

PURCHASE AND SALE AGREEMENT AND ESCROW INSTRUCTIONS

This Purchase and Sale Agreement and Escrow Instructions ("Agreement") is made and entered into by and between Andy Bauman ("Buyer") and the City of Redlands ("Seller") this 1st day of August, 2006 ("Effective Date"). Buyer and Seller are sometimes individually or collectively referred to herein as a "Party" or the "Parties."

In consideration of the mutual promises contained herein, the Parties agree as follows:

AGREEMENT

ARTICLE I PURCHASE AND SALE

Section 1.1 Purchase and Sale. Seller is the owner of certain real property commonly known as 1132 East Cypress Avenue located in the City of Redlands and more particularly described as County of San Bernardino Assessor's Parcel No. 173-191-16 (the "Property"). On all of the terms, covenants and conditions contained in this Agreement, Seller agrees to sell the Property to Buyer, and Buyer agrees to buy the Property from Seller.

Section 1.2 Purchase Price. The purchase price for the Property ("Purchase Price") is One Hundred Sixty-Five Thousand Dollars (\$165,000).

Section 1.3 Payment of the Purchase Price. Buyer shall pay the Purchase Price to Seller in cash upon "Close of Escrow" as defined herein.

ARTICLE II ESCROW

Section 2.1 Escrow, Escrow Holder, and Opening of Escrow. Within ten (10) days of the Effective Date of this Agreement, Buyer shall open an escrow to facilitate the transaction contemplated by this Agreement ("Escrow") with Emerald Escrow ("Escrow Holder") at the address specified in Section 8.6. Delivery by Buyer to Escrow of a fully-executed original or counterpart original of this Agreement shall constitute the opening of Escrow ("Opening of Escrow"). This Agreement shall constitute escrow instructions ("Escrow Instructions") to Escrow Holder. The Parties shall execute such additional Escrow Instructions consistent with the provisions of this Agreement that are mutually acceptable to the Parties or that may be required by Escrow Holder. Escrow Holder's general provisions ("Standard Escrow Instructions") shall also constitute Escrow

Instructions for purposes of this Agreement. As between the Parties, Buyer and Seller agree that if there is any conflict between the terms of this Agreement and the Standard Escrow Instructions, this Agreement shall control.

Section 2.2 Close of Escrow. Subject to the conditions set forth in Section 2.8, Escrow shall close on the date that fee title to the Property is conveyed from Seller to Buyer as contemplated by this Agreement and evidenced by the recording of a grant deed for the Property (Close of Escrow). Unless otherwise extended by written amendment to this Agreement, Close of Escrow shall occur on December 1, 2006, or sooner, after all conditions precedent to Close of Escrow have been satisfied or waived.

Section 2.3 Preliminary and Supplemental Title Reports. Escrow Holder shall deliver to Buyer, within ten (10) business days after the Opening of Escrow, a Preliminary Title Report covering the Property issued by Commonwealth Title ("Title Insurer"). The Preliminary Title Report shall be accompanied by complete copies of all underlying documents referred to in the Preliminary Title Report as evidencing exceptions to title (collectively "PTR").

Section 2.4 Review of Title Documents. Buyer shall have ten (10) business days following receipt of the PTR within which to notify Seller, in writing, of Buyer's disapproval of any exception to title disclosed in the PTR. In the event the PTR is supplemented ("Supplemental PTR") by the Title Insurer, Buyer shall have five (5) business days after its receipt by Buyer of such Supplemental PTR, within which to approve or disapprove any new matters disclosed in the Supplemental PTR. In the event Buyer disapproves a matter disclosed in the Title Documents that Seller declines to cure and that Buyer declines to waive, the Escrow shall be cancelled with respect to the Property upon written notice by either Party to the Escrow Holder and the other Party. Upon any such cancellation of Escrow, each Party shall pay one-half of the Escrow cancellation charges.

Section 2.5 Condition of Title. All matters contained in the PTR that are not disapproved by Buyer prior to the end of the period referred to in Section 2.4 shall be deemed to be permitted exceptions ("Permitted Exceptions"). Seller shall convey the Property to Buyer in fee simple title, which shall be, except for the Permitted Exceptions, free and clear of all leases, tenancies, rentals, mortgages, liens, charges, encumbrances, encroachments, easements, conditions, exceptions, assessments, taxes and other defects in title.

