

AGREEMENT FOR PURCHASE AND SALE AND ESCROW INSTRUCTIONS

THIS AGREEMENT FOR PURCHASE AND SALE AND ESCROW INSTRUCTIONS ("Agreement") dated this 17th day of October, 2006 ("Effective Date"), is made and entered into by and between San Bernardino Valley Municipal Water District ("Buyer"), and the City of Redlands, a municipal corporation ("Seller"). Buyer and Seller are sometimes individually referred to herein as a "Party" and, together, as the "Parties."

RECITALS

A. Whereas, Seller owns certain real property located in the City of Redlands designated as Assessor's Parcel No. 167-101-06; and

B. Whereas, Seller is in the process of subdividing Assessor's Parcel No. 167-101-06, pursuant to its application for Parcel Map No. 17558 (the "Parcel Map"), to create three new parcels of real property; and

C. Whereas, upon final approval and recordation of the Parcel Map, Seller agrees to sell to Buyer, and Buyer agrees to purchase from Seller, the approximately 3.8 acres of real property more specifically identified as lot no. 1 on the Parcel Map (the "Property") shown on Exhibit "A," attached hereto and made a part hereof by reference;

NOW, THEREFORE, in consideration of the mutual promises contained herein, the Parties agree as follows:

AGREEMENT

1. PURCHASE PRICE

The total price for the Property to be paid at Close of Escrow shall be Six Hundred Sixty-Three Thousand Five Hundred (\$663,500.00) Dollars (the "Purchase Price").

2. TITLE TO PROPERTY

Seller shall, at Close of Escrow, by grant deed convey to Buyer good and marketable fee title to the Property as evidenced by a standard form C.L.T.A. standard coverage policy of title insurance in an amount equal to the Purchase Price of the Property issued by Commonwealth Land Title Company (the "Title Company") showing title vested in Buyer, subject to the exceptions to title approved by Buyer pursuant to Section 3.1 below.

3. CONDITIONS OF PURCHASE

Buyer's obligation to purchase the Property shall be subject to the satisfaction of the following conditions, which are for Buyer's benefit only. In the event any of the following contingencies are not satisfied within the specified time limits, Buyer may, at its sole option, either waive such conditions or terminate this Agreement.

3.1 Approval of Title. Promptly after execution of this Agreement by Seller and Buyer, Escrow Holder shall deliver to Buyer a current preliminary title report ("PTR"), including documents referred to therein, covering the Property from the Title Company. Buyer shall have five (5) days after the date of Title Company's provision of the PTR to Buyer to approve or disapprove the status of title to the Property as disclosed in the PTR and related documents. Any disapproval of status of title shall be within the reasonable discretion of Buyer and shall be limited to monetary encumbrances and covenants, conditions, restrictions and easements of record which adversely affect the Buyer's intended use of the Property. Any exception not disapproved in writing within the five (5) day period shall be deemed approved by Buyer, and shall constitute a permitted exception hereunder. Any objection to a title exception by Buyer shall be made in writing to Seller, and Seller shall thereafter have fourteen (14) days within which to use reasonable efforts to cure or to provide assurance of the cure of the title defect and cause such item to be removed from the title policy to be issued at Close of Escrow. The term "reasonable efforts," as used in this Paragraph 3.1, shall not include any obligation of Seller to expend any money or commence any legal action to correct any exceptions within the fourteen (14) day period. Seller shall notify Buyer, in writing, of any disapproved title exceptions which Seller is unable to cause to be removed prior to or at Close of Escrow. Buyer shall, within five (5) business days thereafter, elect by giving written notice to Seller and Escrow Holder (i) to terminate this Agreement, or (ii) to waive its disapproval of such exceptions, in which case such exceptions shall then be deemed to be permitted exceptions. Buyer's failure to give such notice shall be deemed an election to terminate this Agreement. In the event Buyer elects to terminate this Agreement, the Parties shall be relieved from any further liabilities and obligations under this Agreement.

3.2 Inspections. With the prior written consent of Seller, which consent shall not be unreasonably withheld, Buyer shall have the right to physically inspect and perform tests, including environmental investigations, zoning and economic feasibility and suitability studies (hereinafter collectively "Inspections") on the Property as Buyer deems necessary. All Inspections shall be done at Buyer's sole cost and expense. Within ten (10) days of the completion of such Inspections, the Property shall be returned to its original condition. Buyer shall have the right, in the exercise of its good faith discretion, to approve or disapprove of the condition of the Property as disclosed in such Inspections within thirty (30) days from the opening of escrow. Any disapproval of the condition of the Property shall be in writing and given to Seller within such thirty (30) day period. In the event Buyer does not disapprove the condition of the Property within the thirty (30) day period, this condition shall be deemed

waived. In the event Buyer disapproves the condition of the Property within the thirty (30) day period, this Agreement shall terminate and the Parties shall be relieved from any further liabilities and obligations under this Agreement.

3.3 Public Improvements. Buyer shall be responsible for the construction and completion of all public improvements imposed by Seller for the Parcel Map relating to the San Bernardino Avenue frontage of the Parcel Map (the "Improvements"). The Improvements are identified in the following documents approved by Seller on October 3, 2006 in connection with the processing of the Parcel Map: (i) Street Improvement Plans; (ii) Street Tree Planting Plan; (iii) Street Lighting Plan; (iv) Site Monumentation; and (v) Undergrounding of Overhead Electric Utilities as required by Southern California Edison. The Improvements shall be completed prior to the Buyer's occupancy and/or operation of any building or facility on the Property.

3.4 Security for Improvements. To ensure Buyer's construction and completion of the Improvements, Buyer, prior to Close of Escrow, shall execute and deliver to Seller an irrevocable Letter of Credit, in substantially the form attached hereto as Exhibit "B," as security for the Improvements.

4. ESCROW

4.1 Opening. The purchase and sale of the Property shall be completed through an escrow ("Escrow") to be opened at Guardian Escrow (the "Escrow Holder"). Within five (5) days after the Seller's execution of this Agreement, Seller shall deposit with the Escrow Holder one fully executed counterpart of this Agreement, which shall constitute the Purchase Agreement and Escrow Instructions along with any additional escrow instructions executed by the Parties pursuant to Section 4.5 of this Agreement. The date of delivery to Escrow Holder of such fully executed counterpart shall be deemed the opening of escrow ("Opening of Escrow") and Escrow Holder shall notify Buyer and Seller in writing of the Opening of Escrow date, the date set for Close of Escrow, and its acceptance of the escrow instructions. Within two (2) days of the opening of escrow, Buyer shall deposit the sum of ten thousand (\$10,000) dollars with escrow holder (the "Deposit"). The Deposit shall be non-refundable to Buyer, and released to Seller, on Seller's demand. Should Buyer choose to proceed with the closing, said funds shall apply to the purchase price.

4.2 Closing. Escrow shall close, if at all, on or before December 31, 2006.

4.3 Costs. Except as otherwise expressly provided for herein, Seller shall pay all the usual Escrow costs and charges normally paid by a seller in an escrow closing in San Bernardino County, including without limitation one-half of the Escrow fee. Buyer shall pay one-half of the Escrow fee and such other costs and charges normally paid by a Buyer in an escrow closing in San Bernardino County. Buyer shall pay the fees to record the new deed.

4.4 Prorations. Current real property taxes, bonds and assessments shall be prorated at the date of recordation of the deed, on the basis of a thirty (30) day month.

4.5 Additional Documents. Buyer and Seller shall execute such additional Escrow instructions as Escrow Holder may reasonably require to act as Escrow Holder, but in no event shall the Escrow instructions increase the rights of one party against the other party hereto or modify the terms and conditions of this Agreement.

4.6 Delivery of Documents. Escrow Holder shall prepare the Grant Deed and Buyer shall deliver the total Purchase Price to Escrow Holder at least one (1) business day prior to the Close of Escrow.

5. SELLER'S REPRESENTATIONS, WARRANTIES AND ACKNOWLEDGMENTS

Seller hereby makes the following representations, warranties and acknowledgments and agrees that such representations, warranties and acknowledgments shall survive the Close of Escrow.

5.1 Seller has full right, power, and authority to execute this Agreement and to convey fee simple title to the Property to Buyer as provided herein.

5.2 Seller is not a foreign person under Section 1445 Internal Revenue Code and will execute a Certificate of Non-foreign status and deposit the same into the Escrow prior to Close of Escrow.

5.3 This Agreement has been duly approved and executed by Seller and constitutes the valid and binding Agreement of Seller enforceable against Seller in accordance with its terms.

6. BUYER'S REPRESENTATIONS AND WARRANTIES

Buyer hereby makes the following representations, warranties and acknowledgments and agrees that such representations, warranties and acknowledgments shall survive Close of Escrow.

6.1 Buyer hereby represents and warrants that the person executing this Agreement has the full authority and power to enter into this Agreement on behalf of Buyer to purchase the Property from Seller, and to take all actions required of it by the terms of this Agreement.

6.2 All the documents executed by Buyer which are to be delivered to Seller at Close of Escrow shall be duly authorized, executed and delivered by Buyer and shall be legal, valid and binding obligations of Buyer enforceable against Buyer in accordance with their respective terms, and shall not violate any agreement to which Buyer is a party or to which it is subject.

6.3 That (i) prior to Close of Escrow, Buyer will have had the opportunity to investigate all physical, land use and economic aspects of the Property and to make all inspections and investigations of the Property which Buyer deems necessary or desirable to protect its interest in acquiring the Property, including, without limitation, environmental audits and assessments, toxic reports, surveys, investigation of land use and development rights, development restrictions and conditions that are or may be imposed by governmental agencies, soils and geological reports, engineering and structural tests, insurance contracts, cost to complete studies, governmental agreements and approvals, and (ii) Seller, nor anyone acting for or on behalf of Seller, has made any representation, warranty, promise or statement, express or implied, to Buyer, or to anyone acting for or on behalf of Buyer, concerning the Property or the use thereof. Buyer further represents and warrants that all matters concerning the Property have been or shall be independently verified by Buyer prior to Close of Escrow, and that Buyer shall purchase the Property on Buyer's own prior investigations and examination of the Property (or Buyer's election not to do so); **AND THAT BUYER IS PURCHASING THE PROPERTY IN AN "AS IS" PHYSICAL CONDITION AND IN AN "AS IS" STATE OF REPAIR.**

7. NOTICE

Unless otherwise provided herein, any notice, tender or delivery to be given hereunder by either Party to the other may be effected by personal delivery in writing or by registered or certified mail, postage prepaid, return receipt requested, and shall be deemed communicated upon delivery or as of mailing. Mailed notices shall be addressed as set forth below, but each party may change its address by written notice in accordance with this Section.

Buyer:

Randy Van Gelder
San Bernardino Valley Municipal Water District
1350 S. "E" Street
San Bernardino, CA 92408-2725

Seller:

Gary Phelps, Municipal Utilities Director
City of Redlands
PO Box 3005
Redlands, CA 92373

8. GENERAL PROVISIONS

8.1 Entire Agreement. This Agreement supersedes any and all prior oral or written agreements between the Parties relating to the purchase and sale of the Property and contains the entire agreement of the Parties as to the matters covered hereby. No other agreement, statement or promise made by any Party or to any employee, officer or agent of any other Party to this

Agreement shall be binding, except a subsequent amendment to this Agreement, in writing, executed by the Parties. All obligations of Buyer and Seller under this Agreement and the Escrow shall be joint and several.

8.2 Time is of the Essence. Time is of the essence of this Agreement and the Escrow referred to herein.

8.3 Buyer's Performance. Close of Escrow and performance of any duty imposed on Buyer by this Agreement is conditioned on Seller's full performance of all duties imposed on Seller in this Agreement.

8.4 Seller's Performance. Close of Escrow and performance of any duty imposed on Seller by this Agreement is conditioned on Buyer's full performance of all duties imposed on Buyer in this Agreement.

8.5 Counterparts. This Agreement may be executed in any number of counterparts each of which shall be deemed an original, but all of which, when taken together, shall constitute one and the same instrument.

8.6 Successors and Assigns. This Agreement shall inure to the benefit of and be binding on the Parties and their respective assigns and successors in interest; however, no such assignment shall release or relieve Buyer from any obligations or liabilities under this Agreement.

8.7 Attorneys' Fees. In the event any action is commenced to enforce or interpret the terms or conditions of this Agreement the prevailing Party shall, in addition to any costs or other relief, be entitled to recover its reasonable attorneys' fees, including fees for the use of in-house counsel by a Party.

8.8 Amendment. Any amendment to this Agreement shall be in writing and executed by the Parties.

IN WITNESS WHEREOF, the Parties hereto executed this Agreement on the dates set forth opposite their respective signatures hereto.

BUYER: SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT

By: Edward B. Killgore Date: 11/1/06
~~Pat Milligan, President~~
Edward B. Killgore, Vice-President

SELLER: CITY OF REDLANDS

By: Jon Harrison Date: October 17, 2006
Jon Harrison, Mayor

ATTEST:

By: Lorrie Poyzer
Lorrie Poyzer, City Clerk

DRAFT

PARCEL MAP NO. 17558

[illegible]

EXHIBIT "B"

IRREVOCABLE LETTER OF CREDIT

Date:

City of Redlands
35 Cajon Street
P.O. Box 3005
Redlands, CA 92373

RE: Irrevocable Letter of Credit No.
PC#_____, GP# _____, Drawing #
Property Owner & Mailing Address
Project Address:

Gentlepersons:

We hereby establish our Irrevocable Letter of Credit number _____, in the amount of _____ U.S. Dollars (\$_____) in favor of the City of Redlands, a municipal corporation of the State of California, hereinafter referred to as "City," issued in connection with the requirements of that certain agreement entered into between City and hereinafter referred to as "Principal," covering certain improvements or work to be installed or done in or for that certain subdivision known and designated as, _____ by Principal and in accordance with said agreement.

This Letter of Credit is available to City against City's draft(s) drawn at sight on us when accompanied by:

City's written statement (signed by the City Engineer, City Manager, or City Attorney) certifying that there has been failure of the principal to

faithfully perform the above agreement and, further, that the amount of the draft accompanying this statement is now due and payable.

Partial drawings are permitted.

All drafts under this Letter of Credit shall be marked Drawn under Irrevocable Letter of Credit Number issued by _____
(Bank and address).

This Letter of Credit expires one year from the date hereof and shall be deemed automatically extended without amendment for a one-year period upon such date and upon each anniversary of such date, unless at least sixty (60) days prior to such date or each anniversary of such date we notify both the City Clerk and the City Engineer, in writing by registered mail, that we elect not to so extend this Letter of Credit. Upon receipt by City of such notice City may automatically draw the full amount remaining on this Letter of Credit by a clean draft, with no supporting documents, and Bank will pay City upon Receipt of such draft.

We expressly agree with City that all drafts drawn under and in compliance with the terms of this Letter of Credit shall meet with due honor upon presentation. This Letter of Credit is subject to the Uniform Customs and Practices for Documentary Credits, 1993 Rev., published by the International Chamber of Commerce, ICC

Publication 500, to the extent it is not inconsistent with applicable laws of the State of California.

Executed by Bank this day of _____, 2006.

BANK: _____
(Name)

By: _____
(Signature of Authorized Agent)

(Printed Name of Authorized Agent)

(Letter must be submitted on bank letterhead)



Guardian Escrow, Inc.

