MAPS, RECORDS OF SAID COUNTY.

EXCEPTING THEREFROM THAT PORTION AS CONVEYED BY DEED TO THE CITY OF REDLANDS RECORDED MAY 11, 1960 IN BOOK 5133, PAGE 439 OF OFFICIAL RECORDS OF SAID COUNTY.

PARCEL I:
THE WEST 45 FEET OF THAT PORTION OF THE WEST HALF OF THE EAST HALF OF THE NORTH HALF OF THE WEST HALF OF THE NORTHEAST QUARTER OF THE SOUTH HALF OF LOT 27 IN BLOCK 77 OF RANCHO SAN BERNARDINO, IN THE CITY OF REDLANDS, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER PLAT RECORDED IN BOOK 7 OF MAPS, PAGE 2 RECORDS OF SAID COUNTY, DESCRIBED AS FOLLOWS: BEGINNING 15 FEET SOUTH OF THE NORTHWEST CORNER OF LOT TEN (10) IN BLOCK "I", OF FAIRBANKS AND WILSON SUBDIVISION, AS PER PLAT RECORDED IN BOOK 4 OF MAPS, PAGE 47, RECORDS OF SAID COUNTY, THENCE SOUTH 161.8 FEET MORE OR LESS, TO THE NORTH LINE OF THE RIGHT OF WAY OF THE CALIFORNIA CENTRAL RAILWAY; THENCE WEST 330 FEET; THENCE NORTH 161.8 FEET, MORE OR LESS, TO STUART AVENUE; THENCE EAST 330 FEET TO THE POINT OF BEGINNING.

PARCEL J:
THE EAST 30 FEET OF THE WEST 75 FEET OF THE FOLLOWING DESCRIBED PROPERTY:

THAT PORTION OF THE WEST ½ OF THE EAST ½ OF THE NORTH ½, AND THE WEST ½ OF THE NORTHEAST ¼ OF THE SOUTH ½ OF LOT 27, BLOCK 77, RANCHO SAN BERNARDINO, IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER PLAT RECORDED IN BOOK 7 OF MAPS, PAGE 2, RECORDS OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING 15 FEET SOUTH OF THE NORTHWEST CORNER OF LOT 10, BLOCK "I" OF FAIRBANK AND WILSON'S SUBDIVISION, AS PER PLAT RECORDED IN BOOK 4 OF MAPS, PAGE 47, RECORDS OF SAID COUNTY; THENCE SOUTH 161.8 FEET, MORE OR LESS, TO THE NORTH LINE OF THE RIGHT OF WAY OF THE CALIFORNIA CENTRAL RAILWAY; THENCE WEST 330 FEET; THENCE NORTH 161.8 FEET, MORE OR LESS, TO THE SOUTH LINE OF STUART AVENUE; THENCE EAST 330 FEET TO THE POINT OF BEGINNING.

PARCEL K:
THE 30 FEET ADJOINING ON THE EAST AND WEST 75 FEET OF THE FOLLOWING DESCRIBED PROPERTY:

BEGINNING 15 FEET SOUTH OF THE NORTHWEST CORNER OF LOT 10, IN BLOCK I, OF FAIRBANKS AND WILSON'S SUBDIVISION OF A PART OF LOTS 27 AND 28, IN BLOCK 77, RANCHO SAN BERNARDINO, IN THE CITY OF REDLANDS, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER PLAT RECORDED IN BOOK 4, PAGE 47 OF MAPS, RECORDS OF SAID COUNTY;

THENCE, SOUTH 161.8 FEET, MORE OR LESS TO THE NORTH LINE OF THE RIGHT OF WAY OF THE CALIFORNIA CENTRAL RAILWAY;

THENCE WEST 330 FEET;

THENCE NORTH 161.8 FEET, MORE OR LESS, TO STUART AVENUE;

THENCE EAST 330 FEET TO THE PLACE OF BEGINNING BEING A PORTION OF THE WEST ½ OF THE EAST ½ OF THE NORTH ½ AND THE WEST ½ OF THE NORTHEAST ¼ OF THE SOUTH ½ OF LOT 27, IN BLOCK 77, RANCHO SAN BERNARDINO, IN THE CITY OF REDLANDS, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER PLAT RECORDED IN BOOK 7 PAGE 2, OF MAPS, RECORDS OF SAID COUNTY

PARCEL L:
THAT PORTION OF LOT 27, IN BLOCK 77, RANCHO SAN BERNARDINO, IN THE CITY OF REDLANDS, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS SHOWN ON A MAP RECORDED IN BOOK 2, PAGE 7, OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE SOUTH LINE OF WEST STUART AVENUE 195 FEET WEST OF THE NORTHWEST CORNER OF LOT 10, BLOCK "I" OF FAIRBANKS AND WILSON'S SUBDIVISION, AS PER PLAT THEREOF OF RECORD IN BOOK 4 PAGE 47, OF MAPS, RECORDS OF SAN BERNARDINO COUNTY.

THENCE SOUTH TO THE NORTH LINE OF THE RIGHT OF WAY OF THE CALIFORNIA CENTRAL RAILWAY;

THENCE WEST ALONG THE NORTH LINE OF SAID RIGHT OF WAY 30 FEET;

THENCE NORTH TO THE SOUTH LINE OF SAID WEST STUART AVENUE;

THENCE EAST 30 FEET TO THE POINT OF BEGINNING.

PARCEL M:
THE 30 FEET ADJOINING ON THE EAST OF THE WEST 135 FEET OF THE FOLLOWING DESCRIBED PROPERTY,

BEGINNING 15 FEET SOUTH OF THE NORTHWEST CORNER OF LOT 10, BLOCK "I", FAIRBANK'S AND WILSON'S SUBDIVISION OF A PART OF LOTS 27 AND 28, BLOCK 77, RANCHO SAN BERNARDINO, IN THE CITY OF REDLANDS, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER PLAT RECORDED IN BOOK 7 OF MAPS, PAGE 47, RECORDS OF SAID COUNTY, THENCE SOUTH 161.8 FEET, MORE OR LESS, TO THE NORTH LINE OF THE RIGHT OF WAY OF THE CALIFORNIA CENTRAL RAILWAY; THENCE WEST 330 FEET; THENCE NORTH 161.8 FEET, MORE OR LESS, TO STUART AVENUE; THENCE EAST 330 FEET TO THE PLACE OF BEGINNING, BEING A PORTION OF THE WEST ½ OF THE EAST ½ OF THE NORTH ½, AND THE WEST ½ OF THE NORTHEAST ¼ OF THE SOUTH ½ OF LOT 27, BLOCK 77, SAN BERNARDINO, IN THE CITY OF REDLANDS, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER PLAT RECORDED IN BOOK 7 OF MAPS, PAGE 2, RECORDS OF SAID COUNTY.

PARCEL N:
THAT PORTION OF WEST ½ OF THE EAST ½ OF THE NORTH ½ AND THE WEST ½ OF THE NORTHEAST ¼ OF THE SOUTH ½ OF LOT 27, IN BLOCK 77, RANCHO SAN BERNARDINO, IN THE CITY OF REDLANDS, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS SHOWN ON A MAP RECORDED IN BOOK 2, PAGE 7, OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

THE 30 FEET ADJOINING ON THE EAST OF THE WEST 165 FEET OF THE FOLLOWING DESCRIBED PROPERTY.

BEGINNING 15 FEET SOUTH OF THE NORTHWEST CORNER OF LOT 10, IN BLOCK I, OF FAIRBANK'S AND WILSON'S SUBDIVISION OF A PART OF LOTS 27 AND 28, IN BLOCK 77, RANCHO SAN BERNARDINO, IN THE CITY OF REDLANDS, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER PLAT RECORDED IN BOOK 4, PAGE 47 RECORDS OF SAID COUNTY;

THENCE SOUTH 161.8 FEET, MORE OR LESS, TO THE NORTH LINE OF THE RIGHT OF WAY OF THE CALIFORNIA CENTRAL RAILWAY;

THENCE WEST 330 FEET;

THENCE NORTH 161.8 FEET, MORE OR LESS, TO STUART AVENUE;

THENCE EAST 330 FEET TO THE PLACE OF BEGINNING.

PARCEL O:
THE WEST 25 FEET OF THAT PORTION OF WEST ½ OF THE EAST ½ OF THE NORTH 1/2 (NORTH ½) AND THE WEST 1/2 (WEST ½) OF THE NORTHEAST 1/4 (NORTHEAST ¼) OF THE SOUTH ½ OF THE SOUTH 1/2 (SOUTH ½) OF LOT 27, IN BLOCK 77, RANCHO SAN BERNARDINO, IN THE CITY OF REDLANDS, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS SHOWN ON A MAP RECORDED IN BOOK 2, PAGE 7, OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING 15 FEET SOUTH OF THE NORTHWEST CORNER OF LOT 10, IN BLOCK I, OF FAIRBANK'S AND WILSON'S SUBDIVISION RECORDED IN BOOK 4, PAGE 47 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY;

THENCE WEST 115 FEET;

THENCE SOUTH 161.8 FEET, MORE OR LESS, TO THE NORTH LINE OF THE RIGHT OF WAY OF THE CALIFORNIA CENTRAL RAILWAY;

THENCE EAST 115 FEET;

THENCE NORTH 161.8 FEET, MORE OR LESS TO THE POINT OF BEGINNING.

PARCEL P:
THE WEST 45 FEET OF THE EAST 90 FEET OF THAT PORTION OF WEST HALF OF THE EAST HALF OF THE NORTH HALF AND THE WEST HALF OF THE NORTHEAST QUARTER OF THE SOUTH HALF OF LOT 27, IN BLOCK 77, RANCHO SAN BERNARDINO, IN THE CITY OF REDLANDS, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER PLAT RECORDED IN BOOK 7 PAGE 2 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING 15 FEET SOUTH OF THE NORTHWEST CORNER OF LOT 10, IN BLOCK I OF FAIRBANKS AND WILSONS SUBDIVISION IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER PLAT RECORDED IN BOOK 4 PAGE 47 OF MAPS, RECORDS OF SAID COUNTY;

THENCE WEST 115 FEET;

THENCE SOUTH 161.8 FEET MORE OR LESS, TO THE NORTH LINE OF THE RIGHT OF WAY OF THE CALIFORNIA CENTRAL RAILROAD;

THENCE EAST 115 FEET;

THENCE NORTH 161.8 FEET, MORE OR LESS, TO THE POINT OF BEGINNING.

EXCEPTING THEREFROM THE NORTHERLY 5 FEET.

PARCEL Q:
THE EAST 45 FEET OF THAT PORTION OF THE WEST ½ OF THE EAST ½ OF THE NORTH ½ AND THE WEST ½ OF THE NORTHEAST ¼ OF THE SOUTH ½ OF THE LOT 27, BLOCK 77, RANCHO SAN BERNARDINO, IN THE CITY OF REDLANDS, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER PLAT RECORDED IN BOOK 7 OF MAPS IN THE OFFICE OF THE RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING 15 FEET SOUTH OF THE NORTHWEST CORNER OF LOT 10, IN BLOCK "I" OF FAIRBANKS AND WILSON SUBDIVISION IN BOOK 4, PAGE 47 OF MAPS; THENCE WEST 115 FEET; THENCE SOUTH 161.8 FEET, MORE OR LESS, TO THE NORTH LINE OF THE RIGHT OF WAY OF THE CALIFORNIA CENTRAL RAILWAY; THENCE EAST 115 FEET; THENCE NORTH 161.8 FEET, MORE OR LESS, TO THE POINT OF BEGINNING.

PARCEL R:
LOTS 1, 2, 3, 4, 5, 6 AND 7, BLOCK "I" OF FAIRBANKS AND WILSON SUBDIVISION, IN THE CITY OF REDLANDS, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER PLAT RECORDED IN BOOK 4 OF MAPS, PAGE 47, RECORDS OF SAID COUNTY.

EXCEPTING THE NORTH 15 FEET FOR ROAD PURPOSES.

ALSO EXCEPTING THAT PORTION OF LOT 1, BLOCK "I" OF FAIRBANKS AND WILSON'S SUBDIVISION, DESCRIBED AS FOLLOWS:

BEGINNING ON THE EAST LINE OF SAID LOT 1, DISTANT ALONG SAID EAST LINE, BEING ALSO THE WEST LINE OF EUGENIA STREET, 60 FEET WIDE, AS SHOWN ON SAID MAP (KNOWN ALSO AS FIRST STREET), NORTH 0° 18' 11" WEST, 43.01 FEET FROM THE SOUTHEAST CORNER OF SAID LOT 1; THENCE ALONG SAID EAST LINE, NORTH 0° 18' 11" WEST, 108.86 FEET TO THE SOUTH LINE OF SAID STUART AVENUE, 60 FEET WIDE, AS SHOWN BY TRACT NO. 2083, AS PER PLAT RECORDED IN BOOK 30 OF MAPS, PAGE 28, RECORDS OF SAID COUNTY; THENCE ALONG SAID SOUTH LINE, SOUTH 89° 41' 29" WEST, 54.83 FEET; THENCE ALONG A NONTANGENT CURVE CONCAVE SOUTHWESTERLY WITH A RADIUS OF 25 FEET FROM A TANGENT BEARING NORTH 89° 41' 29" EAST THROUGH AN ANGLE OF 83° 50' 04", A DISTANCE OF 36.58 FEET; THENCE SOUTH 6° 28' 27" EAST, 44.82 FEET; THENCE ALONG A TANGENT CURVE CONCAVE WESTERLY WITH A RADIUS OF 375 FEET THROUGH AN ANGLE OF 6° 10' 16", A DISTANCE OF 40.39 FEET TO THE POINT OF BEGINNING.

TOGETHER WITH UNDERLYING FEE INTEREST, IF ANY, APPURTENANT TO THE ABOVE DESCRIBED PROPERTY, IN AND TO THE ADJOINING PUBLIC WAY (STUART STREET AND EUGENIA STREET).

PARCEL S:
ALL OF LOT 10 AND THE WEST 22 FEET OF LOT 9, BLOCK I, FAIRBANKS & WILSON SUBDIVISION, IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 4, PAGE 47 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

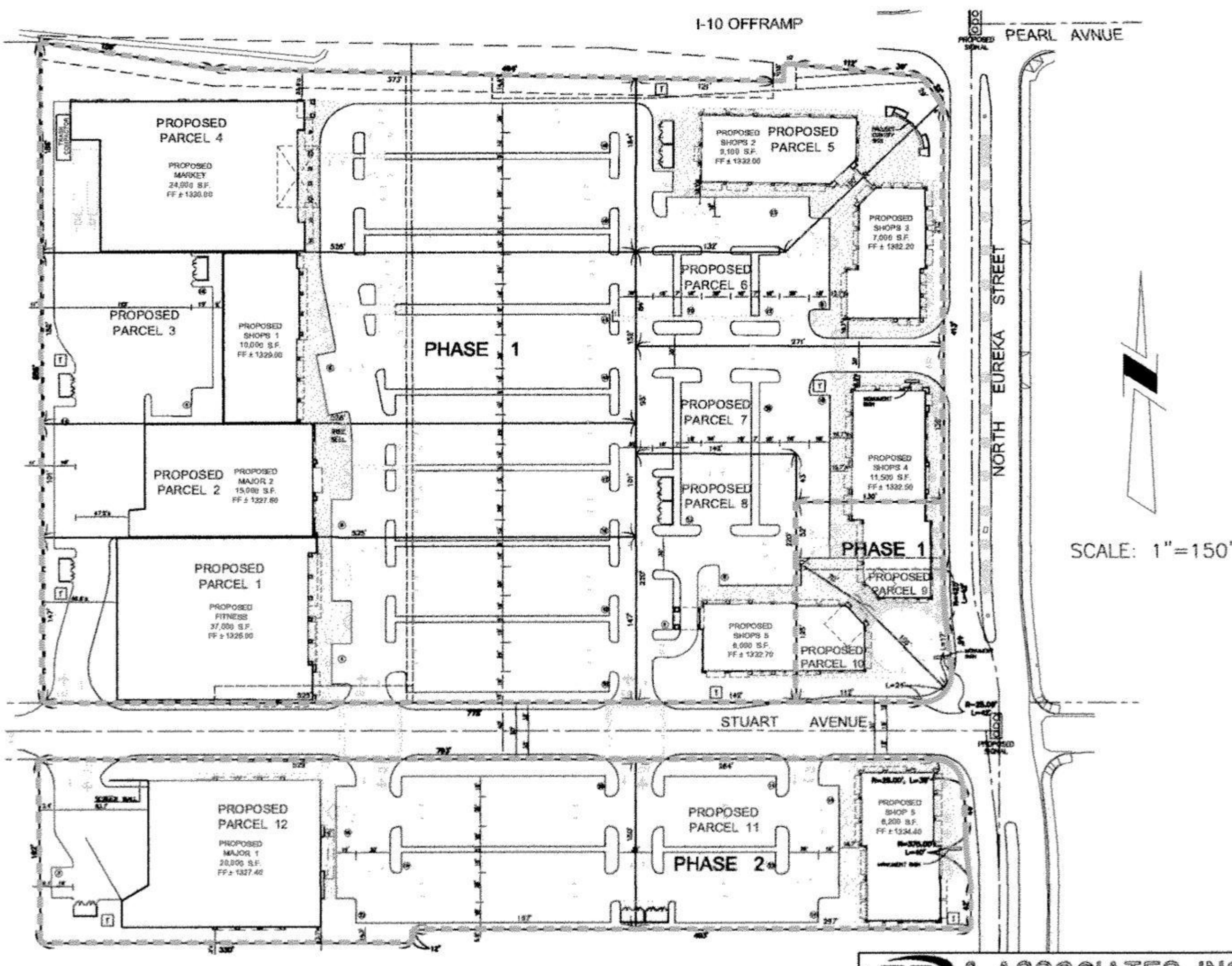
EXCEPT THE NORTH 15 FEET AS CONVEYED TO THE CITY OF REDLANDS BY DEED RECORDED JANUARY 27, 1905 IN BOOK 358 PAGE 91 OF DEEDS.