101 East Redlands Blvd., Suite 180
Redlands, CA 92373
(909) 793-3147 FAX (909) 798-4606

CITY OF REDLANDS, a municipal corporation
Attention Greg Gage, Capital Projects Manager
PO Box 3005
Redlands, CA 92373

Date : December 7, 2006
Escrow No. : 22198-TS

RE: Vacant Land, Redlands, CA

Dear Gentlepersons:

Thank you for selecting Guardian Escrow, Inc., to process your escrow. The enclosed items are required in your escrow and are forwarded for your review. Providing, of course, these items meet with your approval:

Sign and Return:

Escrow Instructions
Notice and Disclosure
Notice to Buyers and Sellers
Guardian Escrow, Inc.'s Privacy Policy
Copy of Preliminary Report for approval

Sign and acknowledge before a Notary Public Exactly as your name(s) appear on the enclosed items:
Grant Deed

For your information and review:

Copies of record documents furnished by Commonwealth Land Title Company

Please be advised that at the close of business on December 8, 2006, Guardian Escrow, Inc., will be consolidating its offices into our Banning location at 3559 West Ramsey Street, Suite D-3, Banning, California 92220, and the Redlands Office will be closed. You may continue to reach us at the phone and fax numbers shown above, only our address will change. When you call, please ask either for me or Terry Jo Burns, Vice President and Manager of the Banning Office.

Your prompt response will be appreciated. All documents should be signed EXACTLY as your name(s) appear. Should your name(s) be misspelled, sign them correctly and advise us in writing when you return these papers.

We appreciate the opportunity to be of service to you in this transaction. Please do not hesitate to call should you have any questions. If you will telephone us when documents are ready for pick, we will be happy to send a messenger to your office.

Guardian Escrow, Inc.


Jeri Bray
General Manager

jb

Agreement - Funds - Acquisition of Rights-of-Way - Mountainview Power - On motion of Councilmember Gilbreath, seconded by Councilmember Gil, the City Council unanimously approved an agreement with Paragon Partners, Ltd. to provide professional services to acquire rights-of-way along San Bernardino Avenue at Mountainview Power, authorized the Mayor to execute, and the City Clerk to attest to, the document on behalf of the City and approved an additional appropriation of \$11,300.00 from the Local Transportation Fund.

Resolution No. 6552 - Traffic - On motion of Councilmember Gilbreath, seconded by Councilmember Gil, the City Council unanimously adopted Resolution No. 6552, a resolution of the City Council of the City of Redlands establishing the following traffic regulations pursuant to Title 10 of the Redlands Municipal Code: create a two-hour parking time limit parking zone on the east side of Terracina Boulevard, from south of Heather Lane to Fern Avenue.

Community Facilities District Annexation - On motion of Councilmember Gilbreath, seconded by Councilmember Gil, the City Council unanimously approved the request from Granite Homes for Tract No. 16586 located at Reservoir Road and Wabash Avenue, to annex into Community Facilities District No. 2004-1.

Purchase and Sale Agreement - Following discussion, Councilmember Gil moved to approve a purchase and sale agreement and joint escrow instructions with the San Bernardino Valley Municipal Water District for a portion of Assessor's Parcel No. 167-101-06 and authorized the Mayor to execute, and the City Clerk to attest to, the documents on behalf of the City. Motion seconded by Councilmember Gilbreath and carried unanimously.

Water and Wastewater Rate Modeling Analysis - On motion of Councilmember Gilbreath, seconded by Councilmember Gil, the City Council unanimously approved an amendment to the agreement with Raftelis Financial Consultants for the 2006 Water and Wastewater Rate Modeling Analysis and authorized the Mayor to execute, and the City Clerk to attest to, the document on behalf of the City.

Settlement Agreement - SCAQMD - On motion of Councilmember Gilbreath, seconded by Councilmember Gil, the City Council unanimously approved the settlement agreement with South Coast Air Quality Management District for the operation of the electricity cogeneration facility.

Crime-Free Multi-Housing Program - On motion of Councilmember Gilbreath, seconded by Councilmember Gil, the City Council unanimously approved acceptances of the limited-consent-to-use form from Campbell Delong

This APN different than the Escrow docs. Greg Gage checking 11/9/06



Commonwealth Land Title Company
275 W. Hospitality Lane
Suite 200
San Bernardino, CA 92408
Phone: (909) 888-7541

Guardian Escrow
101 East Redlands Blvd #180
Redlands, CA 92373

Our File No: 02131371 - 34
Title Officer: Denise Ayers
e-mail: dayers@landam.com
Phone: (909) 888-7541, ext. 5948
Fax: (909) 885-2465

Attn: **Teresa Smith**

Your Reference No:

Property Address: Vacant land, Redlands, California

PRELIMINARY REPORT

Dated as of November 7, 2006 at 7:30 a.m.

In response to the above referenced application for a policy of title insurance, Commonwealth Land Title Company hereby reports that it is prepared to issue, or cause to be issued, as of the date hereof, a Policy or Policies of Title Insurance describing the land and the estate or interest therein hereinafter set forth, insuring against loss which may be sustained by reason of any defect, lien or encumbrance not shown or referred to as an Exception below or not excluded from coverage pursuant to the printed Schedules, Conditions and Stipulations of said policy forms.

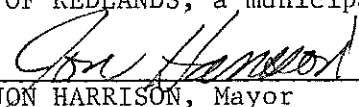
The printed Exceptions and Exclusion from the coverage and Limitations on Covered Risks of said Policy or Policies are set forth in Exhibit B attached. Limitations on Covered Risks applicable to the CLTA and ALTA Homeowner's Policies of Title Insurance which establish a Deductible Amount and a Maximum Dollar Limit of Liability for certain coverages are also set forth in Exhibit B. Copies of the Policy forms should be read. They are available from the office which issued this report.

Please read the exceptions shown or referred to below and the exceptions and exclusions set forth in Exhibit B of this report carefully. The exceptions and exclusions are meant to provide you with notice of matters which are not covered under the terms of the title insurance policy and should be carefully considered. It is important to note that this preliminary report is not a written representation as to the condition of title and may not list all liens, defects, and encumbrances affecting title to the land.

This report (and any supplements or amendments hereto) is issued solely for the purpose of facilitating the issuance of a policy of title insurance and no liability is assumed hereby. If it is desired that liability be assumed prior to the issuance of a policy of title insurance, a Binder or Commitment should be requested.

THE UNDERSIGNED ACKNOWLEDGES HAVING RECEIVED AND READ
A COPY OF THIS REPORT.

CITY OF REDLANDS, a municipal corporation

By: 

JON HARRISON, Mayor

ATTEST:

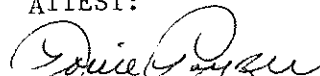


EXHIBIT "A"

All that certain real property situated in the County of San Bernardino, State of California, described as follows:

This legal is made pursuant to that certain certificate approving a Lot Line Adjustment, Certificate No. 315, recorded July 26, 1994, as Instrument No. 317779 of Official Records.

All that portion of the Southwest Quarter of the Southwest Quarter of Section 15, Township 1 South, Range 3 West, San Bernardino Base and Meridian, in the City of Redlands, County of San Bernardino, State of California, according to Official Plat thereof, described as follows:

Commencing at the centerline intersection of San Bernardino Avenue and Texas Street, said point being the Southwest corner of said Section 15;
Thence along said centerline of Texas Street North 00° 24' 30" West, 498.10 feet to the Point of Beginning;
Thence continuing North 00° 24' 30" West, 387.63 feet to the Southwest corner of Tract No. 4094 as per Map recorded in Book 58, Page 99 of Maps, of Official Records of said County;
Thence along the South line of said tract South 89° 59' 00" East, 1322.03 feet to a point on the centerline of Webster Street as shown on said tract;
Thence South 00° 15' 21" East, 885.56 feet to the centerline intersection of Webster Street and San Bernardino Avenue;
Thence North 89° 59' 24" West, 731.66 feet;
Thence North 00° 24' 30" West, 498.09 feet;
Thence North 89° 59' 24" West, 588.02 feet to the point of beginning.

SCHEDULE B

At the date hereof Exceptions to coverage in addition to the printed exceptions and exclusions in said policy form would be as follows:

A. No taxes are due or payable at this time. Said Property is currently owned by a Governmental Agency.

B. Supplemental or escaped assessments of property taxes, if any, assessed pursuant to the Revenue and Taxation Code of the State of California.

1. Water rights, claims or title to water, whether or not shown by the public records.
2. An easement in favor of the public over any existing roads lying within said land.
3. Rights of the public to use that portion of said land lying within the hereinafter named street as it now exists

Street Name: San Bernardino Avenue

4. A declaration of covenants, conditions and restrictions which, among other things, may contain or provide for easements; assessments, liens and the subordination thereof; said covenants, conditions and restrictions provide that a violation thereof shall not defeat the lien of any mortgage or deed of trust made in good faith and for value.
Recorded: in Book 198, Page 275 of Official Records

NOTE: This exception omits any covenant, condition or restriction based on race, color, religion, sex, handicap, familial status or national origin, unless and only to the extent that the covenant, condition or restriction (a) is not in violation of state or federal law, (b) is exempt under 42 U.S.C. Section 3607 or (c) relates to a handicap but does not discriminate against handicapped people.

5. An easement for roadway, ingress, egress for vehicular or pedestrian traffic and incidental purposes in the document recorded May 26, 2005 as Instrument No. 2005-377336 of Official Records.

6. An easement for the purpose shown below and rights incidental thereto as set forth in a document

Granted to: Southern California Edison Company
Purpose: underground electrical supply and communication systems
Recorded: December 14, 2005 as Instrument No. 2005-0949148 of Official Records
Affects: said land more particularly described therein.

7. Matters which may be disclosed by an inspection or by a survey of said land that is satisfactory to this Company, or by inquiry of the parties in possession thereof.

8. Any rights, interests or claims of the parties in possession of said land, including but not limited to those based on an unrecorded agreement, contract or lease.

This Company will require that a full copy of any unrecorded agreement, contract or lease be submitted to us, together with all supplements, assignments and amendments, before any policy of title insurance will be issued.

9. Any easements not disclosed by those public records which impart constructive notice and which are not visible and apparent from an inspection of the surface of said land.
10. Discrepancies, conflicts in boundary lines, shortage in area, encroachments or any other facts which a correct survey would disclose, and which are not shown by the public records.

END OF SCHEDULE B EXCEPTIONS

**PLEASE REFER TO THE "NOTES AND REQUIREMENTS SECTION" WHICH
FOLLOWS FOR INFORMATION NECESSARY TO COMPLETE THIS TRANSACTION**

REQUIREMENTS SECTION:

REQ NO.1: The Company will require evidence, satisfactory to the Company, that the corporation named below is (i) validly formed on the date when documents in this transaction are to be signed, and (ii) in good standing and authorized to do business in the state or country where the corporation was formed.

Corporation:

City of Redlands, a Municipal Corporation

INFORMATIONAL NOTES SECTION

NOTE NO. 1: The information on the attached plat is provided for your convenience as a guide to the general location of the subject property. The accuracy of this plat is not guaranteed, nor is it a part of any policy, report or guarantee to which it may be attached.

NOTE NO. 2: California insurance code section 12413.1 regulates the disbursement of escrow and sub-escrow funds by title companies. The law requires that funds be deposited in the title company escrow account and available for withdrawal prior to disbursement. Funds deposited with the company by wire transfer may be disbursed upon receipt. Funds deposited with the company via cashier's check or teller's check drawn on a California based bank may be disbursed on the next business day after the day of deposit. If funds are deposited with the company by other methods, recording and/or disbursement may be delayed. All escrow and sub-escrow funds received by the company will be deposited with other escrow funds in one or more non-interest bearing escrow accounts of the company in a financial institution selected by the company. The company may receive certain direct or indirect benefits from the financial institution by reason of the deposit of such funds or the maintenance of such accounts with such financial institution, and the company shall have no obligation to account to the depositing party in any manner for the value of, or to pay to such party, any benefit received by the company. Those benefits may include, without limitation, credits allowed by such financial institution on loans to the company or its parent company and earnings on investments made with the proceeds of such loans, accounting, reporting and other services and products of such financial institution. Such benefits shall be deemed additional compensation of the company for its services in connection with the escrow or sub-escrow.

WIRING INSTRUCTIONS FOR THIS OFFICE ARE:

**Union Bank of California
1980 Saturn Street
Monterey Park, CA 91755
Phone: (800) 218-6466
ABA #122-000-496
Credit To: Commonwealth Land Title Company – Inland Empire
Account #9100194640**

RE: 02131371 - 810 - D.A

**PLEASE INDICATE COMMONWEALTH LAND TITLE COMPANY ESCROW OR TITLE ORDER
NUMBER**

NOTE NO. 3: The charges which the company will make for next day messenger services (i.e. Federal Express, UPS, DHL, Airborne, Express mail, etc.) Are \$15.00 per letter, standard overnight service, and \$25.00 for larger size packages and/or priority delivery services. Such charges include the cost of such messenger service and the company's expenses for arranging such messenger service and its overhead and profit. Special messenger services will be billed at the cost of such services. There will be no additional charge for pick-up or delivery of packages via the company's regularly scheduled messenger runs.

NOTE NO. 4. The charge for a policy of title insurance, when issued through this title order, will be based on BASIC RATE .

NOTE NO. 5. THIS COMPANY REQUIRES CURRENT BENEFICIARY DEMANDS PRIOR TO CLOSING. If the demand is expired and a current demand cannot be obtained, our requirements will be as follows:

- (a) If this Company accepts a verbal update on the demand, we may hold an amount equal to one monthly mortgage payment. This hold will be in addition to the verbal hold the lender may have stipulated.
- (b) If this Company cannot obtain a verbal update on the demand, we will either pay off the expired demand, or wait for the amended demand, at our discretion.
- (c) All payoff figures are verified at closing. If the customer's last payment was made within 15 days of closing, our Payoff Department may hold one month's payment to insure check has cleared the bank (unless a copy of the cancelled check is provided, in which case there will be no hold).

Typist: es4

Date Typed: November 15, 2006

Exhibit B (Revised 06-17-06)

CALIFORNIA LAND TITLE ASSOCIATION STANDARD COVERAGE POLICY – 1990 EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to building or zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating to the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien, or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
- (b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens, encumbrances, adverse claims or other matters:
 - (a) whether or not recorded in the public records at Date of Policy, but created, suffered, assumed or agreed to by the insured claimant;
 - (b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;
 - (c) resulting in no loss or damage to the insured claimant;
 - (d) attaching or created subsequent to Date of Policy; or
 - (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the insured mortgage or for the estate or interest insured by this policy.
4. Unenforceability of the lien of the insured mortgage because of the inability or failure of the insured at Date of Policy, or the inability or failure of any subsequent owner of the indebtedness, to comply with the applicable doing business laws of the state in which the land is situated.
5. Invalidity or unenforceability of the lien of the insured mortgage, or claim thereof, which arises out of the transaction evidenced by the insured mortgage and is based upon usury or any consumer credit protection or truth in lending law.
6. Any claim, which arises out of the transaction vesting in the insured the estate of interest insured by this policy or the transaction creating the interest of the insured lender, by reason of the operation of federal bankruptcy, state insolvency or similar creditors' rights laws.

EXCEPTIONS FROM COVERAGE - SCHEDULE B, PART I

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) which arise by reason of:

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records. Proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the public records.
2. Any facts, rights, interests, or claims which are not shown by the public records but which could be ascertained by an inspection of the land or which may be asserted by persons in possession thereof.
3. Easements, liens or encumbrances, or claims thereof, which are not shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by the public records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b) or (c) are shown by the public records.