PARCEL T:
THE EAST 40 FEET OF LOT 8, IN BLOCK "I" OF FAIRBANKS AND WILSON SUBDIVISION, IN THE CITY OF REDLANDS, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 4, PAGE 47 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THE NORTH 15 FEET AS CONVEYED TO THE CITY OF REDLANDS BY DEED RECORDED JANUARY 27, 1905 IN BOOK 358 PAGE 91 OF DEEDS.

PARCEL U:
THE EAST 28 FEET OF LOT 9 AND THE WESTERLY 10 FEET OF LOT 8, BLOCK "I" OF FAIRBANKS AND WILSON'S SUBDIVISION OF A PART OF LOTS 27 AND 28 IN BLOCK 77, RANCHO SAN BERNARDINO, IN THE CITY OF REDLANDS, COUNTY SAN BERNARDINO, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 4, PAGE 47 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THE NORTH 15 FEET AS CONVEYED TO THE CITY OF REDLANDS BY DEED RECORDED JANUARY 27, 1905 IN BOOK 358 PAGE 91 OF DEEDS.



TAIT & ASSOCIATES INC.
701 PARKCENTER DRIVE, SANTA ANA, CALIFORNIA 92705
TEL. (714) 560-8200

Jul 18, 2007 – 4:28pm by LBui K:\Drawings\SP\SP5820\Survey\Office\Exhibit\Owners Exhibits\SP5820ex.dwg

EXHIBIT "A-1"

Legal Description of the Developer Parcel

(See Attached)

EXHIBIT "A - 1"

LEGAL DESCRIPTION

PER FIRST AMERICAN TITLE INSURANCE COMPANY COMMITMENT NO.: NCS-272488RR; DATED JANUARY 23, 2007:

THE LAND REFERRED TO IN THIS COMMITMENT IS SITUATED IN THE CITY OF REDLANDS, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

PARCEL A:
LOTS 35, 36, 37 AND THE SOUTH 40 FEET OF LOT 38, POSCEPTS TERRACE, TRACT NO. 2083, IN THE CITY OF REDLANDS, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 30, PAGE 28 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL B:
THE SOUTHERLY 231 FEET OF THE WEST 154 OF THAT PORTION OF THE WEST ½ OF THE EAST ½ OF THE NORTH ½ OF LOT 27, BLOCK 77, RANCHO SAN BERNARDINO, LYING NORTH OF THE NORTH LINE OF STUART AVENUE, AS CONVEYED TO THE CITY OF REDLANDS, BY DEED RECORDED JANUARY 17, 1905 AS INSTRUMENT NO. 33, IN BOOK 396, PAGE 84 OF DEEDS, AND LYING SOUTHERLY OF THE SOUTHERLY LINE OF THAT PORTION OF THE STATE HIGHWAY AS CONVEYED TO THE STATE OF CALIFORNIA BY FINAL ORDER OF CONDEMNATION, RECORDED JULY 20, 1961 IN BOOK 5488 PAGE 130 OF OFFICIAL RECORDS.

EXCEPTING THEREFROM THE WESTERLY 154 FEET.

ALSO EXCEPTING THEREFROM THAT PORTION CONDEMNED TO THE STATE BY CALIFORNIA FOR HIGHWAY PURPOSES BY FINAL DECREE OF CONDEMNATION, A CERTIFIED COPY OF WHICH RECORDED JUNE 27,1991 AS INSTRUMENT NO. 91-242077, OFFICIAL RECORDS.

PARCEL C:
THAT PORTION OF THE WEST 1/2 OF THE EAST 1/2 OF THE NORTH ½ OF LOT 27, BLOCK 77, RANCHO SAN BERNARDINO, AS PER PLAT RECORDED IN BOOK 7 OF MAPS, PAGE 2, RECORDS OF SAID COUNTY, LYING NORTHERLY OF THE NORTH LINE OF STUART AVENUE, AS CONVEYED TO THE CITY OF REDLANDS, BY DEED RECORDED JANUARY 17, 1905 AS INSTRUMENT NO. 33, IN BOOK 396, PAGE 84 OF DEEDS, AND LYING SOUTHERLY OF THE SOUTHERLY LINE OF THAT PORTION OF THE STATE HIGHWAY AS CONVEYED TO THE STATE OF CALIFORNIA BY FINAL DECREE OF CONDEMNATION, RECORDED JULY 20, 1961 IN BOOK 5488 PAGE 130 OF OFFICIAL RECORDS.

EXCEPTING THEREFROM THE WESTERLY 154 FEET.

ALSO EXCEPTING THEREFROM THAT PORTION CONDEMNED TO THE STATE BY CALIFORNIA FOR HIGHWAY PURPOSES BY FINAL DECREE OF CONDEMNATION, A CERTIFIED COPY OF WHICH RECORDED JUNE 27,1991 AS INSTRUMENT NO. 91-242077, OFFICIAL RECORDS.

PARCEL D:
THAT PORTION OF THE EAST 1/2 OF THE EAST 1/2 OF THE NORTH ½ OF LOT 27, BLOCK 77, RANCHO SAN BERNARDINO, IN THE CITY OF REDLANDS, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER PLAT RECORDED IN BOOK 7 OF MAPS, PAGE 2, RECORDS OF SAID COUNTY, LYING SOUTH OF THE STATE HIGHWAY, AS CONVEYED TO THE STATE OF CALIFORNIA BY DEED RECORDED DECEMBER 11, 1961 IN BOOK 5687, PAGE 40, OFFICIAL RECORDS.

EXCEPT THEREFROM ANY PORTION EMBRACED WITHIN THE LINES OF BLOCK "I" OF FAIRMAVE AND WILSONS SUBDIVISION, AS PER PLAT RECORDED IN BOOK 4 OF MAPS, PAGE 47, RECORDS OF SAID COUNTY.

ALSO EXCEPTING THEREFROM THAT PORTION CONVEYED TO THE CITY OF REDLANDS BY DEED RECORDED FEBRUARY 28,1929, IN BOOK 356, PAGE 211 OF DEEDS RECORDS OF SAID COUNTY.

ALSO EXCEPTING THAT PORTION CONVEYED TO THE CITY OF REDLANDS RECORDED AUGUST 7, 1972 IN BOOK 7053, PAGE 831, OFFICIAL RECORDS AND RECORDED JANUARY 5, 1973 IN BOOK 8084, PAGE 1073, OFFICIAL RECORDS.

ALSO EXCEPTING ANY PORTION WITHIN STUART AVENUE, 50 FEET WIDE.

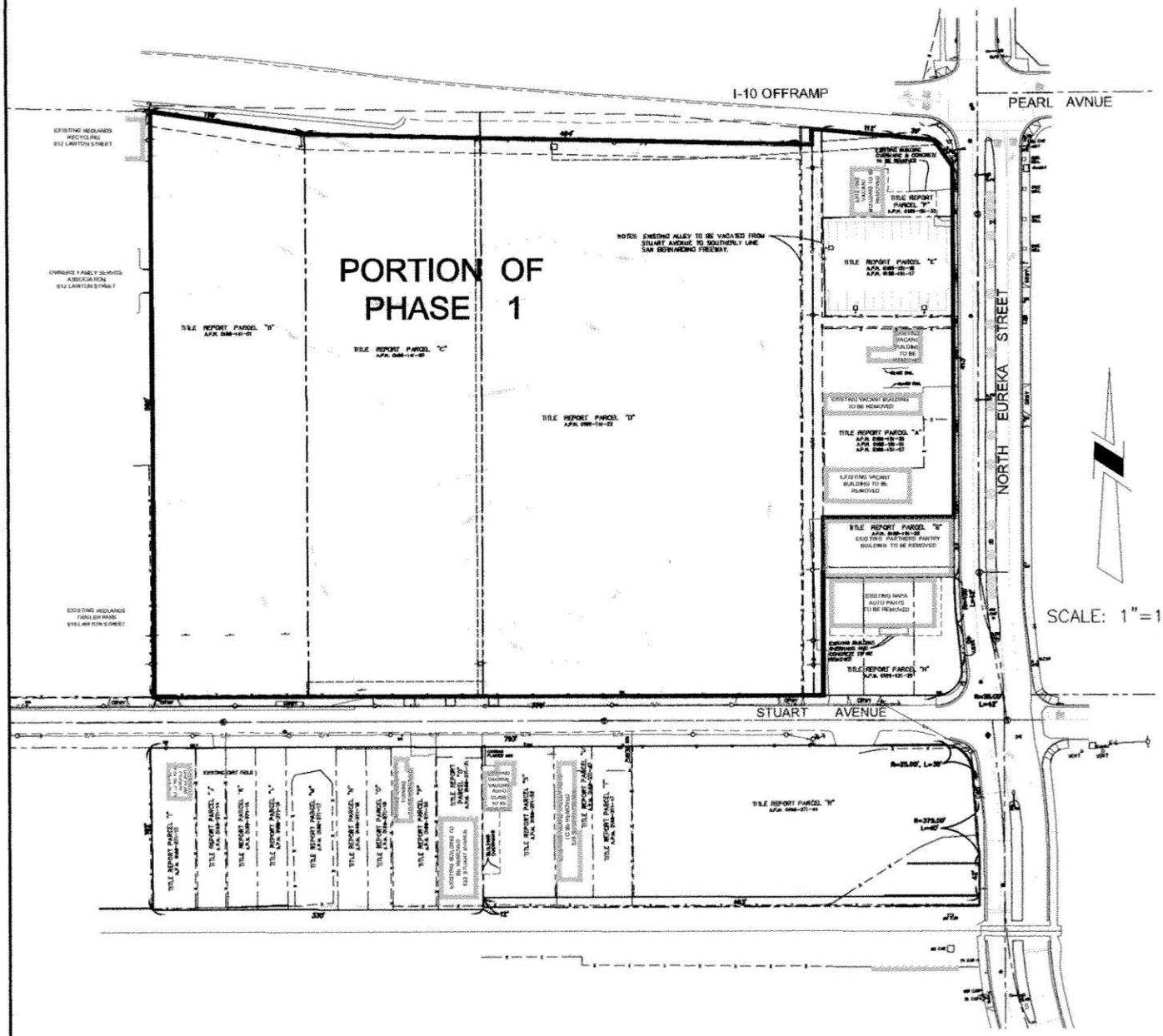
ALSO EXCEPTING THEREFROM THAT PORTION CONDEMNED TO THE STATE OF CALIFORNIA FOR HIGHWAY PURPOSES BY FINAL DECREE OF CONDEMNATION, A CERTIFIED COPY OF WHICH RECORDED JUNE 27, 1991 AS INSTRUMENT NO. 91-242078, OFFICIAL RECORDS.

PARCEL E:
LOTS 39 AND 40, TRACT NO. 2083, IN THE CITY OF REDLANDS, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 30, PAGE 28 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL F:
LOT 41 AND THAT PORTION OF LOT 42 OF POSCEPTS TERRACE, TRACT 2083, AS SHOWN ON MAP RECORDED IN BOOK 30 OF MAPS, PAGE 28, RECORDS OF SAID COUNTY, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWESTERLY CORNER OF SAID LOT 42; THENCE NORTH 35°14'40" WEST 33.20 FEET; THENCE NORTH 84°56'45" WEST 111.46 FEET TO A POINT IN THE WESTERLY LINE OF SAID LOT, DISTANT ALONG SAID WESTERLY LINE NORTH 0°00'47" WEST 37.04 FEET FROM THE SOUTHWESTERLY CORNER OF SAID LOT; THENCE ALONG SAID WESTERLY LINE SOUTH 0°00'47" EAST 37.04 FEET TO SAID SOUTHWESTERLY CORNER; THENCE ALONG THE SOUTHERLY LINE OF SAID LOT, NORTH 89°26'15" EAST TO THE POINT OF BEGINNING.

EXCEPTING THEREFROM ALL MINERALS, OILS, GASES AND OTHER HYDROCARBONS BY WHATSOEVER NAME KNOWN THAT MAY BE WITHIN OR UNDER THE PARCEL OF LAND HEREIN ABOVE DESCRIBED, WITHOUT, HOWEVER, THE RIGHT TO DRILL OR BORE THROUGH THE SURFACE THEREOF, AS EXCEPTED IN THE DEED FROM THE STATE OF CALIFORNIA RECORDED FEBRUARY 9, 1960 IN BOOK 5847, PAGE 822, OFFICIAL RECORDS.



& ASSOCIATES INC.
701 PARKCENTER DRIVE, SANTA ANA, CALIFORNIA 92705
TEL. (714) 560-8200

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EXHIBIT "A-2"

Legal Description of Non-Owned Parcels in Phase I

(See Attached)

EXHIBIT "A - 2"

LEGAL DESCRIPTION

PER FIRST AMERICAN TITLE INSURANCE COMPANY COMMITMENT NO.: NCS-377438(NH) DATED JANUARY 23, 2007:

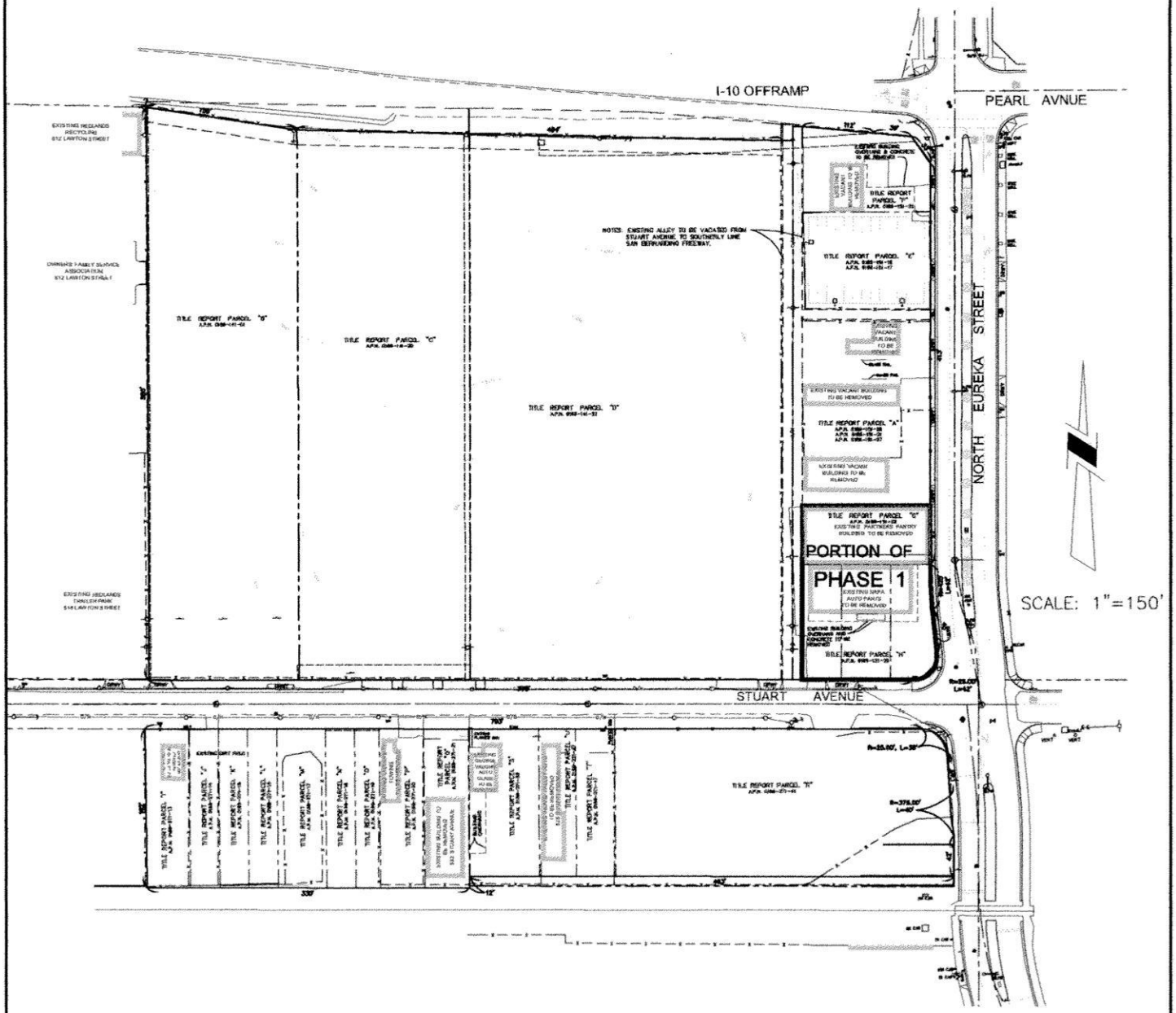
THE LAND REFERRED TO IN THIS COMMITMENT IS SITUATED IN THE CITY OF REDLANDS, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

PARCEL G:
LOT 34 OF ROGERS TERRACE TRACT NO. 2083, IN THE CITY OF REDLANDS, COUNTY SAN BERNARDINO, STATE OF CALIFORNIA, AS PER PLAT RECORDED IN BOOK 30 OF MAPS, PAGE 28, RECORDS OF SAID COUNTY.