CLTA HOMEOWNER'S POLICY OF TITLE INSURANCE (10/22/03) ALTA HOMEOWNER'S POLICY OF TITLE INSURANCE

EXCLUSIONS

In addition to the Exceptions in Schedule B, You are not insured against loss, costs, attorneys' fees, and expenses resulting from:

1. Governmental police power, and the existence or violation of any law or government regulation. This includes ordinances, laws and regulations concerning:
 - a. building
 - b. zoning
 - c. Land use
 - d. Improvements on the Land
 - e. Land division
 - f. environmental protectionThis Exclusion does not apply to violations or the enforcement of these matters if notice of the violation or enforcement appears in the Public Records at the Policy Date. This Exclusion does not limit the coverage described in Covered Risk 14, 15, 16, 17 or 24.
2. The failure of Your existing structures, or any part of them, to be constructed in accordance with applicable building codes. This Exclusion does not apply to violations of building codes if notice of the violation appears in the Public Records at the Policy Date.
3. The right to take the Land by condemning it, unless:
 - a. a notice of exercising the right appears in the Public Records at the Policy Date; or
 - b. the taking happened before the Policy Date and is binding on You if You bought the Land without Knowing of the taking.
4. Risks:
 - a. that are created, allowed, or agreed to by You, whether or not they appear in the Public Records;
 - b. that are Known to You at the Policy Date, but not to Us, unless they appear in the Public Records at the Policy Date;
 - c. that result in no loss to You; or
 - d. that first occur after the Policy Date - this does not limit the coverage described in Covered Risk 7, 8.d, 22, 23, 24 or 25.
5. Failure to pay value for Your Title.
6. Lack of a right:
 - a. to any Land outside the area specifically described and referred to in paragraph 3 of Schedule A; and
 - b. in streets, alleys, or waterways that touch the Land.This Exclusion does not limit the coverage described in Covered Risk 11 or 18.

LIMITATIONS ON COVERED RISKS

Your insurance for the following Covered Risks is limited on the Owner's Coverage Statement as follows:

- For Covered Risk 14, 15, 16 and 18, Your Deductible Amount and Our Maximum Dollar Limit of Liability shown in Schedule A.
- The deductible amounts and maximum dollar limits shown on Schedule A are as follows:

	<u>Your Deductible Amount</u>	<u>Our Maximum Dollar Limit of Liability</u>
Covered Risk 14:	1% of Policy Amount or \$2,500 (whichever is less)	\$10,000
Covered Risk 15:	1% of Policy Amount or \$5,000 (whichever is less)	\$25,000
Covered Risk 16:	1% of Policy Amount or \$5,000 (whichever is less)	\$25,000
Covered Risk 18:	1% of Policy Amount or \$2,500 (whichever is less)	\$5,000

**AMERICAN LAND TITLE ASSOCIATION
RESIDENTIAL TITLE INSURANCE POLICY (6-1-87)**

EXCLUSIONS

In addition to the Exceptions in Schedule B, you are not insured against loss, costs, attorneys' fees, and expenses resulting from:

1. Governmental police power, and the existence or violation of any law or government regulation. This includes building and zoning ordinances and also laws and regulations concerning:
 - land use
 - improvements on the land
 - land division
 - environmental protectionThis exclusion does not apply to violations or the enforcement of these matters which appear in the public records at Policy Date. This exclusion does not limit the zoning coverage described in Items 12 and 13 of Covered Title Risks.
2. The right to take the land by condemning it, unless:
 - a notice of exercising the right appears in the public records on the Policy Date
 - the taking happened prior to the Policy Date and is binding on you if you bought the land without knowing of the taking
3. Title Risks:
 - that are created, allowed, or agreed to by you
 - that are known to you, but not to us, on the Policy Date -- unless they appeared in the public records
 - that result in no loss to you
 - that first affect your title after the Policy Date -- this does not limit the labor and material lien coverage in Item 8 of Covered Title Risks
4. Failure to pay value for your title.
5. Lack of a right:
 - to any land outside the area specifically described and referred to in Item 3 of Schedule A
 - OR
 - in streets, alleys, or waterways that touch your landThis exclusion does not limit the access coverage in Item 5 of Covered Title Risks.

**AMERICAN LAND TITLE ASSOCIATION LOAN POLICY (10-17-92)
WITH ALTA ENDORSEMENT-FORM 1 COVERAGE**

EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to building and zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating to (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
- (b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens, encumbrances, adverse claims or other matters:
 - (a) created, suffered, assumed or agreed to by the insured claimant;
 - (b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;
 - (c) resulting in no loss or damage to the insured claimant;
 - (d) attaching or created subsequent to Date of Policy (except to the extent that this policy insures the priority of the lien of the insured mortgage over any statutory lien for services, labor or material or to the extent insurance is afforded herein as to assessments for street improvements under construction or completed at Date of Policy); or
 - (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the insured mortgage.
4. Unenforceability of the lien of the insured mortgage because of the inability or failure of the insured at Date of Policy, or the inability or failure of any subsequent owner of the indebtedness, to comply with applicable doing business laws of the state in which the land is situated.
5. Invalidity or unenforceability of the lien of the insured mortgage, or claim thereof, which arises out of the transaction evidenced by the insured mortgage and is based upon usury or any consumer credit protection or truth in lending law.
6. Any statutory lien for services, labor or materials (or the claim of priority of any statutory lien for services, labor or materials over the lien of the insured mortgage) arising from an improvement or work related to the land which is contracted for and commenced subsequent to Date of Policy and is not financed in whole or in part by proceeds of the indebtedness secured by the insured mortgage which at Date of Policy the insured has advanced or is obligated to advance.
7. Any claim, which arises out of the transaction creating the interest of the mortgagee insured by this policy, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that is based on:
 - (i) the transaction creating the interest of the insured mortgagee being deemed a fraudulent conveyance or fraudulent transfer; or
 - (ii) the subordination of the interest of the insured mortgagee as a result of the application of the doctrine or equitable subordination; or
 - (iii) the transaction creating the interest of the insured mortgagee being deemed a preferential transfer except where the preferential transfer results from the failure:
 - (a) to timely record the instrument of transfer; or
 - (b) of such recordation to impart notice to a purchaser for value or a judgment or lien creditor.

The above policy forms may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following General Exceptions:

EXCEPTIONS FROM COVERAGE

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) which arise by reason of:

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records. Proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the public records.
2. Any facts, rights, interests or claims which are not shown by the public records but which could be ascertained by an inspection of the land or which may be asserted by persons in possession thereof.
3. Easements, liens or encumbrances, or claims thereof, which are not shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by the public records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b) or (c) are shown by the public records.

2006 ALTA LOAN POLICY (06-17-06)

EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to:
 - (i) the occupancy, use, or enjoyment of the Land;
 - (ii) the character, dimensions, or location of any improvement erected on the Land;
 - (iii) the subdivision of land; or
 - (iv) environmental protection;or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.
- (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters

- (a) created, suffered, assumed, or agreed to by the Insured Claimant;
 - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
 - (c) resulting in no loss or damage to the Insured Claimant;
 - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 11, 13, or 14); or
 - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Insured Mortgage.
4. Unenforceability of the lien of the Insured Mortgage because of the inability or failure of an Insured to comply with applicable doing-business laws of the state where the Land is situated.
5. Invalidity or unenforceability in whole or in part of the lien of the Insured Mortgage that arises out of the transaction evidenced by the Insured Mortgage and is based upon usury or any consumer credit protection or truth-in-lending law.
6. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction creating the lien of the Insured Mortgage, is
- (a) a fraudulent conveyance or fraudulent transfer, or
 - (b) a preferential transfer for any reason not stated in Covered Risk 13(b) of this policy.
7. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the Insured Mortgage in the Public Records. This Exclusion does not modify or limit the coverage provided under Covered Risk 11(b).

AMERICAN LAND TITLE ASSOCIATION OWNER'S POLICY (10-17-92)

EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to building and zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating to (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
- (b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens, encumbrances, adverse claims or other matters:
 - (a) created, suffered, assumed or agreed to by the insured claimant;
 - (b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;
 - (c) resulting in no loss or damage to the insured claimant;
 - (d) attaching or created subsequent to Date of Policy; or
 - (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the estate or interest insured by this policy.
4. Any claim, which arises out of the transaction vesting in the insured the estate or interest insured by this policy, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that is based on:
 - (i) the transaction creating the estate or interest insured by this policy being deemed a fraudulent conveyance or fraudulent transfer; or
 - (ii) the transaction creating the estate or interest insured by this policy being deemed a preferential transfer except where the preferential transfer results from the failure:
 - (a) to timely record the instrument of transfer; or
 - (b) of such recordation to impart notice to a purchaser for value or a judgment or lien creditor.

The above policy forms may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage Policy will also include the following General Exceptions:

EXCEPTIONS FROM COVERAGE

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) which arise by reason of:

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records.
2. Proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the public records.
3. Any facts, rights, interests or claims which are not shown by the public records but which could be ascertained by an inspection of the land or which may be asserted by persons in possession thereof.
4. Easements, liens or encumbrances, or claims thereof, which are not shown by the public records.
5. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by the public records.
6. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b) or (c) are shown by the public records.

2006 ALTA OWNER'S POLICY (06-17-06)

EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to:
 - (i) the occupancy, use, or enjoyment of the Land;
 - (ii) the character, dimensions, or location of any improvement erected on the Land;
 - (iii) the subdivision of land; or
 - (iv) environmental protection; or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.
- (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters:
 - (a) created, suffered, assumed, or agreed to by the Insured Claimant;
 - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
 - (c) resulting in no loss or damage to the Insured Claimant;
 - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 9 and 10); or
 - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Title.
4. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction vesting the Title as shown in Schedule A, is:
 - (a) a fraudulent conveyance or fraudulent transfer; or
 - (b) a preferential transfer for any reason not stated in Covered Risk 9 of this policy.
5. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the deed or other instrument of transfer in the Public Records that vests Title as shown in Schedule A.

ALTA EXPANDED COVERAGE RESIDENTIAL LOAN POLICY (10/13/01)

EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys fees or expenses which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to building and zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating to (i) the occupancy, use, or enjoyment of the Land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the Land; (iii) a separation in ownership or a change in the dimensions or areas of the Land or any parcel of which the Land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the Land has been recorded in the Public Records at Date of Policy. This exclusion does not limit the coverage provided under Covered Risks 12, 13, 14, and 16 of this policy.

- (b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the Land has been recorded in the Public Records at Date of Policy. This exclusion does not limit the coverage provided under Covered Risks 12, 13, 14, and 16 of this policy.
- 2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the Public Records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without Knowledge.
- 3. Defects, liens, encumbrances, adverse claims or other matters:
 - (a) created, suffered, assumed or agreed to by the Insured Claimant;
 - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
 - (c) resulting in no loss or damage to the Insured Claimant;
 - (d) attaching or created subsequent to Date of Policy (this paragraph does not limit the coverage provided under Covered Risks 8, 16, 18, 19, 20, 21, 22, 23, 24, 25 and 26); or
 - (e) resulting in loss or damage which would not have been sustained if the Insured Claimant had paid value for the Insured Mortgage.
- 4. Unenforceability of the lien of the Insured Mortgage because of the inability or failure of the Insured at Date of Policy, or the inability or failure of any subsequent owner of the indebtedness, to comply with applicable doing business laws of the state in which the Land is situated.
- 5. Invalidity or unenforceability of the lien of the Insured Mortgage, or claim thereof, which arises out of the transaction evidenced by the Insured Mortgage and is based upon usury, except as provided in Covered Risk 27, or any consumer credit protection or truth in lending law.
- 6. Real property taxes or assessments of any governmental authority which become a lien on the Land subsequent to Date of Policy. This exclusion does not limit the coverage provided under Covered Risks 7, 8(e) and 26.
- 7. Any claim of invalidity, unenforceability or lack of priority of the lien of the Insured Mortgage as to advances or modifications made after the Insured has Knowledge that the vestee shown in Schedule A is no longer the owner of the estate or interest covered by this policy. This exclusion does not limit the coverage provided in Covered Risk 8.
- 8. Lack of priority of the lien of the Insured Mortgage as to each and every advance made after Date of Policy, and all interest charged thereon, over liens, encumbrances and other matters affecting the title, the existence of which are Known to the Insured at:
 - (a) The time of the advance; or
 - (b) The time a modification is made to the terms of the Insured Mortgage which changes the rate of interest charged, if the rate of interest is greater as a result of the modification than it would have been before the modification. This exclusion does not limit the coverage provided in Covered Risk 8.
- 9. The failure of the residential structure, or any portion thereof to have been constructed before, on or after Date of Policy in accordance with applicable building codes. This exclusion does not apply to violations of building codes if notice of the violation appears in the Public Records at Date of Policy.



Commonwealth Land Title Company
275 W. Hospitality Lane
Suite 200
San Bernardino, CA 92408
Phone: (909) 888-7541

File No: 02131371

Notice to Customers

You may be eligible for a \$20.00 reduction in your title or escrow fees in this transaction charged by **Commonwealth Land Title Insurance Company** pursuant to the Final Judgments entered in People of the State of California v. LandAmerica Financial Group, Inc., et al., Sacramento Superior Court Case No. 92 AS 06111, and Taylor, et al. v. LandAmerica Financial Group, Inc., et al., Los Angeles Superior Court Case No. BC 231917. You are eligible for this \$20.00 reduction in your title or escrow fees if you meet the following requirements:

1. You are a natural person or trust;
2. Your transaction involves the purchase, sale or refinancing of residential real property containing one-to-four-dwelling units;
3. You previously purchased title insurance or escrow services involving a transaction which closed between May 19, 1995 and October 8, 2002 from one of the following companies:

LandAmerica Financial Group, Inc.
Commonwealth Land Title Insurance Company or
Commonwealth Land Title Company
Lawyers Title Insurance Corporation or Lawyers Title Company
First American Title Insurance Company, First American Title Company, First American Title Guarantee Company
Fidelity National Financial, Inc.
Fidelity National Title Insurance Company
Fidelity National Title Company
Fidelity National Title Insurance Company of California, Inc.
Fidelity National Loan Portfolio Services
Ticor Title Insurance Company
Security Union Title Insurance Company
Chicago Title Insurance Company
Chicago Title Company
Chicago Title and Trust Company
Rocky Mountain Support Services, Inc.
California Tracking Service, Inc.
Title Accounting Services Corporation

4. You did not receive a \$65.00 cash payment from LandAmerica Financial Group, Inc. in the reconveyance fee claims process pursuant to the Final Judgments entered in People of the State of California v. LandAmerica Financial Group, Inc., et al., Sacramento Superior Court Case No. 92 AS 06111, and Taylor, et al. v. LandAmerica Financial Group, Inc., et al., Los Angeles Superior Court Case No. BC 231917.

If you meet the foregoing requirements and want the \$20.00 fee reduction complete this form and return it to your **Commonwealth Land Title Insurance Company** escrow or title officer. **NOTE: If you are eligible for the \$20.00 fee reduction please complete and return this form. You must advise us of your eligibility prior to closing in order to receive the \$20.00 fee reduction.**

Name: _____

Address: _____

Telephone No: _____



Commonwealth Land Title Company
275 W. Hospitality Lane
Suite 200
San Bernardino, CA 92408
Phone: (909) 888-7541

File No: 02131371

Notice to Customers

You may be eligible for a \$20.00 reduction in your title or escrow fees in this transaction charged by **Commonwealth Land Title Insurance Company** pursuant to the Final Judgments entered in People of the State of California v. LandAmerica Financial Group, Inc., et al., Sacramento Superior Court Case No. 92 AS 06111, and Taylor, et al. v. LandAmerica Financial Group, Inc., et al., Los Angeles Superior Court Case No. BC 231917. You are eligible for this \$20.00 reduction in your title or escrow fees if you meet the following requirements:

1. You are a natural person or trust;
2. Your transaction involves the purchase, sale or refinancing of residential real property containing one-to-four-dwelling units;
3. You previously purchased title insurance or escrow services involving a transaction which closed between May 19, 1995 and October 8, 2002 from one of the following companies:

LandAmerica Financial Group, Inc.
Commonwealth Land Title Insurance Company or
Commonwealth Land Title Company
Lawyers Title Insurance Corporation or Lawyers Title Company
First American Title Insurance Company, First American Title Company, First American Title Guarantee Company
Fidelity National Financial, Inc.
Fidelity National Title Insurance Company
Fidelity National Title Company
Fidelity National Title Insurance Company of California, Inc.
Fidelity National Loan Portfolio Services
Ticor Title Insurance Company
Security Union Title Insurance Company
Chicago Title Insurance Company
Chicago Title Company
Chicago Title and Trust Company
Rocky Mountain Support Services, Inc.
California Tracking Service, Inc.
Title Accounting Services Corporation

4. You did not receive a \$65.00 cash payment from LandAmerica Financial Group, Inc. in the reconveyance fee claims process pursuant to the Final Judgments entered in People of the State of California v. LandAmerica Financial Group, Inc., et al., Sacramento Superior Court Case No. 92 AS 06111, and Taylor, et al. v. LandAmerica Financial Group, Inc., et al., Los Angeles Superior Court Case No. BC 231917.

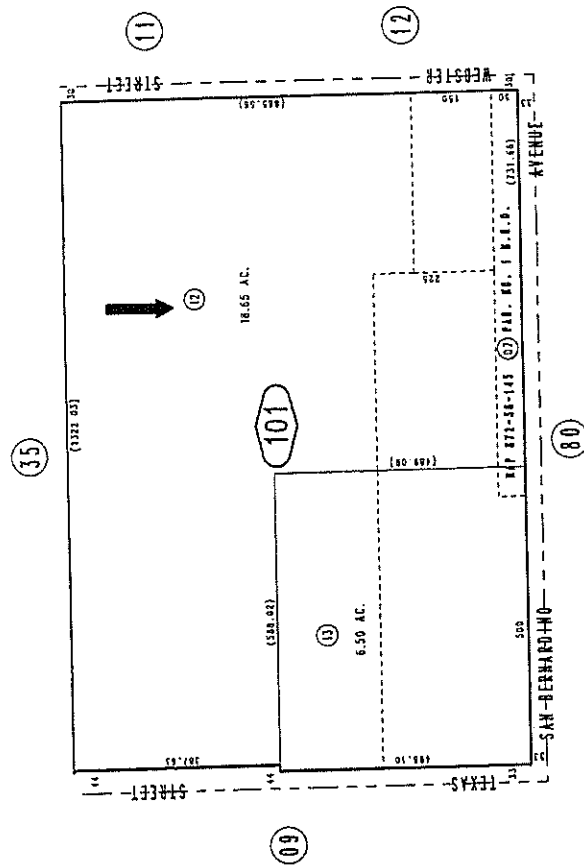
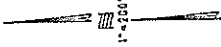
If you meet the foregoing requirements and want the \$20.00 fee reduction complete this form and return it to your **Commonwealth Land Title Insurance Company** escrow or title officer. **NOTE: If you are eligible for the \$20.00 fee reduction please complete and return this form. You must advise us of your eligibility prior to closing in order to receive the \$20.00 fee reduction.**

Name: _____

Address: _____

Telephone No: _____

0167-10



707 8 2002

REVISED	RM
05/03/05	RM
05/04/05	RM
06/06/05	RM
10/06/05	KP

Assessor's Map
Book 0167 Page 10
San Bernardino County

Ptn. S.W. 1/4, Sec. 15
T.1S., R.3W.

February 2005

RECORDING REQUESTED BY

AND WHEN RECORDED MAIL TO:
SAN BERNARDINO VALLEY MUNICIPAL
WATER DISTRICT
Attention: Randy Van Gelder, Asst. Gen. Mgr.
P. O. Box 5906
San Bernardino, CA 92412-5906

Space Above This Line for Recorder's Use Only

A.P.N.: 0167-101-12 (portion)

Order No.: 02131371

Escrow No.: 22198-TS

GRANT DEED

THE UNDERSIGNED GRANTOR(S) DECLARE(S) THAT DOCUMENTARY TRANSFER TAX IS: COUNTY \$729.85
[X] computed on full value of property conveyed, or
[] computed on full value less value of liens or encumbrances remaining at time of sale,
[] unincorporated area; [X] City of Redlands, and

FOR A VALUABLE CONSIDERATION, Receipt of which is hereby acknowledged,

CITY OF REDLANDS, a municipal corporation

hereby GRANT(S) to

SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT, a public agency

the following described property in the City of Redlands, County of San Bernardino State of California;

Parcel No. 1 of Parcel Map No. 17558, in the City of Redlands, County of San Bernardino, State of California, as per map recorded in Book _____, Page(s) _____, of Parcel Maps, in the Office of the Recorder of said County.

Document Date: December 6, 2006

CITY OF REDLANDS, a municipal
corporation

By: _____

Jon Harrison
JON HARRISON, Mayor

ATTEST:

Lorrie Poyzer
LORRIE POYZER, City Clerk

GRANT DEED CONTINUED ON NEXT PAGE

Mail Tax Statements to: SAME AS ABOVE or Address Noted Below

ALL-PURPOSE ACKNOWLEDGMENT

STATE OF CALIFORNIA)
COUNTY OF SAN BERNARDINO) SS
CITY OF REDLANDS)

By the authority granted under Chapter 4, Article 3, Section 1181, of the California Civil Code, and Chapter 2, Division 3, Section 40814, of the California Government Code, on December 11, 2006, before me, Teresa Ballinger, Assistant City Clerk, on behalf of Lorrie Poyzer, City Clerk of the City of Redlands, California, personally appeared Jon Harrison and Lorrie Poyzer { X } personally known to me - or - { } proved to me on the basis of satisfactory evidence to be the persons whose names are subscribed to the within instrument and acknowledged to me that they executed the same in their authorized capacities and that by their signatures on the instrument the persons, or the entity upon behalf of which the persons acted, executed the instrument.



WITNESS my hand and official seal.

LORRIE POYZER, CITY CLERK

By: Teresa Ballinger
Teresa Ballinger, Assistant City Clerk
(909)798-7531

CAPACITY CLAIMED BY SIGNER(S)

☐ Individual(s) signing for oneself/themselves

☐ Corporate Officer(s)

Title(s) _____

Company _____

☐ Partner(s)

Partnership _____

☐ Attorney-In-Fact

Principal(s) _____

☐ Trustee(s)

Trust _____

☒ Other

Title(s): Mayor and City Clerk

Entity Represented: City of Redlands, a municipal corporation

THIS CERTIFICATE MUST BE ATTACHED TO THE DOCUMENT DESCRIBED BELOW:

Title or Type of Document: Lease Agreement – Grant Deed

Date of Document: December 6, 2006

Signer(s) Other Than Named Above: None

RECORDING REQUESTED BY

AND WHEN RECORDED MAIL TO:

SAN BERNARDINO VALLEY MUNICIPAL
WATER DISTRICT

Attention: Randy Van Gelder, Asst. Gen. Mgr.

P. O. Box 5906

San Bernardino, CA 92412-5906

Space Above This Line for Recorder's Use Only

A.P.N.: 0167-101-12 (portion)

Order No.: 02131371

Escrow No.: 22198-TS

GRANT DEED

THE UNDERSIGNED GRANTOR(s) DECLARE(s) THAT DOCUMENTARY TRANSFER TAX IS: COUNTY \$729.85
☒ computed on full value of property conveyed, or
☐ computed on full value less value of liens or encumbrances remaining at time of sale,
☐ unincorporated area; ☒ City of Redlands, and

FOR A VALUABLE CONSIDERATION, Receipt of which is hereby acknowledged,

CITY OF REDLANDS, a municipal corporation

hereby GRANT(S) to

SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT, a public agency

the following described property in the City of Redlands, County of San Bernardino State of California;

Parcel No. 1 of Parcel Map No. 17558, in the City of Redlands, County of San Bernardino, State of California, as per map recorded in Book _____, Page(s) _____, of Parcel Maps, in the Office of the Recorder of said County.

Document Date: December 6, 2006

CITY OF REDLANDS, a municipal
corporation

By: _____
JON HARRISON, Mayor

ATTEST:

LORRIE POYZER, City Clerk

GRANT DEED CONTINUED ON NEXT PAGE

A.P.N.: 0167-101-12 (portion)

CONTINUATION OF GRANT DEED

STATE OF CALIFORNIA)SS
COUNTY OF _____)

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 _____

This area for official notarial seal.

RECORDING REQUESTED BY

AND WHEN RECORDED MAIL TO:
SAN BERNARDINO VALLEY MUNICIPAL
WATER DISTRICT
Attention: Randy Van Gelder, Asst. Gen. Mgr.
P. O. Box 5906
San Bernardino, CA 92412-5906

Space Above This Line for Recorder's Use Only

A.P.N.: 0167-101-12 (portion)

Order No.: 02131371

Escrow No.: 22198-TS

GRANT DEED

THE UNDERSIGNED GRANTOR(s) DECLARE(s) THAT DOCUMENTARY TRANSFER TAX IS: COUNTY \$729.85
[X] computed on full value of property conveyed, or
[] computed on full value less value of liens or encumbrances remaining at time of sale,
[] unincorporated area; [X] City of Redlands, and

FOR A VALUABLE CONSIDERATION, Receipt of which is hereby acknowledged,

CITY OF REDLANDS, a municipal corporation

hereby GRANT(S) to

SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT, a public agency

the following described property in the City of Redlands, County of San Bernardino State of California;

Parcel No. 1 of Parcel Map No. 17558, in the City of Redlands, County of San Bernardino, State of California, as per map recorded in Book _____, Page(s) _____, of Parcel Maps, in the Office of the Recorder of said County.

Document Date: December 6, 2006

CITY OF REDLANDS, a municipal
corporation

By: _____
JON HARRISON, Mayor

ATTEST:

LORRIE POYZER, City Clerk

GRANT DEED CONTINUED ON NEXT PAGE

Mail Tax Statements to: SAME AS ABOVE or Address Noted Below

A.P.N.: 0167-101-12 (portion)

CONTINUATION OF GRANT DEED

STATE OF CALIFORNIA
COUNTY OF _____

)SS
)

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 _____

This area for official notarial seal.

Doc No. 20000374478
3:00pm 10/16/00

VESTING

ORDER NO.416155-U-1
RECORDING REQUESTED BY
FIRST AMERICAN TITLE INS CO

First American Title B # 601

WHEN RECORDED RETURN TO
City Clerk's Office
City of Redlands
P. O. Box 3005
Redlands, CA 92373

1	2	3	4	5	6	7	8	9	0
PG	FEE	APP	GMS	PH CPY	CRT CPY	ADD NM	PEN PR	PCOR	
3	0								
			5				601	G	
NON ST	LN	SVY	CIT-CO	TRANS TAX	DA	CHRG	EXAM		

THE UNDERSIGNED GRANTOR DECLARES:

DOCUMENTARY TRANSFER TAX \$Exempt**

COMPUTED ON THE CONSIDERATION OR VALUE OF PROPERTY CONVEYED; OR

COMPUTED ON THE CONSIDERATION OR VALUE LESS LIENS OR

ENCUMBRANCES REMAINING AT THE TIME OF SALE.

✓ APN: Portion of 0167-101-02 and 06

416155-Dmk

QUITCLAIM DEED

FOR A VALUABLE CONSIDERATION, RECEIPT OF WHICH IS HEREBY ACKNOWLEDGED,

Dole Citrus, a California corporation, successor by merger to Blue Goose Growers, Inc. a
California corporation

HEREBY REMISE, RELEASE AND FOREVER QUITCLAIM(S) To City of Redlands, a
Municipal corporation

THE REAL PROPERTY IN THE CITY OF REDLANDS, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA,
DESCRIBED AS FOLLOWS: See the attached Exhibit "A"

**This deed is given in connection with those certain Certificates of Compliance Number 315
dated July 5, 1994 approving a Lot Line Adjustment recorded July 26, 1994 as Instrument No.
19940317779 and 19940318855, both of Official Records.

DATE 9-26-00

Dole Citrus, a California corporation

Michael Porter
By:
Its:

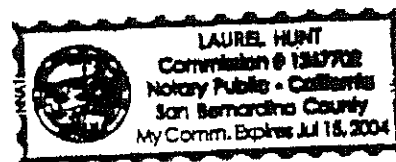
STATE OF CALIFORNIA
COUNTY OF San Bernardino

ON September 26, 2000 BEFORE ME, Laurel Hunt
PERSONALLY APPEARED Mike Porter

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) IN 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 Laurel Hunt
MAIL TAX STATEMENTS TO:



MAIL TAX STATEMENTS AS DIRECTED ABOVE

EXHIBIT 'A'

ALL THAT PORTION OF THE SOUTHWEST 1/4 OF THE SOUTHWEST 1/4 OF SECTION 15, TOWNSHIP 1 SOUTH, RANGE 3 WEST, SAN BERNARDINO BSE AND MERIDIAN, IN THE CITY OF REDLANDS, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF, DESCRIBED AS FOLLOWS:

COMMENCING AT THE CENTER LINE INTERSECTION OF SAN BERNARDINO AVENUE AND TEXAS STREET, SAID POINT BEING THE SOUTHWEST CORNER OF SAID SECTION 15; THENCE ALONG SAID CENTER LINE OF TEXAS STREET, NORTH 00 DEG. 24' 30" WEST, 498.10 FEET TO THE POINT OF BEGINNING; THENCE CONTINUING NORTH 00 DEG. 24' 30" WEST, 387.63 FEET TO THE SOUTHWEST CORNER OF TRACT NO. 4094, AS PER PLAT RCORDED INBOOK 58 OF MAPS, PAGE 99, RECORDS OF SAID COUNTY; THENCE ALONG THE SOUTH LINE OF SAID TRACT, SOUTH 89 DEG. 59' 00" EAST, 1322.03 FEET TO A POINT ON THE CENTERLINE OF WEBSTER STREET, AS SHOWN ON SAID TRACT; THENCE SOUTH 00 DEG. 15' 21" EAST, 885.56 FEET TO THE CENTERLINE INTERSECTION OF WEBSTER STREET AND SAN BERNARDINO AVENUE; THENCE NORTH 89 DEG. 59' 24" WEST, 731.66 FEET; THENCE NORTH 00 DEG. 24' 30" WEST, 498.09 FEET; THENCE NORTH 89 DEG. 59' 24" WEST, 588.02 FEET TO THE POINT OF BEGINNING.

CERTIFICATE OF ACCEPTANCE

This is to certify that the interest in real property conveyed to the City of Redlands, dated September 26, 2000, from Michael Porter dated September 26, 2000, is hereby accepted and the Grantee consents to recordation thereof by its duly authorized officer.



Larry E. Burgess
Interim City Manager

Date: October 3, 2000

... charges and expenses of Trustee and of these trusts, including cost of evidence of title and Trustee's fee in connection with sale.

2. All sums expended under the terms hereof, not then repaid, with accrued interest at the rate of ten per cent per annum.

3. Accrued interest on said note.

4. Unpaid principal of said note; or if more than one, the unpaid principal pro rata and without preference or priority; and

5. The remainder if any to the person or persons legally entitled thereto, upon proof of such right.

I. This Deed of Trust in all its parts applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns.

J. Trustee accepts these trusts when this Deed of Trust, duly executed and acknowledged is made a public record as provided by law.

In this Deed of Trust, whenever the context so requires, the masculine gender includes the feminine and/or neuter, and the singular number includes the plural.

WITNESS the hand of Trustor the day and year first above written.