TOGETHER WITH THAT CERTAIN PARCEL ONE LAND, FORMERLY CONSTITUTING AN ALLEY, ADJOINING SAID LOT 34 ON THE SOUTH NOW CLOSED, BEING A STRIP OF LAND 10 FEET WIDE AND 120 FEET IN LENGTH, SAID ALLEY NOW CLOSED RUN IN AN EAST-WEST DIRECTION.

PARCEL H:
LOTS 31, 32 AND 33 OF TRACT NO. 2083, ROGERS TERRACE, IN THE CITY OF REDLANDS, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER PLAT RECORDED IN BOOK 30, PAGE 28 OF MAPS, RECORDS OF SAID COUNTY.

EXCEPTING THEREFROM THAT PORTION AS CONVEYED BY DEED TO THE CITY OF REDLANDS RECORDED MAY 11, 1960 IN BOOK 5733, PAGE 439 OF OFFICIAL RECORDS OF SAID COUNTY.



T&R & ASSOCIATES INC.
701 PARKCENTER DRIVE, SANTA ANA, CALIFORNIA 92705
TEL. (714) 560-8200

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EXHIBIT "A-3"

Legal Description of the Phase II Parcels

(See Attached)

EXHIBIT "A - 3"

PARCEL OWN – LEGAL DESCRIPTION

PER FIRST AMERICAN TITLE INSURANCE COMPANY COMMITMENT NO.: NCS-277480RV, DATED JANUARY 23, 2007:

THE LAND REFERRED TO IN THIS COMMITMENT IS SITUATED IN THE CITY OF REDLANDS, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

PARCEL Q:

THE EAST 45 FEET OF THAT PORTION OF THE WEST ½ OF THE EAST ½ OF THE NORTH ½ AND THE WEST ½ OF THE NORTHEAST ¼ OF THE SOUTH ½ OF THE LOT 27, BLOCK 77, RANCHO SAN BERNARDINO, IN THE CITY OF REDLANDS, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER PLAT RECORDED IN BOOK 7 OF MAPS, IN THE OFFICE OF THE RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING 15 FEET SOUTH OF THE NORTHWEST CORNER OF LOT 10, IN BLOCK "F" OF FAIRBANKS AND WILSON SUBDIVISION IN BOOK 4, PAGE 47 OF MAPS; THENCE WEST 115 FEET; THENCE SOUTH 181.8 FEET, MORE OR LESS, TO THE NORTH LINE OF THE RIGHT OF WAY OF THE CALIFORNIA CENTRAL RAILWAY; THENCE EAST 115 FEET; THENCE NORTH 181.8 FEET, MORE OR LESS, TO THE POINT OF BEGINNING.

PARCEL NOT OWN – LEGAL DESCRIPTION

PER FIRST AMERICAN TITLE INSURANCE COMPANY COMMITMENT NO.: NCS-277480RV, DATED JANUARY 23, 2007:

THE LAND REFERRED TO IN THIS COMMITMENT IS SITUATED IN THE CITY OF REDLANDS, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

PARCEL I:
THE WEST 45 FEET OF THAT PORTION OF THE WEST HALF OF THE EAST HALF OF THE NORTH HALF OF THE WEST HALF OF THE NORTHEAST QUARTER OF THE SOUTH HALF OF LOT 27 IN BLOCK 77 OF RANCHO SAN BERNARDINO, IN THE CITY OF REDLANDS, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER PLAT RECORDED IN BOOK 7 OF MAPS, PAGE 2 RECORDS OF SAID COUNTY, DESCRIBED AS FOLLOWS: BEGINNING 15 FEET SOUTH OF THE NORTHWEST CORNER OF LOT TEN (10) IN BLOCK "F", OF FAIRBANKS AND WILSON SUBDIVISION, AS PER PLAT RECORDED IN BOOK 4 OF MAPS, PAGE 47, RECORDS OF SAID COUNTY, THENCE SOUTH 181.8 FEET MORE OR LESS, TO THE NORTH LINE OF THE RIGHT OF WAY OF THE CALIFORNIA CENTRAL RAILWAY, THENCE WEST 330 FEET, THENCE NORTH 181.8 FEET, MORE OR LESS, TO STUART AVENUE, THENCE EAST 330 FEET TO THE POINT OF BEGINNING.

PARCEL J:
THE EAST 30 FEET OF THE WEST 75 FEET OF THE FOLLOWING DESCRIBED PROPERTY:

THAT PORTION OF THE WEST ½ OF THE EAST ½ OF THE NORTH ½, AND THE WEST ½ OF THE NORTHEAST ¼ OF THE SOUTH ½ OF LOT 27, BLOCK 77, RANCHO SAN BERNARDINO, IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER PLAT RECORDED IN BOOK 7 OF MAPS, PAGE 2, RECORDS OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING 15 FEET SOUTH OF THE NORTHWEST CORNER OF LOT 10, BLOCK "F" OF FAIRBANK AND WILSON'S SUBDIVISION, AS PER PLAT RECORDED IN BOOK 4 OF MAPS, PAGE 47, RECORDS OF SAID COUNTY; THENCE SOUTH 181.8 FEET, MORE OR LESS, TO THE NORTH LINE OF THE RIGHT OF WAY OF THE CALIFORNIA CENTRAL RAILWAY; THENCE WEST 330 FEET; THENCE NORTH 181.8 FEET, MORE OR LESS, TO THE SOUTH LINE OF STUART AVENUE; THENCE EAST 330 FEET TO THE POINT OF BEGINNING.

PARCEL K:
THE 30 FEET ADJOINING ON THE EAST AND WEST 75 FEET OF THE FOLLOWING DESCRIBED PROPERTY:

BEGINNING 15 FEET SOUTH OF THE NORTHWEST CORNER OF LOT 10, IN BLOCK F, OF FAIRBANKS AND WILSON'S SUBDIVISION, OF A PART OF LOTS 27 AND 28, IN BLOCK 77, RANCHO SAN BERNARDINO, IN THE CITY OF REDLANDS, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA AS PER PLAT RECORDED IN BOOK 4, PAGE 47 OF MAPS, RECORDS OF SAID COUNTY;

THENCE SOUTH 181.8 FEET, MORE OR LESS TO THE NORTH LINE OF THE RIGHT OF WAY OF THE CALIFORNIA CENTRAL RAILWAY;

THENCE WEST 330 FEET;

THENCE NORTH 181.8 FEET, MORE OR LESS, TO STUART AVENUE;

THENCE EAST 330 FEET TO THE PLACE OF BEGINNING BEING A PORTION OF THE WEST ½ OF THE EAST ½ OF THE NORTH ½ AND THE WEST ½ OF THE NORTHEAST ¼ OF THE SOUTH ½ OF LOT 27, IN BLOCK 77, RANCHO SAN BERNARDINO, IN THE CITY OF REDLANDS, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER PLAT RECORDED IN BOOK 7 PAGE 2, OF MAPS, RECORDS OF SAID COUNTY.

PARCEL L:
THAT PORTION OF LOT 27, IN BLOCK 77, RANCHO SAN BERNARDINO, IN THE CITY OF REDLANDS, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS SHOWN ON A MAP RECORDED IN BOOK 2, PAGE 7, OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE SOUTH LINE OF WEST STUART AVENUE 195 FEET WEST OF THE NORTHWEST CORNER OF LOT 10, BLOCK "F" OF FAIRBANKS AND WILSON'S SUBDIVISION, AS PER PLAT THEREOF OF RECORD IN BOOK 4 PAGE 47 OF MAPS, RECORDS OF SAN BERNARDINO COUNTY;

THENCE SOUTH TO THE NORTH LINE OF THE RIGHT OF WAY OF THE CALIFORNIA CENTRAL RAILWAY;

THENCE WEST ALONG THE NORTH LINE OF SAID RIGHT OF WAY 30 FEET;

THENCE NORTH TO THE SOUTH LINE OF SAID WEST STUART AVENUE;

THENCE EAST 30 FEET TO THE POINT OF BEGINNING.

PARCEL M:
THE 52 FEET ADJOINING ON THE EAST OF THE WEST 155 FEET OF THE FOLLOWING DESCRIBED PROPERTY:

BEGINNING 15 FEET SOUTH OF THE NORTHWEST CORNER OF LOT 10, BLOCK "F", FAIRBANK'S AND WILSON'S SUBDIVISION OF A PART OF LOTS 27 AND 28, BLOCK 77, RANCHO SAN BERNARDINO, IN THE CITY OF REDLANDS, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER PLAT RECORDED IN BOOK 7 OF MAPS, PAGE 47, RECORDS OF SAID COUNTY; THENCE SOUTH 181.8 FEET, MORE OR LESS, TO THE NORTH LINE OF THE RIGHT OF WAY OF THE CALIFORNIA CENTRAL RAILWAY; THENCE WEST 330 FEET; THENCE NORTH 181.8 FEET, MORE OR LESS, TO STUART AVENUE; THENCE EAST 330 FEET TO THE PLACE OF BEGINNING, BEING A PORTION OF THE WEST ½ OF THE EAST ½ OF THE NORTH ½, AND THE WEST ½ OF THE NORTHEAST ¼ OF THE SOUTH ½ OF LOT 27, BLOCK 77, SAN BERNARDINO, IN THE CITY OF REDLANDS, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER PLAT RECORDED IN BOOK 7 OF MAPS, PAGE 2, RECORDS OF SAID COUNTY.