Jessie G. Marquis

Jessie Grant Marquis

Helen Josephine Marquis

STATE OF CALIFORNIA)
) ss.
COUNTY OF SANTA BARBARA)

On this Eighteenth day of February 1927, before me, HENRIETTA C. WAGNER, a Notary Public in and for said County, personally appeared JESSIE GRANT MARQUIS, __, & HELEN JOSEPHINE MARQUIS, known to me to be the persons whose names are subscribed to the within instrument, and acknowledged that they executed the same.

WITNESS my hand and official seal.

Henrietta C. Wagner,

(NOTARIAL SEAL)

Notary Public in and for said County and State.

No. 32. "Endorsed" Recorded at Request of Trustee Apr 6 1927, - Min. past 9 A. M. in Book 198, Page 272, of OFFICIAL RECORDS, San Bernardino County, Calif. Fulton G. Feraud, County Recorder. By Eva Bemis, Deputy. Fee \$3.00

Compared

M. Huston

E.L. Glenn

o o o o

For instrument affecting this record
See Book 1273 Page 22 Official Records

CORPORATION GRANT DEED

E 2642
W.O.25595

THE PACIFIC ELECTRIC RAILWAY COMPANY, a corporation organized under the laws of the State of California, and having its principal place of business in the City of Los Angeles, State of California, the party of the first part, does hereby grant to REDLANDS ORANGE COMPANY, a corporation, the party of the second part, all that real property situated in the City of Redlands, County of San Bernardino, State of California, described as follows:

A portion of the SW $\frac{1}{4}$ of SW $\frac{1}{4}$ Sec. 15, T. 1 S., R. 3 W., S.B.B.M. particularly described as follows:

Beginning at the intersection of the west line of Webster Avenue (60 feet wide) with a line parallel with and 233 feet distant northerly from the south line of the SW $\frac{1}{4}$ of SW $\frac{1}{4}$ of said Sec. 15, said south line being also the center line of San Bernardino Avenue; thence southerly along said west line of Webster Avenue, 150 feet to a line which is parallel with and 83 feet distant northerly from said center line of San Bernardino Avenue; thence westerly along last mentioned parallel line, 760.67 feet to the east line of the parcel of land conveyed by Pacific Electric Railway Company to Redlands Heights Groves, Incorporated, by deed dated July 15, 1925; thence northerly along said east line 150 feet to above mentioned line which is parallel with and 233 feet distant northerly from said center line of San Bernardino Avenue; thence easterly along last mentioned parallel line, 760.41 feet to the point of beginning.

The above described parcel of land being shown colored red on plat OEX 1353 hereto attached and made a part hereof.

Subject to any deed restrictions and reservations or easements already of record.

Provided, however, that this conveyance is made and accepted upon each of the following express covenants, conditions, restrictions and reservations which shall apply to and bind the heirs, executors, administrators, lessees, successors and assigns of the respective parties;

(1) The property hereby granted shall be used at all times by the party of the second part, its heirs, executors, administrators, lessees, successors and assigns, for railroad revenue producing purposes, including growing of citrus fruits only; and in the event that the grantee, its heirs, executors, administrators, lessees or assigns shall cease or fail to use said premises for such purposes, or shall use said premises for any other purpose or purposes, said premises shall revert to the grantor, its successors or assigns, each of whom shall respectively have the right of immediate re-entry upon said premises in such event.

Provided, however, that before the grantor, its successors or assigns shall have the right of such reentry, and before such reversion shall take place, said grantor, its successors or assigns, shall pay to the grantee, its successors or assigns, the sum of \$785.00.

Each of the foregoing restrictions and conditions shall operate as covenants running with the land.

IN WITNESS WHEREOF, the said party of the first part has hereunto caused its corporate name and seal to be affixed by its Vice-President and Secretary thereunto duly authorized this 3rd day of January 1927.

(CORPORATE SEAL)

APPROVED AS TO FORM
Frank Karr
Chief Counsel
By R. E. Wedekind,

IAH
LAB

APPROVAL RECOMMENDED
C. H. Burnett
By F. A. Alspaoh,
_ Real Estate, Taxes & Resorts.

PACIFIC ELECTRIC RAILWAY COMPANY

BY D. W. Pontius, Vice-President

BY L. A. Lovell, Secretary.

APPROVAL RECOMMENDED
E. G. Johnson, Chief Engineer
By F. L. Wagenbach, _

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) ss.

On this 14 day of Jan. 1927, before me, F. A. ALSPAUGH, a Notary Public in and for said County personally appeared D. W. PONTIUS, known to me to be the Vice-President and L. A. LOVELL, known to me to be the Secretary of the PACIFIC ELECTRIC RAILWAY COMPANY, the corporation that executed the within and foregoing instrument and known to me to be the persons who executed the within instrument on behalf of the corporation therein named, and acknowledged to me that such corporation executed the same.

WITNESS my hand and official seal the day and year in this certificate first above written.

(NOTARIAL SEAL)

F. A. Alspach,
Notary Public in and for the County of Los Angeles,
State of California.

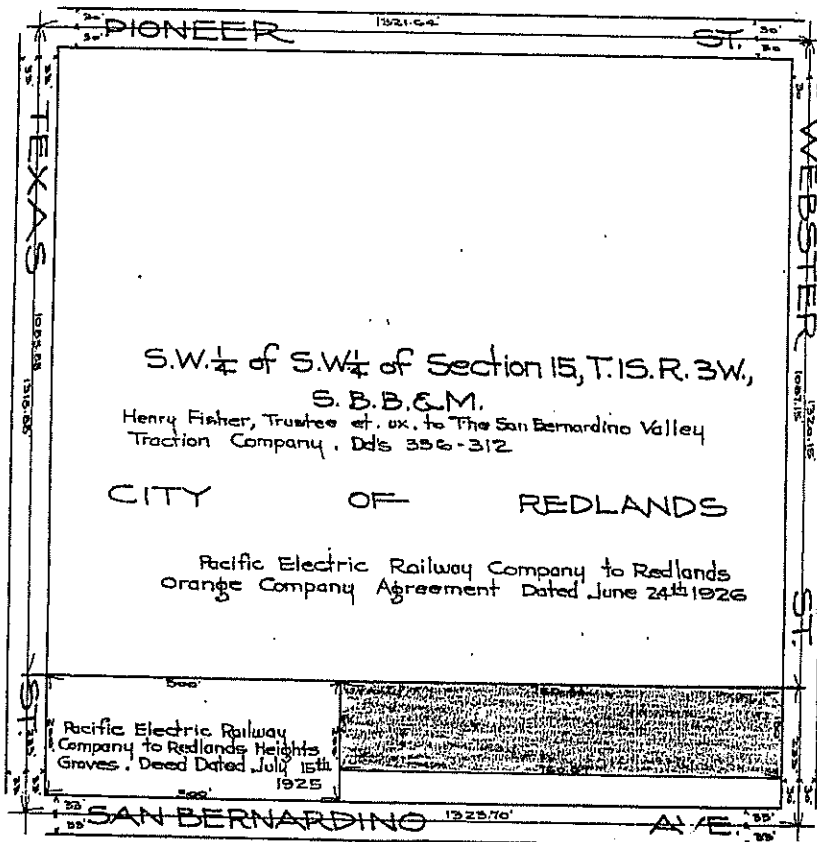
No. 57. "Endorsed" Recorded at Request of Grantee Apr 6 1927, - Min. past 9 A. M. in Book 198, Page 275, of OFFICIAL RECORDS, San Bernardino County, Calif. Fulton G. Feraud, County Recorder. By A. R. Schultz, Deputy. Fee \$2.50

Compared

M. Huston

E.L. Glenn

o o o o



1" = 200'

**LARRY WALKER**
Auditor/Controller - Recorder

R Regular Mail

Doc#: 2005-0377336



Titles: 1 Pages: 5

Fees	0.00
Taxes	0.00
Other	0.00
PATD	50.00

RECORDING REQUESTED BY:
PUBLIC WORKS DEPARTMENT
CITY OF REDLANDSWHEN RECORDED, RETURN TO:
CITY CLERK'S OFFICE
CITY OF REDLANDS
P. O. BOX 3005
REDLANDS CA 92373

(THIS SPACE FOR RECORDER'S USE ONLY)

GRANT OF ROADWAY EASEMENT**FEES NOT REQUIRED**
PER GOVERNMENT CODE
SECTION 6103

This Grant of Roadway Easement is entered into by and between

CITY OF REDLANDS, a Municipal Corporation

and the City of Redlands, a Municipal Corporation (herein "City") duly organized in accordance with the laws of the State of California.

For valuable consideration, receipt of which is hereby acknowledged

CITY

hereby grants to City an irrevocable roadway easement over that certain real property ("Easement Area"), described on Exhibit "A" and shown on Exhibit "B" attached hereto, for the following purposes:

A. Right-of-way at any time, or from time to time, to construct, maintain, operate replace, and renew the roadway described on Exhibit "A" and shown on Exhibit "B", and appurtenant structures in, upon and across said Easement Area or any part thereof; and

B. Ingress and egress over the Easement Area for vehicular or pedestrian traffic.

Executed on MAY 17, 2005.CITY OF REDLANDS, a Municipal
Corporation

Assessor's Parcel No. 0167-101-06

By:
Susan Peppler, MayorBy:
Beatrice Sanchez,
Deputy City Clerk

NOTARY ACKNOWLEDGEMENT

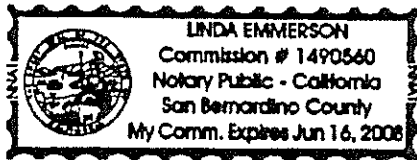
STATE OF CALIFORNIA)
COUNTY OF San Bernardino) ss

On this 17th day of May, 2005, before me, the undersigned, a Notary Public in and for said State, personally appeared

Susan Pepler and Beatrice Sanchez
personally known to me ~~or proved to me on the basis of satisfactory evidence~~ to be the persons whose names are subscribed to the within instrument and acknowledged to me that they executed the same in their authorized capacities, and that by their signatures on the instrument the persons, or the entity upon behalf of which the persons acted, executed the instrument.

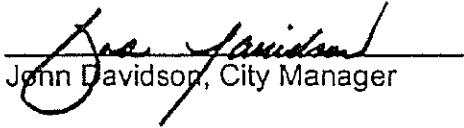
WITNESS my hand and official seal.

Linda Emmerson
Notary Public in and for Said State



CERTIFICATE OF ACCEPTANCE

This is to certify that the interest in real property, described on the Grant of Roadway Easement conveyed to the City of Redlands from the City of Redlands dated May 17, 2005 is hereby accepted and the Grantee consents to recordation thereof by its duly authorized officer.


John Davidson, City Manager

Date: May 17, 2005

EXHIBIT "A"

DESCRIPTION OF PROPERTY

Real property located in the City of Redlands, County of San Bernardino, State of California, described as follows:

ALL THAT PORTION OF THE SOUTHWEST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 15, TOWNSHIP 1 SOUTH, RANGE 3 WEST, SAN BERNARDINO MERIDIAN, IN THE CITY OF REDLANDS, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF, DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF TRACT NO. 4094 AS PER MAP RECORDED IN BOOK 58 OF MAPS, PAGE 99, RECORDS OF SAID COUNTY, SAID POINT LYING ON THE CENTERLINE OF TEXAS STREET AS SHOWN ON SAID TRACT NO. 4094, THENCE SOUTH $89^{\circ}59'00''$ EAST 44.00 FEET ALONG THE SOUTH LINE OF SAID TRACT; THENCE SOUTH $00^{\circ}24'30''$ EAST 387.63 FEET, PARALLEL WITH AND 44.00 FEET DISTANT THEREFROM, MEASURED AT RIGHT ANGLES, SAID TEXAS STREET TO THE NORTH LINE OF THE PARCEL APPROVED BY THE CITY OF REDLANDS BY CERTIFICATE OF COMPLIANCE RECORDED JULY 26, 1994 AS DOCUMENT NO. 94318855, OFFICIAL RECORDS OF SAID COUNTY; THENCE NORTH $89^{\circ}59'24''$ WEST 44.00 FEET ALONG SAID NORTH LINE TO A POINT ON SAID CENTERLINE OF TEXAS STREET; THENCE NORTH $00^{\circ}24'30''$ WEST 387.63 FEET ALONG SAID CENTERLINE TO THE POINT OF BEGINNING.

PREPARED BY:

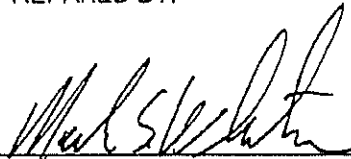
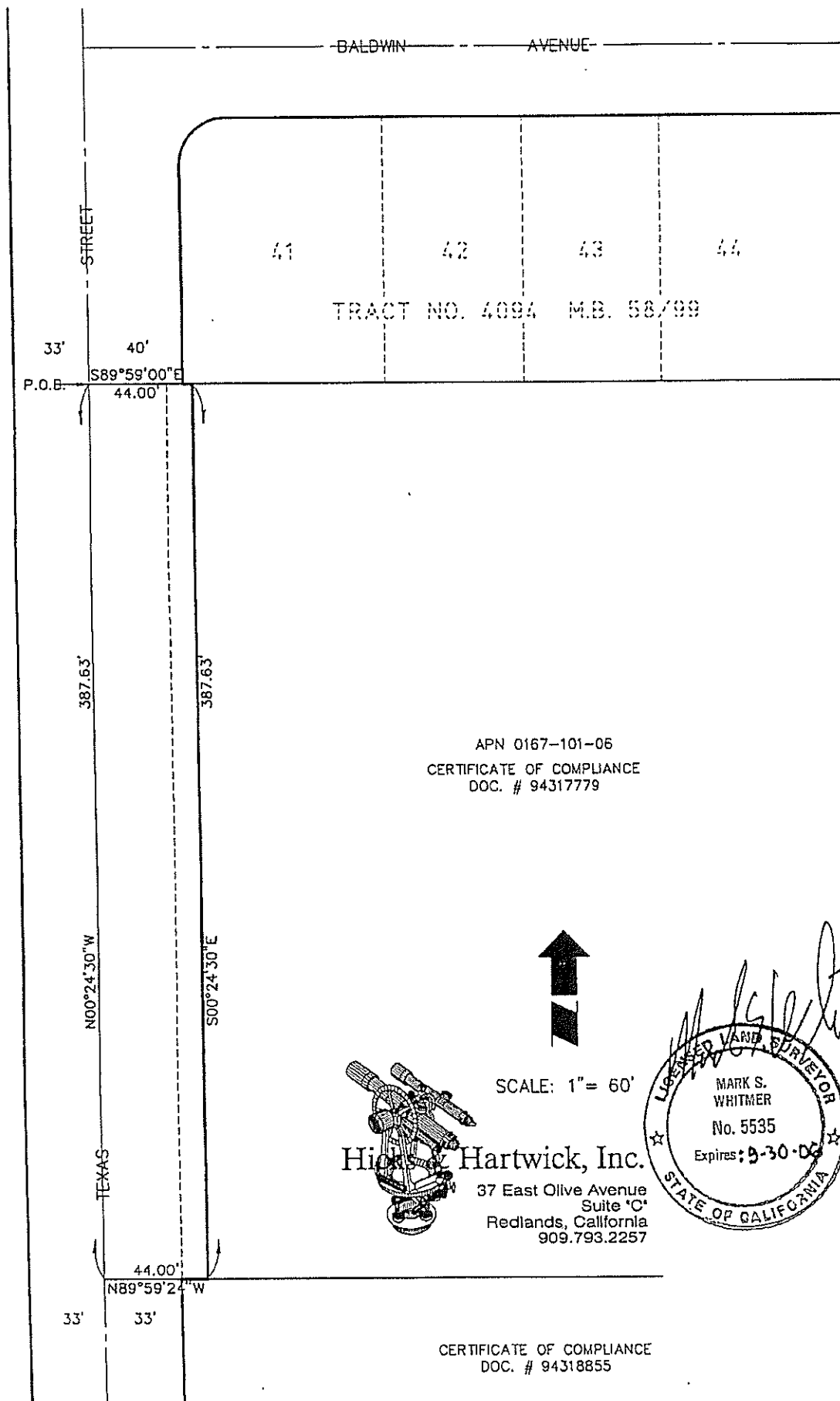