PARCEL N:
THAT PORTION OF WEST ½ OF THE EAST ½ OF THE NORTH ½ AND THE WEST ½ OF THE NORTHEAST ¼ OF THE SOUTH ½ OF LOT 27, IN BLOCK 77, RANCHO SAN BERNARDINO, IN THE CITY OF REDLANDS, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS SHOWN ON A MAP RECORDED IN BOOK 2, PAGE 7, OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

THE 30 FEET ADJOINING ON THE EAST OF THE WEST 185 FEET OF THE FOLLOWING DESCRIBED PROPERTY:

BEGINNING 15 FEET SOUTH OF THE NORTHWEST CORNER OF LOT 10, IN BLOCK F, OF FAIRBANK'S AND WILSON'S SUBDIVISION OF A PART OF LOTS 27 AND 28, IN BLOCK 77, RANCHO SAN BERNARDINO, IN THE CITY OF REDLANDS, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER PLAT RECORDED IN BOOK 4, PAGE 47 RECORDS OF SAID COUNTY;

THENCE SOUTH 181.8 FEET, MORE OR LESS, TO THE NORTH LINE OF THE RIGHT OF WAY OF THE CALIFORNIA CENTRAL RAILWAY;

THENCE WEST 330 FEET;

THENCE NORTH 181.8 FEET, MORE OR LESS, TO STUART AVENUE;

THENCE EAST 330 FEET TO THE PLACE OF BEGINNING.

PARCEL O:
THE WEST 25 FEET OF THAT PORTION OF WEST ½ OF THE EAST ½ OF THE NORTH 1/2 (NORTH ½) AND THE WEST 1/2 (WEST ½) OF THE NORTHEAST 1/4 (NORTHEAST ¼) OF THE SOUTH ½ OF THE SOUTH 1/2 (SOUTH ½) OF LOT 27, IN BLOCK 77, RANCHO SAN BERNARDINO, IN THE CITY OF REDLANDS, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS SHOWN ON A MAP RECORDED IN BOOK 2, PAGE 7, OF MAPS IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING 15 FEET SOUTH OF THE NORTHWEST CORNER OF LOT 10, IN BLOCK F, OF FAIRBANKS AND WILSON'S SUBDIVISION RECORDED IN BOOK 4, PAGE 47 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

THENCE WEST 115 FEET;

THENCE SOUTH 181.8 FEET, MORE OR LESS, TO THE NORTH LINE OF THE RIGHT OF WAY OF THE CALIFORNIA CENTRAL RAILWAY;

THENCE EAST 115 FEET;

THENCE NORTH 181.8 FEET, MORE OR LESS, TO THE POINT OF BEGINNING.

PARCEL P:
THE WEST 45 FEET OF THE EAST 90 FEET OF THAT PORTION OF WEST HALF OF THE EAST HALF OF THE NORTH HALF AND THE WEST HALF OF THE NORTHEAST QUARTER OF THE SOUTH HALF OF LOT 27, IN BLOCK 77, RANCHO SAN BERNARDINO, IN THE CITY OF REDLANDS, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER PLAT RECORDED IN BOOK 7 PAGE 2 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS.

BEGINNING 15 FEET SOUTH OF THE NORTHWEST CORNER OF LOT 10, IN BLOCK F OF FAIRBANKS AND WILSON'S SUBDIVISION IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER PLAT RECORDED IN BOOK 4 PAGE 47 OF MAPS, RECORDS OF SAID COUNTY.

THENCE WEST 115 FEET;

THENCE SOUTH 181.8 FEET MORE OR LESS, TO THE NORTH LINE OF THE RIGHT OF WAY OF THE CALIFORNIA CENTRAL RAILROAD.

THENCE EAST 115 FEET;

THENCE NORTH 181.8 FEET, MORE OR LESS, TO THE POINT OF BEGINNING.

EXCEPTING THEREFROM THE NORTHERLY 5 FEET.

PARCEL R:
LOTS 1, 2, 3, 4, 5, 6 AND 7, BLOCK "F" OF FAIRBANKS AND WILSON SUBDIVISION, IN THE CITY OF REDLANDS, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER PLAT RECORDED IN BOOK 4 OF MAPS, PAGE 47, RECORDS OF SAID COUNTY.

EXCEPTING THE NORTH 15 FEET FOR ROAD PURPOSES.

ALSO EXCEPTING THAT PORTION OF LOT 1, BLOCK "F" OF FAIRBANKS AND WILSON'S SUBDIVISION, DESCRIBED AS FOLLOWS:

BEGINNING ON THE EAST LINE OF SAID LOT 1, DISTANT ALONG SAID EAST LINE, BEING ALSO THE WEST LINE OF LUGONIA STREET, 50 FEET WIDE, AS SHOWN ON SAID MAP (KNOWN ALSO AS FIRST STREET), NORTH 0° 18' 11" WEST, 45.01 FEET FROM THE SOUTHEAST CORNER OF SAID LOT 1; THENCE ALONG SAID EAST LINE, NORTH 0° 18' 11" WEST, 105.89 FEET TO THE SOUTH LINE OF SAID STUART AVENUE, 60 FEET WIDE, AS SHOWN BY TRACT NO. 2085, AS PER PLAT RECORDED IN BOOK 30 OF MAPS, PAGE 26, RECORDS OF SAID COUNTY. THENCE ALONG SAID SOUTH LINE, SOUTH 89° 41' 39" WEST, 51.83 FEET; THENCE ALONG A NONTANGENT CURVE CONCAVE SOUTHWESTERLY WITH A RADIUS OF 25 FEET FROM A TANGENT BEARING NORTH 89° 41' 39" EAST THROUGH AN ANGLE OF 83° 50' 04", A DISTANCE OF 36.58 FEET; THENCE SOUTH 6° 28' 27" EAST, 44.83 FEET; THENCE ALONG A TANGENT CURVE CONCAVE WESTERLY WITH A RADIUS OF 375 FEET THROUGH AN ANGLE OF 6° 10' 16", A DISTANCE OF 40.39 FEET TO THE POINT OF BEGINNING.

TOGETHER WITH UNDERLYING FEE INTEREST, IF ANY, APPURTENANT TO THE ABOVE DESCRIBED PROPERTY, IN AND TO THE ADJOINING PUBLIC WAY (STUART STREET AND LUGONIA STREET.

PARCEL S:
ALL OF LOT 10 AND THE WEST 22 FEET OF LOT 9, BLOCK F, FAIRBANKS & WILSON SUBDIVISION, IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 4, PAGE 47 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