MARK S. WHITMER, L.S. NO. 5535



EXHIBIT "B"



RECORDING REQUESTED BY

SOUTHERN CALIFORNIA
EDISON

An EDISON INTERNATIONAL Company

WHEN RECORDED MAIL TO

SOUTHERN CALIFORNIA EDISON COMPANY

Corporate Real Estate
14799 Chestnut Street
Westminster, CA 92683-5240

Attn: Distribution/TRES

**LARRY WALKER**
Auditor/Controller - Recorder

P Counter

Doc#: 2005-0949148



Titles: 1 Pages: 3

Fees	14.00
Taxes	0.00
Other	0.00
PAID	\$14.00

SPACE ABOVE THIS LINE FOR RECORDER'S USE

**GRANT OF
EASEMENT**

DOCUMENTARY TRANSFER TAX \$ NONE (VALUE
AND CONSIDERATION LESS THAN \$100.00)
Christina Peterson SCE Company
SIG. OF DECLARANT OR AGENT DETERMINING TAX FIRM NAME

DISTRICT
Redlands
PIN 211-2244-0
APN 0167-101-12

WORK ORDER
6731-2338
APPROVED:
CORPORATE
REAL ESTATE

IDENTIFY
5-2227
BY
SLS/CP

MAP SIZE
DATE
11/09/05

CITY OF REDLANDS, a municipal corporation (hereinafter referred to as "Grantor"), hereby grants to SOUTHERN CALIFORNIA EDISON COMPANY, a corporation, its successors and assigns (hereinafter referred to as "Grantee"), an easement and right of way to construct, use, maintain, operate, alter, add to, repair, replace, reconstruct, inspect and remove at any time and from time to time underground electrical supply systems and communication systems (hereinafter referred to as "systems"), consisting of wires, underground conduits, cables, vaults, manholes, handholes, and including above-ground enclosures, markers and concrete pads and other appurtenant fixtures and equipment necessary or useful for distributing electrical energy and for transmitting intelligence by electrical means, in, on, over, under, across and along that certain real property in the County of San Bernardino, State of California, described as follows:

A 6.00 FOOT WIDE STRIP OF LAND LYING WITHIN THAT PORTION OF THE SOUTHWEST $\frac{1}{4}$ OF THE SOUTHWEST $\frac{1}{4}$ OF SECTION 15, TOWNSHIP 1 SOUTH, RANGE 3 WEST, SAN BERNARDINO MERIDIAN, MORE SPECIFICALLY DESCRIBED IN THE DEED TO THE GRANTOR HEREIN, RECORDED ON OCTOBER 31, 1988 AS DOCUMENT NO. 88-365172 OF OFFICIAL RECORDS IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, HEREINAFTER REFERRED TO AS "LAND", THE CENTERLINE OF SAID STRIP BEING DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHWESTERLY CORNER OF SAID "LAND", SAID CORNER BEING IN THE EASTERLY LINE OF TEXAS STREET; THENCE NORTHERLY, ALONG SAID EASTERLY LINE, A DISTANCE OF 7.00 FEET TO THE TRUE POINT OF BEGINNING; THENCE EASTERLY, PARALLEL WITH THE NORTHERLY LINE OF SAID "LAND", A DISTANCE OF 616.00 FEET; THENCE NORTHERLY, PARALLEL WITH SAID EASTERLY LINE, A DISTANCE OF 10.00 FEET TO A POINT OF ENDING.

This legal description was prepared pursuant to Sec. 8730(c) of the Business & Professions Code.

Grantor agrees for himself, his heirs and assigns, not to erect, place or maintain, nor to permit the erection, placement or maintenance of any building, planter boxes, earth fill or other structures except walls and fences on the above described real property. The Grantee, and its contractors, agents and employees, shall have the right to trim or cut tree roots as may endanger or interfere with said systems and shall have free access to said systems and every part thereof, at all times, for the purpose of exercising the rights herein granted; provided, however, that in making any excavation on said property of the Grantor, the Grantee shall make the same in such a manner as will cause the least injury to the surface of the ground around such excavation, and shall replace the earth so removed by it and restore the surface of the ground to as near the same condition as it was prior to such excavation as is practicable.

EXECUTED this 6th day of December, 2005.

GRANTOR

CITY OF REDLANDS, a municipal corporation

Signature



(Print Name) Jon Harrison

Title Mayor, City of Redlands

ATTEST:

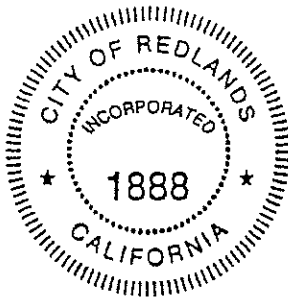


Lorie Poyzer, City Clerk

ALL-PURPOSE ACKNOWLEDGMENT

STATE OF CALIFORNIA)
COUNTY OF SAN BERNARDINO) SS
CITY OF REDLANDS)

By the authority granted under Chapter 4, Article 3, Section 1181, of the California Civil Code, and Chapter 2, Division 3, Section 40814, of the California Government Code, on December 6, 2005, before me, Teresa Ballinger, Assistant City Clerk, on behalf of Lorrie Poyzer, City Clerk of the City of Redlands, California, personally appeared Jon Harrison and Lorrie Poyzer { X } personally known to me - or - { } proved to me on the basis of satisfactory evidence to be the persons whose names) are subscribed to the within instrument and acknowledged to me that they executed the same in their authorized capacities and that by their signatures on the instrument the persons, or the entity upon behalf of which the persons acted, executed the instrument.



WITNESS my hand and official seal.

LORRIE POYZER, CITY CLERK

By: Teresa Ballinger
Teresa Ballinger, Assistant City Clerk
(909)798-7531

CAPACITY CLAIMED BY SIGNER(S)

- { } Individual(s) signing for oneself/themselves
{ } Corporate Officer(s)
 Title(s) _____
 Company _____
{ } Partner(s)
 Partnership _____
{ } Attorney-In-Fact
 Principal(s) _____
{ } Trustee(s)
 Trust _____
{ x } Other
 Title(s): Mayor and City Clerk
 Entity Represented: City of Redlands, a municipal corporation

THIS CERTIFICATE MUST BE ATTACHED TO THE DOCUMENT DESCRIBED BELOW:

Title or Type of Document: Grant of Easement

Date of Document: December 6, 2005

Signer(s) Other Than Named Above: None

RESOLUTION NO. 836

RESOLUTION OF THE BOARD OF DIRECTORS OF THE SAN
BERNARDINO VALLEY MUNICIPAL AUTHORIZING SIGNATORIES TO
EXECUTE CERTIFICATES OF ACCEPTANCE

BE IT RESOLVED by the Board of Directors of the San Bernardino Valley Municipal Water District pursuant to the provisions of Government Code Section 27281 that the General Manager, Assistant General Manager, President or Secretary of the Board of Directors are hereby authorized to accept and consent to the recordation of all deeds and grants conveying interests in and easements upon real property to the San Bernardino Valley Municipal Water District in all cases in which the acquisition of such interests in or easements upon such real property has been duly authorized by the Board.

This resolution supersedes Resolution No. 566, enacted March 21, 1977.

ENACTED: September 17, 1996



President

ATTEST:



Secretary

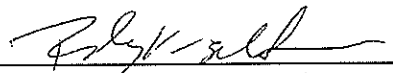
(SEAL)

CERTIFICATE OF ACCEPTANCE OF DEED

This is to certify that the interest in real property conveyed by the attached grant deed dated _____ from the City of Redlands, to San Bernardino Valley Municipal Water District, a public agency, is hereby accepted by order of the Board of Directors, and the grantee consents to the recordation thereof by its duly authorized officer.

Date: _____

San Bernardino Valley Municipal Water District

By: 
Assistant General Manager

(SEAL)



Guardian Escrow, Inc.

101 East Redlands Blvd., Suite 180
Redlands, CA 92373
(909) 793-3147 FAX (909) 798-4606

SALE ESCROW INSTRUCTIONS

TO: Guardian Escrow, Inc.

Date: November 7, 2006

Escrow Officer: Jeri Bray

Escrow Number: 22198-TS

SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT, a public agency, (hereinafter referred to as Buyer) agrees to purchase from **CITY OF REDLANDS**, a municipal corporation, (hereinafter referred to as Seller) the real property set forth herein per the terms, conditions, consideration and instructions hereinafter stated. The Seller and Buyer herein shall deliver these signed escrow instructions to **Guardian Escrow, Inc.**, (hereinafter known as Escrow Holder).

Terms of Transaction

I have deposited into escrow the sum of	\$ 10,000.00
I will deposit into escrow the sum of	\$ 653,500.00
To Complete the Total Consideration of	\$ 663,500.00

Furthermore, I/We, the undersigned Buyer, will execute and deliver any instruments and/or funds which this escrow requires of the Buyer to show title as called for, all of which you are instructed to use on or before **December 29, 2006**, provided you hold a Policy of Title insurance issued through **Commonwealth Land Title Company** (the title company selected by the parties), with the usual title company's exceptions, with a liability of not less than **\$663,500.00**, covering property in the County of **San Bernardino**, State of California, described as follows:

Parcel No. 1 of Parcel Map No. 17558, in the City of Redlands, County of San Bernardino, State of California, as per map recorded in the Office of the Recorder of said County prior to close of escrow*.

*Upon recordation of Parcel Map No. 17558 prior to the close of this escrow, the legal description is to be completed to reflect the appropriate recorded Parcel Map book and page number(s).

COMMONLY KNOWN AS: **Vacant Land**, located in the City of Redlands, California

ASSESSOR PARCEL NUMBER(S): **0167-101-12 (portion)**

SHOWING TITLE VESTED IN: **SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT**, a public agency

SUBJECT ONLY TO:

- (1) Current property taxes.
- (2) A lien of supplemental taxes, if any, assessed pursuant to the provisions of Chapter 3.5 (commencing with Section 75) of the Revenue and Taxation Code of the State of California.
- (3) Assessments and Bonds, if any, including all liens of assessment pursuant to the provisions of the Mello-Roos Community Facilities Act, not delinquent, unpaid balance to be assumed by Buyer.
- (4) Any covenants, conditions, restrictions, reservations, rights, rights of way and easements of record, or in deed to file, and any exception of water, minerals, oil, gas, and kindred substances, on or under said land, now of record, or in deed to file.

THE CLOSING OF THIS ESCROW IS CONTINGENT ON THE FOLLOWING:

Recordation of Parcel Map No. 17558 by the Seller covering the subject property and other property not included in this transaction; your receipt of supplemental report from Commonwealth Land Title Company to its Preliminary Report issued through Order No. 02131371-34, showing complete legal description for Parcel 1 of Parcel Map No. 17558, specifically including recording information as to book and page numbers for said Parcel Map No. 17558, shall constitute satisfaction and waiver of this contingency, without further approval or instruction required from either Buyer or Seller herein.

ADDITIONAL INSTRUCTIONS ATTACHED HERETO AND MADE A PART HEREOF

My initials below represent my agreement and acknowledgment of the foregoing.

Seller Initials: 

Buyer Initials: ____

ESCROW INSTRUCTIONS

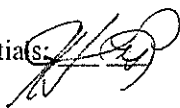
1. Escrow is not to be concerned with any fire or other hazard insurance covering subject property.
2. Prior to close of escrow, Buyer will hand you Certificate of Acceptance, which is to be attached to the Grant Deed when delivered for recording.
3. Prior to close of escrow, Buyer will hand you its Resolution of the Board of Directors of the San Bernardino Valley Municipal Water District authorizing this transaction and the terms and conditions set forth herein; which resolution shall also include the number of officers required to sign for the San Bernardino Valley Municipal Water District, together with their names and title.
4. The undersigned Buyer and Seller acknowledge having received, read and approved a copy of the preliminary report issued by Commonwealth Land Title in its Order No. 02131371, dated as of November 7, 2006, covering the subject property and other property not included in this sale. Exception Items A, B, and I through 10, as set forth in the report, are specifically approved to remain of record and may show in the policy of title insurance to be issued in conjunction with this escrow. It is understood and approved that the legal description in the policy of title insurance to be issued in conjunction with this escrow will cover only Parcel No. 1 of Parcel Map No. 17558; Escrow is not to be concerned with any title insurance covering the remaining parcels of Parcel Map No. 17558.
5. Escrow Holder is authorized and instructed to complete the legal description in the Seller's Grant Deed, over the signatures of the Seller, by inserting the parcel map recording book and page numbers for Parcel Map No. 17558, as furnished you by Commonwealth Land Title Company in its supplemental report.
6. As a matter of record: Escrow Holder is not to be concerned with, or responsible for, the execution by the Buyer and delivery to the Seller of any Irrevocable Letter of Credit; all of which will be completed by the parties outside of this escrow.
7. In the event Buyer or Seller utilize "facsimile" transmitted signed documents (via Panafax, Telefax, Nefax, etc.), Buyer and Seller hereby agree to accept same and instruct you as escrow holder to rely upon such documents as if they bore original signatures. Buyer and Seller hereby acknowledge and agree to provide to you, within 72 hours of transmission, any such documents bearing the original signatures. Buyer and Seller further acknowledge and agree that any promissory note, document required by a third party in conjunction with this escrow, payment order, or document in this escrow which is to be recorded in an office of the County Recorder, must be the original of such document, bear original signature(s) and be deposited with escrow holder prior to close of this escrow.

AS A MEMORANDUM ONLY, WITH WHICH ESCROW HOLDER IS NOT TO BE CONCERNED, IT IS UNDERSTOOD BETWEEN THE PARTIES THAT THESE INSTRUCTIONS ARE ENTERED INTO BY THEM IN ORDER TO ENABLE ESCROW HOLDER TO PROCESS AND CLOSE THIS ESCROW, BUT ARE IN NO WAY INTENDED TO CANCEL OR SUPERSEDE THAT CERTAIN AGREEMENT FOR PURCHASE AND SALE DATED OCTOBER 17, 2006, EXECUTED BY THE UNDERSIGNED OUTSIDE AND PRIOR TO OPENING OF ESCROW.

ADDITIONAL ESCROW INSTRUCTIONS

1. All funds received in this escrow shall be deposited with a State or National bank with other escrow funds. Make disbursements by your check; checks not presented for payment within six months after date are subject to service charges in accordance with your schedule in effect from time to time. Make all adjustments and pro-rations on the basis of a 30-day month. "Close of Escrow" is the date instruments are recorded. All documents and funds due the respective parties herein are to be mailed to the addresses set out below their respective signatures unless otherwise instructed. Our signatures on any documents and instructions pertaining to this escrow indicate our unconditional approval of same. Whenever provision is made herein for the payment of any sum, the delivery of any instrument or the performance of any act "outside of escrow", you as escrow holder shall have no responsibility therefor and shall not be concerned therewith. Documentary Transfer Tax is to be computed on full value of property conveyed (or full value less remaining encumbrances, if applicable) and will be paid by Seller/Grantor unless otherwise stated. In the event the amount of the Total Consideration is amended by the parties during the term of this escrow, you are authorized to correct the amount of the Documentary Transfer Tax on the deed, without further instructions required.
2. The parties to this escrow are made aware that escrow holder has no obligation to verify signatures of any of the parties involved.