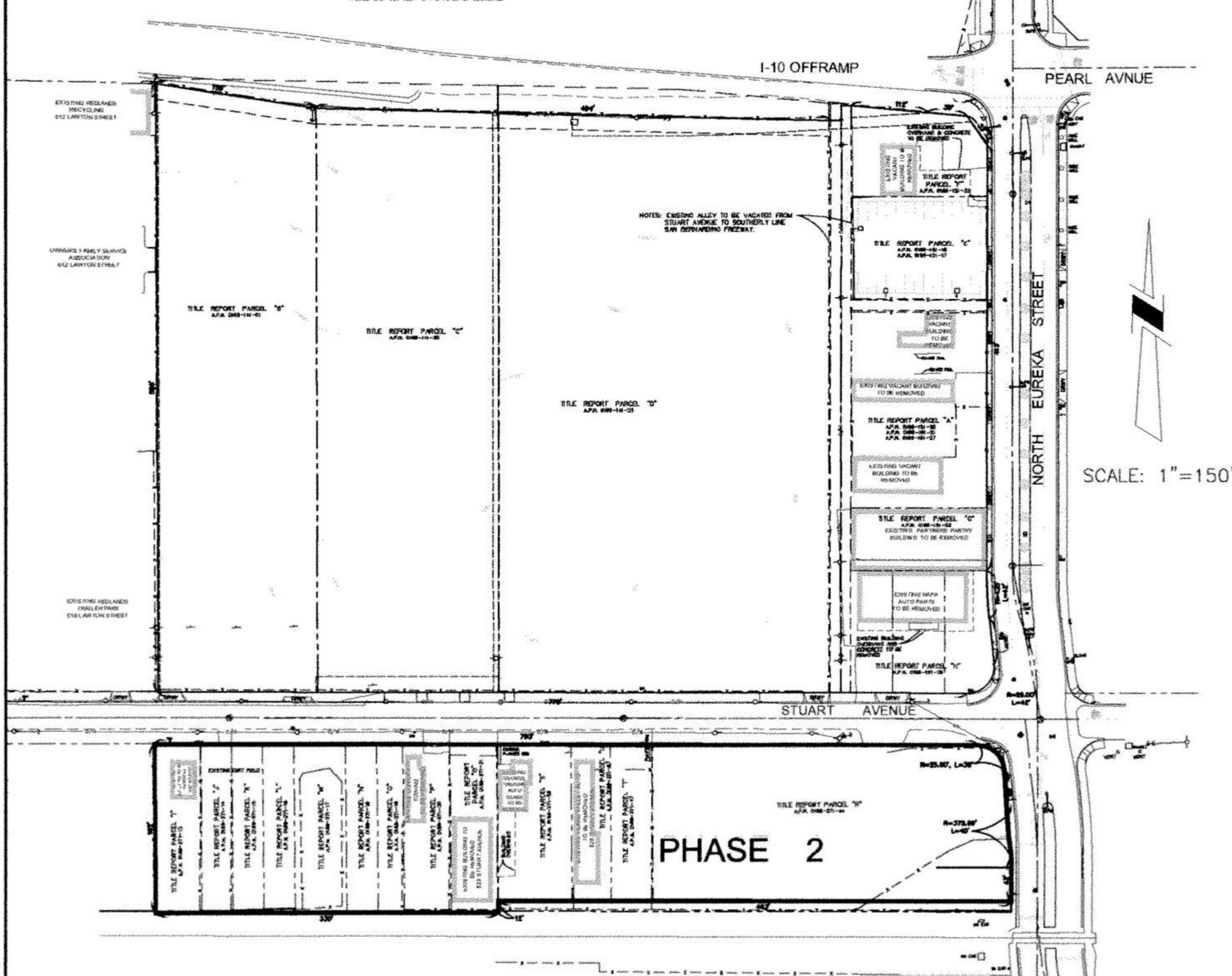
EXCEPT THE NORTH 15 FEET AS CONVEYED TO THE CITY OF REDLANDS BY DEED RECORDED JANUARY 27, 1905 IN BOOK 366 PAGE 91 OF DEEDS.

PARCEL T:
THE EAST 40 FEET OF LOT 8, IN BLOCK "F" OF FAIRBANKS AND WILSON SUBDIVISION, IN THE CITY OF REDLANDS, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 4, PAGE 47 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THE NORTH 15 FEET AS CONVEYED TO THE CITY OF REDLANDS BY DEED RECORDED JANUARY 27, 1905 IN BOOK 366 PAGE 91 OF DEEDS.

PARCEL U:
THE EAST 25 FEET OF LOT 9 AND THE WESTERLY 10 FEET OF LOT 8, BLOCK "F" OF FAIRBANKS AND WILSON'S SUBDIVISION OF A PART OF LOTS 27 AND 28 IN BLOCK 77, RANCHO SAN BERNARDINO, IN THE CITY OF REDLANDS, COUNTY SAN BERNARDINO, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 4, PAGE 47 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THE NORTH 15 FEET AS CONVEYED TO THE CITY OF REDLANDS BY DEED RECORDED JANUARY 27, 1905 IN BOOK 366 PAGE 91 OF DEEDS.



TAIT & ASSOCIATES INC.
701 PARKCENTER DRIVE, SANTA ANA, CALIFORNIA 92705
TEL. (714) 560-8200

Jul 18, 2007 – 4:30pm by LBui K:\Drawings\SP\SP5820\Survey\Office\Exhibit\Owners Exhibits\SP5820ex.dwg

EXHIBIT "B"

Scope of Development

An approximately 150,000 square foot retail/commercial center, to be developed, at Developer's option, in two (2) phases: Phase I to consist of approximately 122,000 square feet to be constructed on the Phase I Site (excluding any of the Non-Owned Phase I Parcels which are not acquired by the Agency and conveyed or required to be conveyed to Developer pursuant to this Agreement) as more particularly depicted on the Site Plan ("**Site Plan**") attached hereto as Exhibit "B-1". Of this amount, it is currently contemplated that approximately 24,000 square feet will be allocated to a specialty market, approximately 37,000 square feet will be allocated to a health club and approximately 64,000 square feet will be allocated to shop space. If Developer does not lease any of such space for such uses, it will lease it for compatible substitute retail uses, provided that such use is not among the "prohibited uses" described on Exhibit "D" to this Agreement.

Phase II will consist of approximately 28,000 square feet of commercial space, to be constructed on the Phase II Parcels, and as more particularly depicted on the Site Plan.

EXHIBIT "C"

Schedule of Performance

Summary of selected obligations - this schedule does not include all obligations which the Parties are required to perform in accordance with this Agreement; in addition, because this Schedule of Performance contains summarized information, the body of this Agreement should be referred to for the particular terms and conditions pertaining to each action

	ACTION	**NO LATER THAN**
1.	Developer sends Acquisition Notice to Agency (§ 202.2)	Within 60 days after Agency approval of Agreement
2.	Developer and Agency to have agreed upon Phase II Budget (§ 202.2)	Within 180 days of the Effective Date
3.	Deadline date for Agency to have acquired all of the Phase II Parcels (§ 202.2 and 401)	Within three years of the Effective Date
4.	Agency to provide notice to Developer of election to attempt acquisition of Non-Owned Parcels (§ 203.1)	Promptly after electing to acquire such Parcel, as to each Non-Owned Parcel
5.	Developer to deposit Developer's Property Acquisition Deposit, exclusive of purchase price component, with Agency (§ 203.1)	15 days after notice from Agency above, as to such Parcel
6.	Developer to deposit purchase price or probable just compensation amount of applicable Non-Owned Parcel, with Agency (§ 203.1)	10 days prior to Agency consideration of approval of Purchase Agreement or Resolution of Necessity
7.	Opening of Escrow and execution of escrow instructions (§ 302)	Upon Agency's execution of a purchase agreement for any Non-Owned Parcel, as to such parcel, or upon obtaining possession or title to any Non-Owned Parcel pursuant to an eminent domain action
8.	Close of Escrow (§ 302.5)	Within 10 days after satisfaction of conditions precedent
9.	Developer to cause Title Company to deliver Preliminary Title Report to Developer and Agency (§ 303)	Prior to Effective Date

	ACTION	NO LATER THAN
10.	Developer to obtain any desired survey of Non-Owned Parcel (§ 303)	Within 30 days after notification from Agency that Developer has access to the Site
11.	Developer notifies Escrow and Agency of disapproval of title and survey exceptions (§ 303)	Title: Within 30 days after receipt of the Preliminary Title Report and Underlying Documents; Survey: Within 15 days after receipt of survey
12.	Agency notifies Developer of removal or commitment to remove disapproved exceptions prior to Close of Escrow (§ 303)	Within 7 days of Developer's notice of disapproval above
13.	Developer notifies Agency of election to waive objection or terminate (§ 303)	Within 5 days of Agency's notice above, but not later than one (1) year from the Effective Date
14.	Developer notifies Agency of approval or disapproval of physical condition of non-owned Phase I Parcels and Phase II Parcels (§ 305.2(e))	Not later than one (1) year from the Effective Date
15.	City and Developer to have agreed upon form of Development Agreement and same to have been approved by City Council (§ 402)	Within 90 days from Effective Date
16.	Developer submits detailed construction plans to City building department (§ 404.2)	Within the later of (i) 120 days after notification from Agency that it has secured rights to possession of the Site or (ii) 30 days after obtaining possession of the Site.
17.	Developer commences construction of Phase I of the Project (§ 403)	120 days after building permits issued
18.	The Developer completes construction of the Project (Phase I or both Phases, if Developer is obligated to construct Phase II) (§ 403)	18 months after building permits issued
19.	The Agency furnishes Certificate of Completion for applicable Phase of the Project (§ 412)	Promptly after receipt of written request from Developer following substantial completion of applicable Phase

EXHIBIT "D"

List of Prohibited Uses

PROHIBITED USES (OR * LIMITED TO 20% OF GROSS LEASEABLE AREA)

Automotive Related Sales, Rental or Service

Adult Business

*Governmental Offices offering public services

*Schools or Instructional Services

Laundromats

Repair of Household Items

Social Services

*Religious Organizations

Fraternal Organizations

Fortunetelling Businesses

Mortuaries, Funeral Homes and Related Sales Offices

Nursing Homes

Second Hand Stores/Pawn Shops

Laboratories – excluding any which are accessory to medical uses on the Property

Veterinary Clinics and Kennels

Warehousing/Storage – except incidental to a Tenant's primary business

EXHIBIT "E"

Permitted Self-Insurance Program

Developer has represented to Agency that Developer's commercial general liability policy includes a $ 500,000 per occurrence self-insured retention, and that Developer's excess insurance program is otherwise fully compliant with the insurance requirements specified within Section 406 of this Agreement. Prior to and as a condition of Close of Escrow, Developer shall provide Agency with Copies of Developer's excess insurance policies and certificates and endorsements evidencing compliance with the insurance required by Section 406 of this Agreement.