ADDITIONAL INSTRUCTIONS ATTACHED HERETO AND MADE A PART HEREOF
My initials below represent my agreement and acknowledgment of the foregoing.

Seller Initials: 

Buyer Initials: ____

3. You shall not be responsible for the following: (1) the sufficiency or correctness as to form, manner of execution or validity of any documents deposited in this escrow; (2) the identity, authority, or right of any person executing the same, either as to documents of record or those handled in the escrow; or (3) the failure of any party to comply with any of the provisions of any agreement, contract or other instrument filed or deposited in this escrow or referred to in those escrow instructions. Your duties shall be limited to the safekeeping of money and documents received by you as escrow holder and for the disposition in compliance with the written instructions accepted by you in this escrow. You shall not be required to take any action regarding the collection, maturity, or apparent outlaw of any obligations deposited with you unless otherwise instructed in writing. Your liability as escrow holder shall be confined to the things specifically provided for in my written instructions in this escrow.

4. Where the assignment of any insurance policy from Seller/Grantor to Buyer/Grantee is concerned, Seller/Grantor guarantees to you any insurance policy handed you in this escrow is policy in force, the policy has not been hypothecated and that all necessary premiums have been paid. You are authorized to execute on behalf of the parties assignments of interest in any insurance policy (other than title insurance policies) called for in this escrow, you are authorized to transmit for assignment any insurance policy to the insurance agent requesting that the insurer consent to such assignment, to request that a loss payee clause or such other endorsements as may be required be issued, and to forward such policy to the lenders and entitled parties. You shall not be responsible for verifying the acceptance of the request for assignment and policy of insurance by the insurance company. The parties mutually agree that you will make no attempt to verify the receipt of the request for assignment by the issuing insurance company. All parties are placed on notice that if the insurance company should fail to receive the assignment, the issuing company may deny coverage for any loss suffered by Buyer. It is the obligation of the insured or the insured's representative to verify the issuing company's acceptance of the assignment of the policy.

5. You are not to be held responsible in any way whatsoever for any personal property tax which may be assessed against any former or present owner of the subject property described in these escrow instructions, nor for the corporation or license tax of any corporation as a former or present owner.

6. If it is necessary, proper or convenient for the consummation of this escrow, you are authorized to deposit or have deposited funds or documents, or both, handed you under these escrow instructions with any duly authorized sub-escrow agent, including, but not limited to, any bank, trust company, title insurance company, title company, savings and loan association, or licensed escrow agent, subject to your order at or before close of escrow in connection with closing this escrow. Any such deposit shall be deemed a deposit under the meaning of these escrow instructions.

7. The parties to this escrow have satisfied themselves outside of escrow that the transaction covered by this escrow is not in violation of the Subdivision Map Act or any law regulation land division, zoning ordinances or building restrictions which may affect the land or improvements that are the subject of this escrow. You, as escrow holder, are relieved of all responsibility and liability in connection with such laws, ordinances, restrictions or regulations and are not to be concerned with any of their enforcement.

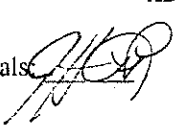
8. If any form of Purchase Agreement or amendment or supplement (collectively "Purchase Agreement") is deposited in this escrow, it is understood that such document shall be effective only as between the parties signing the Purchase Agreement. You, as escrow holder, are not to be concerned with the terms of any Purchase Agreement and are relieved of all responsibility for the enforcement of its terms. Your only duty is to comply with the instructions set forth in the escrow instructions. You are not responsible for interpreting or acting on any provision of any Purchase Agreement on which these escrow instructions may be based, and you shall not rely on any knowledge or understanding you may have of any such Purchase Agreement in ascertaining or performing your duties as escrow holder. In connection with any loan transaction, you are authorized to deliver a copy of any Purchase Agreement, supplement or amendment deposited with you, to the lender. You are authorized and instructed to furnish to any broker or lender identified with this transaction, or anyone acting on behalf of such lender, any information concerning this escrow, copies of all instructions, amendments and statements upon request.

9. You shall make no physical inspection of the real property or personal property described in any instruments deposited in, or which is the subject of this escrow. You have made no representations or warranties concerning any such real property or personal property and are not to be concerned with nor liable for the condition of real property or personal property.

10. At close of escrow, a policy of title insurance is to be secured for benefit of Buyer as provided in Page 1 of the Escrow Instructions and, if applicable, for new encumbrance holder(s) in amount of the encumbrance from the same title company. The parties authorize the recordation of any instrument delivered through this escrow if necessary or proper for the issuance of the required policy of title insurance or for the closing of this escrow. Funds, instructions or instruments received in this escrow may be delivered to, or deposited with, any title insurance company or title company to comply with the terms and conditions of this escrow. In the event the Total Consideration and/or the amount of new encumbrance(s) are changed by the parties during the term of this escrow, the liability of the policy(ies) of title insurance to be issued through this escrow are changed accordingly, without further instructions required.

11. If the date by which any party's performances are due shall be other than your regular business day, such performances shall be due on your next succeeding business day.

ADDITIONAL INSTRUCTIONS ATTACHED HERETO AND MADE A PART HEREOF
My initials below represent my agreement and acknowledgment of the foregoing.

Seller Initials: 

Buyer Initials: ____

12. You shall conduct no lien or title search of personal property regarding the sale or transfer of any personal property through this escrow. Should the parties desire that you conduct a lien or title search of personal property, the parties requesting the same shall deliver separate and specific written escrow instructions to you along with an agreement to pay your additional escrow fees.

13. You shall not be responsible in any way whatsoever nor are you to be concerned with any question of usury in any loan or encumbrance, whether new or of record, which may arise during the processing of this escrow.

14. The parties agree to deliver to you all documents, instruments, escrow instructions and funds required to process and close this escrow in accordance with its terms.

15. You are instructed to provide title to the subject real property in the condition identified in the escrow instructions by the parties, which title condition shall be evidenced by that shown in the policy of title insurance secured from the title company selected by the parties, on which you may rely. You are not responsible for the contents or accuracy of any beneficiary demands and/or beneficiary statements delivered to you by the existing lienholders.

You are not to be responsible in any way whatsoever nor to be concerned with the terms of any new loan or the content of any loan documents obtained by any party in connection with this escrow except to order such loan documents into the escrow file, transmit the loan documents to Buyer for execution and transmit the executed loan documents to lender. The parties understand and agree that you are not involved nor concerned with the approval and/or processing of any loan or the contents and effect of loan documents prepared by a lender.

16. Any pro-ration of rentals is to be based on rental statement handed you by the Seller/Grantor. You are to consider that Seller/Grantor will collect all rents which fall due prior to the close of escrow, unless he instructs you in writing to the contrary. No adjustment against the Buyer/Grantee on uncollected rents is to be made. Any pro-ration of taxes is to be based on latest tax statement available. You are not responsible for any personal property tax and/or supplemental taxes which may be assessed to the Seller/Grantor or any former owner of the property described herein, nor for the corporation or license tax of any corporation as former owner. If this escrow provides for the transfer of water stock at close of escrow, unless otherwise stated herein, all encumbrance holders at close of escrow shall be named as pledgee, as their interests appear, and said stock, upon reissue after close of escrow, is to be delivered to the first pledgee, and if no pledgee to the new record owner.

17. The parties expressly indemnify and hold you harmless against third-party claims for any fees, costs or expenses where you have acted in good faith, with reasonable care and prudence and/or in compliance with these escrow instructions.

18. The Federal Tax Reform Act of 1986, as amended, and the California Revenue & Taxation Code, require certain transactions to be reported to the Internal Revenue Service and the California State Franchise Tax Board. In those transactions Seller will furnish a correct tax identification number to you so you can report this transaction as required by law. Seller understands that Seller may be subject to civil or criminal penalties for failure to do so. If requested, you are authorized to furnish the Buyer with a copy of Seller's completed State of California Franchise Tax Board Withholding Exemption Certificate and Nonresident Waiver Request for Real Estate Sales Form 597-W, 593-C, 593-L, 593-W or other applicable State of California Franchise Tax Board Withholding Exemption Certificate furnished by Seller.

19. The parties agree that you have the responsibilities of an Escrow Holder only and there are no other legal relationships established in the terms and conditions of the escrow instructions. In connection with this escrow: (1) you shall have no duty or responsibility of notifying any of the parties to this escrow of any sale, resale, loan, exchange or other transaction involving any of the subject real property or personal property; (2) you shall have no responsibility or duty to disclose any benefit, including, but not limited to financial gain, realized by any person, firm or corporation involving any of the subject real property or personal property; and (3) you shall have no responsibility or duty to disclose any profit realized by any person, firm or corporation including, but not limited to, any real estate broker, real estate sales agent and/or a party to any other escrow, in connection therewith, although such other transaction may be handled by you in this escrow or in another escrow transaction. If, however, you are instructed in writing by any party, Lender or other entitled person to disclose any sale, resale, loan, exchange or other transaction involving any of the subject real property or personal property or any profit realized by any person, firm or corporation to any party to this escrow, you shall do so without incurring any liability to any party. You shall not be liable for any of your acts or omissions done in good faith nor for any claims, demands, losses or damages made or suffered by any party to this escrow, excepting such as may arise through or be caused by your willful neglect or gross misconduct.

ADDITIONAL INSTRUCTIONS ATTACHED HERETO AND MADE A PART HEREOF

My initials below represent my agreement and acknowledgment of the foregoing.

Seller Initials: 

Buyer Initials: _____

20. Parties acknowledge that pursuant to the California Revenue & Taxation Code a Change of Ownership Report is required by the county recorder to be completed and affixed to any documents submitted for recording which evidence a conveyance of title. The Change of Ownership Reports shall be furnished by you to the applicable parties for completion and execution. Parties are aware that if forms are not completed in full, signed and returned to you prior to closing, penalties will be assessed by the county recorder. If any Change of Ownership Report is not filed after the close of escrow within the time limits set forth by the county recorder, or the report is rejected by the county recorder for any reason, severe penalties will be assessed. Escrow holder's responsibility with regard to the Preliminary Change of Ownership Report(s) is limited to its delivery of same, as deposited by the parties, to the title company named in this escrow.

For information and assistance in completing the Change of Ownership form, Buyer may contact the County Recorder and Assessors offices in the county in which the subject property is located.

21. The parties shall cooperate with you in carrying out the escrow instructions they deposit with you and completing this escrow. The parties shall deposit into escrow, upon request, any additional funds, instruments, documents, instructions, authorizations, or other items that are necessary to enable you to comply with demands made on you by third parties, to secure policies of title insurance, or to otherwise carry out the terms of their instructions and close this escrow. Should you, before or after close of escrow, receive or become aware of any conflicting demands or claims with respect to this escrow or the rights of any of the parties hereto, or any money or property deposited herein or affected hereby, you shall have the right to discontinue any or all further acts on your part until such conflict is resolved to your satisfaction, and you shall have the further right to commence or defend any actions or proceedings for the determination of such conflict. The parties hereto jointly and severally agree to pay all costs, damages, judgments and expenses, including reasonable attorneys' fees suffered or incurred by you, arising out of, connected with, or incidental to this escrow, including but without limiting the generality of the foregoing, a suit in interpleader brought by you. In the event you file a suit in interpleader, you shall ipso facto be fully released and discharged from all obligations further to perform any and all duties imposed upon you in this escrow.

In consideration of your undertaking to act hereunder, I agree to pay, when called upon by you so to do, for all services performed for me, together with all charges, expenses, and costs incurred or paid for me by you as customarily allocated, unless the Escrow Instructions set forth hereinabove provide to the contrary. All of the parties to this escrow, jointly and severally, promise to pay promptly on demand, as well as to indemnify you and to hold you harmless from and against all administrative governmental investigations, audit and legal fees, litigation and interpleader costs, damages, judgments, attorneys' fees, arbitration costs and fees, expenses, obligations and liabilities of every kind (collectively "costs") which in good faith you may incur or suffer in connection with or arising out of this escrow, whether said costs arise during the performance of or subsequent to this escrow, directly or indirectly, and whether at trial, or on appeal, in administrative action, or in an arbitration. You are given a lien upon all the rights, titles and interests of the parties and all escrow papers and other property and monies deposited into this escrow to protect your rights and to indemnify and reimburse you. You may deduct from my net proceeds any amount I may owe you in any other matter. If the parties do not pay any fees, costs or expenses due you under the escrow instructions or do not pay for costs and attorneys' fees incurred in any litigation, administrative action and/or arbitration, on demand, they each agree to pay a reasonable fee for any attorney services which may be required to collect such fees or expenses, whether attorneys' fees are incurred before trial, at trial, on appeal or in arbitration.

22. All notices, demands and instructions must be in writing. No notice, demand, instruction, amendment, supplement or modification of these escrow instructions shall be of any effect in this escrow until delivered in writing to you and mutually executed by all parties. All escrow instructions may be executed in counterparts, each of which shall be deemed an original regardless of the date of its execution and delivery. All such counterparts together shall constitute the same document.

The parties acknowledge and understand that you, as escrow holder, are not authorized to practice the law nor do you give financial advice. The parties are advised to seek legal and financial counsel and advice concerning the effect of these escrow instructions. The parties acknowledge that no representations are made by you about the legal sufficiency, legal consequences, financial effects or tax consequences of the escrow instructions.

23. Notwithstanding any other provisions in these escrow instructions and in addition to other fees and costs to which you may be entitled, the parties, jointly and severally, agree that if this escrow is not consummated within ninety (90) days of the date set for closing, you are instructed to, and without further instructions, withhold your escrow hold open fee of \$50.00 per month from the funds on deposit with you regardless of who deposited such funds. The parties, jointly and severally, further agree that if you are, for any reason, required to hold funds after close of escrow, you are instructed to, and without further instructions, withhold an escrow fee of \$50.00 per month from the funds on deposit with you regardless of who deposited such funds. The parties irrevocably instruct you to automatically cancel this file without further instructions when all funds on deposit have been disbursed.

ADDITIONAL INSTRUCTIONS ATTACHED HERETO AND MADE A PART HEREOF
My initials below represent my agreement and acknowledgment of the foregoing.

Seller Initials: 

Buyer Initials: _____



Guardian Escrow, Inc.

101 East Redlands Blvd., Suite 180
Redlands, CA 92373
(909) 793-3147 FAX (909) 798-4606

NOTICE TO BUYERS AND SELLERS

Property: Vacant Land, Redlands, CA

Escrow No.: 22198-TS

1. THE UNDERSIGNED BUYERS AND SELLERS HEREBY ACKNOWLEDGE BEING ADVISED THAT CALIFORNIA STATE LAW REQUIRES THAT THIS ESCROW NOT CLOSE, NOR DOCUMENTS BE RECORDED, UNTIL ALL FUNDS REQUIRED OF THE PARTIES (INCLUDING NEW LOAN PROCEEDS) HAVE BEEN COLLECTED, AS DEFINED BY LAW.

IN ORDER TO MAINTAIN COMPLIANCE, WE SUGGEST THAT THE MOST EFFICIENT METHOD OF DEPOSITING FUNDS IS TO TRANSFER BY WIRE. CASHIER'S CHECKS DRAWN ON A CALIFORNIA BANK WILL, IN MOST CASES, BE ELIGIBLE FOR "NEXT-DAY" CLOSING.

ANY OTHER CHECK INSTRUMENTS, SUCH AS OFFICIAL CHECKS, BANK CHECKS, ETC., PURSUANT TO DEPARTMENT OF CORPORATIONS GUIDELINES, WILL BE TREATED AS PERSONAL CHECKS AND MUST BE CLEARED TO THE SATISFACTION OF GUARDIAN ESCROW, INC., WHICH CLEARANCE IS ESTIMATED TO TAKE FROM 3 TO 5 BUSINESS DAYS.