EXHIBIT "F"

Basic Concept Drawings

Drawings dated June 8, 2007

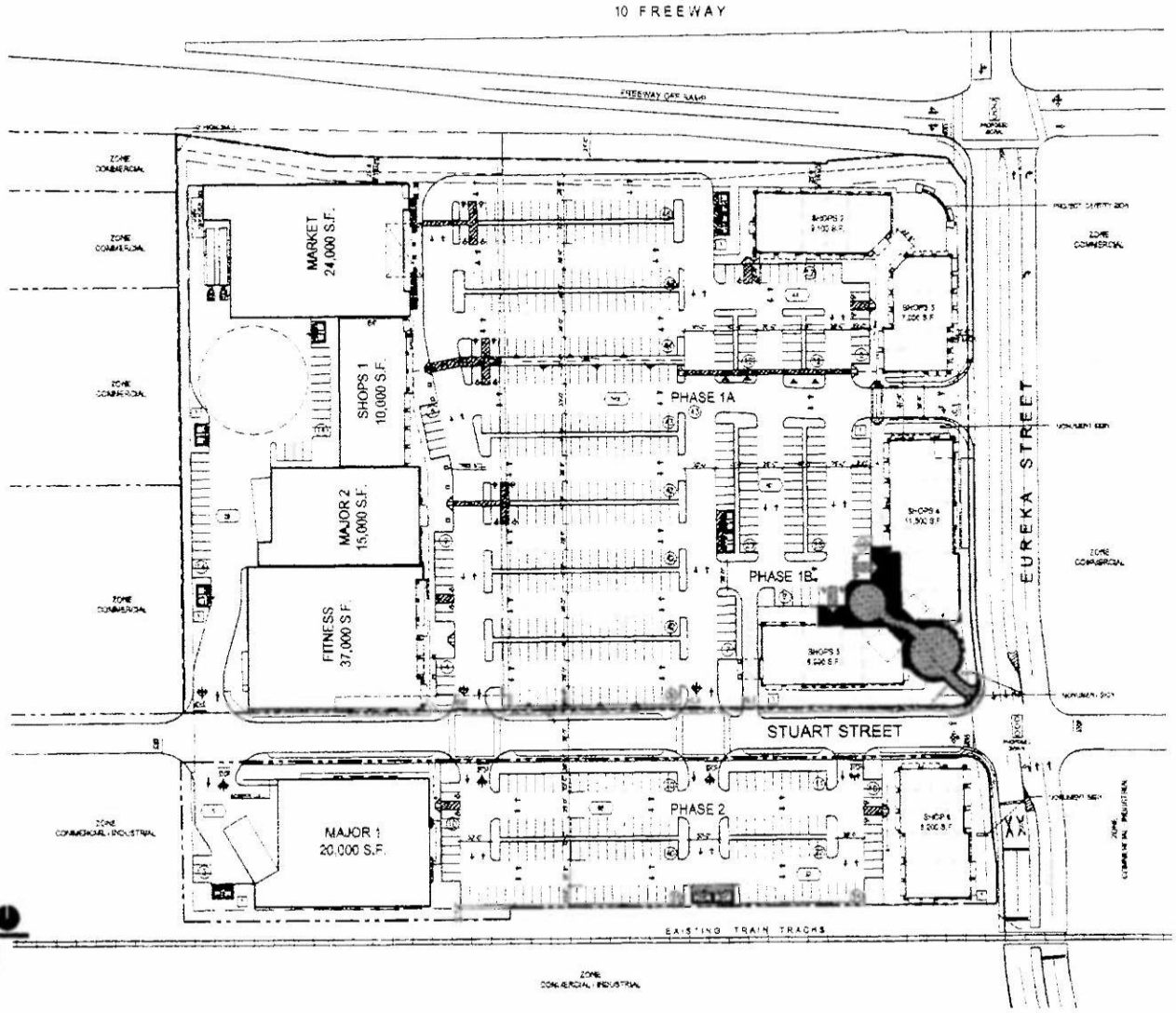
Prepared by KKE Architects

As approved by City Council 6/19/2007

REDLANDS PROMENADE

EUREKA STREET & STUART STREET

KKE architects, Inc. 525 east colorado boulevard, fourth floor, pasadena, california 91101 626.796.8230 626.796.8735 fax www.kke.com



SITE PLAN

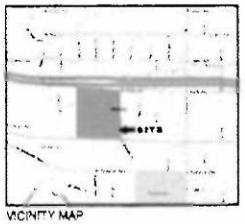
A PROJECT FOR:

GGP

MORONGO REAL ESTATE GROUP

PROJECT SUMMARY

APN:	0164-141-10-0000, 0164-141-25-0000, 0164-141-27-0000, 0164-151-26-0000, 0164-151-27-0000, 0164-151-28-0000, 0164-151-29-0000, 0164-151-30-0000, 0164-151-31-0000, 0164-151-32-0000, 0164-151-33-0000, 0164-151-34-0000, 0164-151-35-0000, 0164-151-36-0000, 0164-151-37-0000, 0164-151-38-0000, 0164-151-39-0000, 0164-151-40-0000, 0164-151-41-0000, 0164-151-42-0000, 0164-151-43-0000, 0164-151-44-0000
LAND AREA (PHASE I):	8.15 A.C. 355,000 S.F.
LAND AREA (PHASE II):	83.5 A.C. 3,630,869 S.F.
NET LAND AREA	91.65 A.C. 3,984,869 S.F.
MARKET	24,000 S.F.
MAJORS	35,000 S.F.
FITNESS	37,000 S.F.
SHOPS	53,800 S.F.
TOTAL	149,800 S.F.
PERCENT COVERAGE:	25.5 %
PARKING REQUIRED (4 / 1000)	600 STALLS
PARKING PROVIDED	653 STALLS
OVERALL PARKING RATIO	4.2 / 1000 S.F.



VICINITY MAP

KKE architects

EXHIBIT "G"

Form of Memorandum of Agreement

(See Attached)

FREE RECORDING REQUESTED BY)
AND WHEN RECORDED RETURN TO:)
)
Redevelopment Agency of the City of Redlands)
35 Cajon Street, Suite 200)
P.O. Box 3005)
Redlands, California 92373)
Attention: City Clerk)

(SPACE ABOVE LINE FOR RECORDER'S USE)

MEMORANDUM OF OPA AND DDA

(i) Parties to Memorandum. This Memorandum of OPA and DDA ("**Memorandum**") is dated for identification purposes only _____, 2007, and is entered into by and among THE REDEVELOPMENT AGENCY OF THE CITY OF REDLANDS, a public body, corporate and politic ("**Agency**"), and REDLANDS LAND HOLDING, L.L.C., a Delaware limited liability company ("**Developer**").

(ii) Parties to DDA. Agency and Developer have entered into that certain Owner Participation and Disposition and Development Agreement ("**DDA**") dated as of _____, 2007, in connection with the development of the real property described on **Exhibit "A"** attached hereto and incorporated herein by this reference. All of the terms, provisions and covenants of the DDA are incorporated herein by reference, and the DDA and this Memorandum shall be deemed to constitute a single instrument or document.

(iii) Purpose of Memorandum. This Memorandum is prepared for recordation purposes only, and it in no way modifies the terms, conditions, provisions and covenants of the DDA. In the event of any inconsistency between the terms, conditions, provisions and covenants of this Memorandum and the DDA, the terms, conditions and covenants of the DDA shall prevail.

The parties hereto have executed this Memorandum at the place and on the dates specified immediately adjacent to their respective signatures.

"Agency"

REDEVELOPMENT AGENCY OF THE CITY OF REDLANDS, a public body, corporate and politic

Executed the ___ day of _____, 2007 at Redlands, California

By:_____
Jon Harrison, Executive Chairperson

ATTEST:

By:_____
Lorrie Poyzer, Secretary
Redevelopment Agency for the City of Redlands

APPROVED AS TO FORM:

By:_____
Delmar Williams, Agency Special Counsel
Best, Best & Krieger

"Developer"

REDLANDS LAND HOLDING L.L.C.,
a Delaware limited liability company

By: Redlands Land Acquisition Company LP, a Delaware limited partnership,
its sole member

By: Redlands Land Acquisition L.L.C.,
a Delaware limited liability company,
its general partner

Executed the ___ day of _____, 2007 at Redlands, California

By:_____
Name:_____
Title:_____

STATE OF CALIFORNIA)
) ss.
COUNTY OF LOS ANGELES)

On _____, before me, _____, Notary Public, personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature: _____ (seal)

STATE OF CALIFORNIA)
) ss.
COUNTY OF LOS ANGELES)

On _____, before me, _____, Notary Public, personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature: _____ (seal)

EXHIBIT "A"

Legal Description