2. TO MINIMIZE DELAYS IN DOCUMENT RECORDING AND THE CLOSING OF YOUR ESCROW:

a. Whenever the amount of funds required for closing is \$100,000.00, or more, the closing funds should be transferred by wire directly to our bank as follows:

City National Bank
5601 East Slauson Avenue
Commerce, CA 90040

Routing Number: 122016066

Account Number: 013007691

FOR DEPOSIT TO GUARDIAN ESCROW, INC., REDLANDS TRUST ACCOUNT

CREDIT TO ESCROW NO. 22198-TS

(MAKE CERTAIN WIRE TRANSFER REFERENCES NAME OF DEPOSITOR)

b. Whenever the amount of funds required for closing is less than \$100,000.00, the closing funds should either be wired to our account, as above instructed, or deposited to escrow in the form of a **California Bank Cashiers Check** payable to **Guardian Escrow, Inc.** (Please be reminded that not all bank checks are Cashiers Checks).

3. PER DIEM INTEREST WILL BE CHARGED BY SELLER'S LENDER UNTIL THE DATE LENDER RECEIVES THE PAYOFF FUNDS (OR AS OTHERWISE DIRECTED BY LENDER'S DEMAND STATEMENT). PER DIEM INTEREST WILL BE CHARGED BY THE BUYER'S LENDER FROM THE DATE THE LENDER FUNDS THE LOAN.

THE UNDERSIGNED HEREBY ACKNOWLEDGES RECEIPT OF A COPY OF THE ABOVE NOTICE.

CITY OF REDLANDS, a municipal
corporation

By: *Jon Harrison*
JON HARRISON, Mayor

ATTEST:
Lorrie Poyzer
LORRIE POYZER, City Clerk

SAN BERNARDINO VALLEY MUNICIPAL WATER
DISTRICT, a public agency

By: _____
RANDY VAN GELDER
Assistant General Manager

By: _____
MARGARET C. WRIGHT, Secretary



Guardian Escrow, Inc.

101 East Redlands Blvd., Suite 180
Redlands, CA 92373
(909) 793-3147 FAX (909) 798-4606

PRIVACY POLICY

Escrow No.: 22198-TS

Our Commitment to Your Privacy: Guardian Escrow, Inc., has a long standing policy of protecting the confidentiality and security of information we collect about our customers. We may from time to time ask you to provide us with certain information. You may be concerned with what we will do with such information, particularly personal or financial information. Therefore, Guardian Escrow, Inc., has adopted this "Privacy Policy" to govern the use and handling of your personal information.

How We Collect Information: Guardian Escrow, Inc., gets most of its information about your finances, employment, or other personal characteristics from you or from other parties working for you. This privacy Policy deals with the information which you provide to Guardian Escrow, Inc. It does not cover information which we receive from any other source, such as a public record or from another person or entity. The types of information which Guardian Escrow, Inc., may collect includes, but it not limited to, the following:

- * information you provide on applications, forms and in other communications to us, whether in writing, in person, by telephone, E-mail, electronic transfer, or any other means;
- * information we develop as part of handling your transaction;
- * information about your transactions with us, any affiliated companies, or others; and,
- * information we receive from a consumer reporting agency.

Guardian Escrow, Inc., may verify this collected information or get additional information from other sources.

Why We Collect and How We Use Information: Guardian Escrow, Inc., limited the collection of information about you to a minimum, but which still allows Guardian Escrow, Inc., to provide you with superior services. We request information from you for legitimate business purposes related to the transactions we are handling for you, and not for the benefit of any party not connected with the transactions.

Disclosures of Information: Guardian Escrow, Inc., will not release your information to nonaffiliated parties except: 1) as necessary for us to provide the product or service you have requested of Guardian Escrow, Inc.; or 2) as required or permitted by law. Such information may be used for any internal purpose, such as quality control efforts, audit purposes, to attorneys or other professionals, customer analysis, or to law enforcement and regulatory agencies, for example, to help us prevent fraud. Except for such limited situations, **without your consent** we will not make any disclosures of information to other companies who may want to sell their products or services to you. For example, Guardian Escrow, Inc., does not sell customer lists and we will not sell your name to a catalogue company or telemarketer. Guardian Escrow, Inc., may provide such nonpublic personal information listed above to an affiliated company of Guardian Escrow, Inc., if the affiliate is also involved in the transaction. Guardian Escrow, Inc., may, however, store such information indefinitely, including the period after which any customer relationship has ceased.

Former Customers: This Privacy Policy applies to you even if you are no longer a customer of Guardian Escrow, Inc.

How We Protect Information: Guardian Escrow, Inc., has taken steps to ensure that only authorized parties have access to your information. We restrict nonpublic personal information about you to those individuals who need to know that information in order to provide you with services. Guardian Escrow, Inc., will use its best efforts to train and supervise its employees and agents to ensure that your information will be handled responsibly and in accordance with this Privacy Policy. We currently maintain physical, electronic, and other safeguards to comply with all applicable guidelines to protect your nonpublic personal information.

Further Information: We reserve the right to change this Privacy Policy. The examples contained within this Privacy Policy are illustrations and are not intended to be exclusive. This notice complies with recently enacted federal law and regulations regarding privacy. You may have additional rights under other foreign or state laws that may apply to you.

I/We have received and read a copy of this Privacy Policy notification as of the date below:

Date: December 11, 2006

Signature: [Signature]

Date: _____

Signature: [Signature]

24. If the conditions of this escrow have not been complied with prior to the expiration of time provided for herein, or any extension thereof, you are nevertheless to complete the escrow as soon as the conditions, except as to time, have been complied with, unless written demand shall have been made upon you not to complete it. Your escrow-holder agency shall terminate six (6) months following the date last set for close of escrow and shall be subject to earlier termination by receipt by you of mutually executed cancellation instructions. If this escrow has not closed or cancelled within the prescribed six-month period, you shall have no further obligations as escrow holder except to disburse funds and documents pursuant to written escrow instructions or to interplead or otherwise dispose of funds and documents in accordance with a validly issued and validly served order from a court of competent jurisdiction.

The parties, jointly and severally, agree that if this escrow cancels or is otherwise terminated and not closed, the parties shall pay for any costs and expenses which you have incurred or have become obligated for under these escrow instructions, including, but not limited to, attorneys' fees, arbitration fees and costs and reasonable escrow fees for the services rendered by you; the parties agree that such costs and expenses shall be paid and deposited in escrow before any cancellation or other termination of this escrow is effective. The parties agree that said charges for expenses, costs and fees may be apportioned between Buyer and Seller in a manner which, in your sole discretion, you consider equitable, and that your decision will be binding and conclusive upon the parties. Upon receipt of mutual cancellation instructions or a final order or judgment of a court of competent jurisdiction with accompanying writs of execution, levies or garnishments, you are instructed to disburse the escrow funds and instruments in accordance with such cancellation instruction, order or judgement and accompanying writ and this escrow shall, without further notice, be considered terminated and cancelled.

25. If any check submitted to you is dishonored upon presentment for payment, you are authorized to notify all parties to the within escrow, their respective real estate brokers/agents and any other person or entity you deem, in your sole discretion, necessary to notify.

26. The parties agree to release you from any and all liability of any kind or nature and to indemnify you from any loss, damages, claims, judgments or costs of any kind or nature resulting from or related to the release or discharge of hazardous or toxic wastes on the subject property whether it occurred in the past or present or may occur in the future which release or discharge is in violation of law, in excess of any state and federal standards, permit requirements and/or disclosure requirements existing at this time or which may exist at a future time. The parties represent that they made their own assessment of the condition of the subject property and have not relied on any of your representations in making the assessment. The parties are advised to seek independent legal and technical environmental expert advice in assessing the risks associated with potential hazardous or toxic wastes.

27. All parties to this escrow understand and agree that the title company named in these escrow instructions has been selected by the parties. All parties understand and agree Guardian Escrow, Inc. assumes no responsibility for any loss or delay encountered in the delivery of the loan funds to escrow holder, nor with the payoff of any existing loans and encumbrances, by the said title company; Guardian Escrow, Inc., is hereby held to be harmless as to any such loss or delay.

28. All parties acknowledge being advised that Jeri Bray: (1) is an escrow officer and the general manager of Guardian Escrow, Inc., and (2) is an officer and stockholder of Guardian Escrow, Inc., and Inland Brookside Services, Inc., each California corporations.

29. In these escrow instructions, wherever the context so requires, the masculine gender includes the feminine and/or neuter and the singular number includes the plural.

30. The legal descriptions(s), street address(es), if any, and assessor parcel number(s) set forth in this escrow have been furnished by the Seller/Grantor and approved by the Buyer/Grantee, on which you may rely.

31. You are authorized to destroy or otherwise dispose of any and all documents, papers escrow instructions, correspondence and records or other material constituting or pertaining to this escrow at any time after five (5) years from the date of: (1) the close of escrow; (2) the date of cancellation; or (3) the date of the last activity; all without liability and without further notice to the parties.

ADDITIONAL INSTRUCTIONS ATTACHED HERETO AND MADE A PART HEREOF
My initials below represent my agreement and acknowledgment of the foregoing.

Seller Initials: 

Buyer Initials: ____

PRORATE AND/OR ADJUST THE FOLLOWING AS OF DATE OF CLOSE OF ESCROW:

Real Property Taxes for the fiscal year, if any, using as a basis for said prorations the latest tax figures available as disclosed by the title company's preliminary report and subsequent verification of same with the title company at close of escrow.

PARTIES ARE AWARE THAT DUE TO PROVISIONS OF PROPOSITION 13 AND SENATE BILL 813 (1983), STATE OF CALIFORNIA, THERE MAY BE SUPPLEMENTAL TAX BILLS IN THE PROCESS OF BEING ISSUED DUE TO ANY RECENT CONSTRUCTION OR CONVEYANCE OF SUBJECT PROPERTY, AND IN ALL PROBABILITY THERE WILL BE SUPPLEMENTAL BILL(S) DUE TO THE CONVEYANCE(S) IN THIS ESCROW. ESCROW HOLDER CANNOT ASCERTAIN AND WILL NOT BE CONCERNED WITH ANY SUCH MATTERS IN THE PRORATIONS TO BE MADE HEREIN.

GUARDIAN ESCROW, INC., A CALIFORNIA CORPORATION IS LICENSED AS AN ESCROW AGENT BY THE DEPARTMENT OF CORPORATIONS OF THE STATE OF CALIFORNIA.

ALL PARTIES TO THIS TRANSACTION, JOINTLY AND SEVERALLY, ACKNOWLEDGE RECEIPT OF A COMPLETE COPY OF THE WITHIN ESCROW INSTRUCTIONS AND BY OUR SIGNATURES SET FORTH BELOW, ACKNOWLEDGE THAT WE HAVE READ, UNDERSTAND AND AGREE TO BE BOUND BY THE TERMS AND CONDITIONS CONTAINED HEREIN, IN THEIR ENTIRETY.

Buyer's Signature:

SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT, a public agency

By: _____
RANDY VAN GELDER
Assistant General Manager

By: _____
MARGARET C. WRIGHT, Secretary

Address: Attention: Randy Van Gelder, Asst. Gen. Mgr., P. O. Box 5906 San Bernardino, CA 92412-5906

The foregoing terms, provisions, conditions and instructions are hereby approved and accepted in their entirety and concurred in by me. I will hand you necessary documents called for on my part to cause title to be shown as set out herein, which you are authorized to deliver when you hold or have caused to be applied to funds set forth herein within the time as herein provided. You are authorized to pay on my behalf, my recording fees, charges for evidence of title as called for whether or not this escrow is consummated, except those the buyer agreed to pay. You are hereby authorized to pay bonds, assessments, taxes, and any liens of record, including prepayment penalties, if any, to show title as called for.

Seller's Signatures:

CITY OF REDLANDS, a municipal corporation

By:  _____
JON HARRISON, Mayor

ATTEST:

By:  _____
LORRIE POYZER, City Clerk

Address: Attention Greg Gage, Capital Projects Manager, PO Box 3005 Redlands, CA 92373

-- END OF INSTRUCTIONS --



Guardian Escrow, Inc.

101 East Redlands Blvd., Suite 180
Redlands, CA 92373
(909) 793-3147 FAX (909) 798-4606

NOTICE AND DISCLOSURE

(Effective January 1, 2003)

Property: Vacant Land, Redlands, CA
December 6, 2006

Escrow No.: 22198-TS

In accordance with Section 18662 of the Revenue and Taxation Code, a Buyer may be required to withhold an amount equal to 3 1/3 % of the sales price in the case of a disposition of California real property interest by either:

1. A Seller who is an Individual or when the disbursement instructions authorize the proceeds to be sent to a financial intermediary of the Seller, OR
2. A corporate Seller that has no permanent place of business in California.

The Buyer may become subject to penalty for failure to withhold in an amount equal to the greater of 10 per cent of the amount required to be withheld or five hundred dollars (\$500.00).

However, notwithstanding any other provision included in the California statutes referenced above, no Buyer will be required to withhold any amount or be subject to penalty for failure to withhold if:

1. The sales price of the California real property conveyed does not exceed One Hundred Thousand Dollars (\$100,000.00); OR
2. The Seller executes a written certificate, under the penalty of perjury, certifying that the Seller is a Corporation with a permanent place of business in California; OR
3. The Seller, who is an Individual, executes a written certificate, under the penalty of perjury, of any of the following:
 - a. That the California real property being conveyed is the Seller's principal residence (within the meaning of Section 121 of the Internal Revenue Code);
 - b. That the California real property being conveyed is or will be exchanged for property of like kind (within the meaning of Section 1031 of the Internal Revenue Code), but only to the extent of the amount of gain not required to be recognized for California income tax purposes under Section 1031 of the Internal Revenue Code;
 - c. That the California real property has been compulsorily or involuntarily converted (within the meaning of Section 1033 of the Internal Revenue Code) and that the Seller intends to acquire property similar or related in service or use so as to be eligible for nonrecognition of gain for California income tax purposes under Section 1033 of the Internal Revenue Code;
 - d. That the California real property transaction will result in a loss for California income tax purposes.

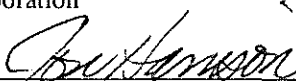
The Seller is subject to penalty for knowingly filing a fraudulent certificate for the purpose of avoiding the withholding requirement.

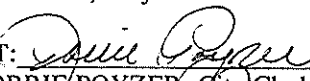
The California statutes referenced above include provisions which authorize the Franchise Tax Board to grant reduced withholding and waivers from withholding on a case-by-case basis for corporations or other entities.

The Escrow Holder will not undertake to withhold or remit funds to any taxing authority unless specifically instructed in writing to do so. In the event Escrow Holder receives a withholding request, appropriate mutual and written instructions will be required from all parties prior to the close of this escrow. You are authorized to furnish a copy of Seller's Certificate, if applicable, to Buyer upon request, without further responsibility on your part as escrow holder.

DUE TO THE COMPLEXITY OF THESE TAX LAWS, AND THE PENALTY PROVISIONS FOR FAILURE TO WITHHOLD, IT IS RECOMMENDED THAT THE BUYER CONSULT WITH HIS/HER ATTORNEY OR FINANCIAL ADVISOR AS TO BUYER'S OBLIGATION THEREUNDER, IF ANY, PRIOR TO THE CLOSE OF THIS ESCROW.

CITY OF REDLANDS, a municipal
corporation

By: 
JON HARRISON, Mayor

ATTEST: 
LORRIE POYZER, City Clerk

SAN BERNARDINO VALLEY MUNICIPAL WATER
DISTRICT, a public agency

By: _____
RANDY VAN GELDER
Assistant General Manager

By: _____
MARGARET C. WRIGHT, Secretary