Section 2.6 Obligations of Buyer. In addition to performance by Buyer of all obligations of Buyer contained in this Agreement, on or before one (1) business day prior to Close of Escrow,

Buyer shall have deposited into Escrow: (i) the Purchase Price for the Property; and (ii) all other sums and documents reasonably required of Buyer by Escrow Holder to the Close of Escrow.

Section 2.7 Obligations of Seller. In addition to fulfilling any other obligations of Seller contained in this Agreement, on or before one (1) business day prior to Close of Escrow, Seller shall deposit into Escrow; a grant deed to the Property, properly executed by Seller and recordable and any documents reasonably required of Seller by Escrow Holder to carry out Close of Escrow.

Section 2.8 Conditions Precedent to Close of Escrow. Seller's obligation to convey the Property and Buyer's obligation to purchase the Property are subject to the satisfaction (or written waiver by the benefitting Party) of the following conditions precedent:

- (a) Escrow has not been canceled and/or this Agreement has not been terminated pursuant to Sections 2.4, 2.9 or 3.2;
- (b) Title Insurer is prepared to issue the policy of title insurance described in Section 2.13.

Section 2.9 Conditions Regarding Close of Escrow. In the event that any condition precedent to Close of Escrow referred to in Section 2.8 is neither satisfied nor waived in writing by the Party benefitting from the condition, such condition shall be deemed to have failed and Escrow shall terminate with respect to the Property. If either Party is at fault for cancellation of Escrow pursuant to this Section, including because the Party failed to act when or in the manner required pursuant to this Agreement, or because the Party acted in any such manner that impeded satisfaction of any condition precedent specified in Section 2.8, that Party shall be responsible for paying all Escrow cancellation costs. If the Escrow is terminated pursuant to this Section for any reason that is not the fault of a Party, the Parties shall equally bear the Escrow cancellation costs.

Section 2.10 Taxes and Assessments. Prior to or concurrent with Close of Escrow, Seller shall pay, cancel or terminate all prior current taxes, including special taxes assessments and improvement fees or charges levied on or against the Property.

Section 2.11 Payment of Costs. The costs associated with this transaction shall be paid as follows:

- (a) Buyer shall pay an amount equal to the cost of obtaining a standard form CLTA title insurance policy covering the Property in the amount of the Purchase Price including the cost of the PTR;
- (b) Buyer shall pay all costs of Escrow, including the Escrow Holder's escrow fee;

- (c) Buyer shall pay the cost of documentary transfer taxes, if any, in connection with the recordation of the grant deed.

Section 2.12 Brokerage Fees. The Parties agree that Buyer is solely responsible for any fees and commissions relating to brokerage fees.

Section 2.13 Title Policy. Escrow Holder shall deliver to Buyer, through Escrow, a CLTA owner's policy of title insurance insuring Buyer's fee ownership of the Property, subject only to the usual printed title company exceptions and the Permitted Exceptions, in amounts equal to the Purchase Price, issued by Title Insurer and dated as of Close of Escrow.

Section 2.14 Execution of Other Documents; Compliance with Regulations. The Parties shall do such other things and shall execute all documents which are reasonably necessary for Close of Escrow to occur. Furthermore, the Parties shall comply at their own expense with all applicable laws required for Close of Escrow to occur including, but not limited to, any required filings with governmental authorities.

Section 2.15 Recording of Documents and Delivery of Funds. Upon receipt of the funds and instruments described in this Article, and upon the satisfaction or waiver of the conditions precedent to Close of Escrow referred to in this Article, Escrow Holder shall cause the grant deed and other documents specified in this Agreement to be recorded in the official records of the County of San Bernardino. Upon Close of Escrow, Escrow Holder shall deliver conformed copies of the grant deed and all other appropriate documents to Buyer.

Section 2.16 Escrow Cancellation Charges. Notwithstanding any other provision of this Agreement to the contrary, in the event that Close of Escrow fails to occur as result of the default of a Party, the defaulting party ("Defaulting Party") shall be liable for all Escrow cancellation charges. In the event that Close of Escrow fails to occur for any other reason, Buyer and Seller shall each be responsible for and shall pay one-half of all Escrow cancellation charges unless specified otherwise in this Agreement.

ARTICLE III FEASIBILITY, DUE DILIGENCE AND INSPECTIONS

Section 3.1 Feasibility, Due Diligence, and Inspections. Buyer shall have one hundred (100) business days from the Effective Date of this Agreement to complete its due diligence ("Due Diligence Period"). After providing Seller with at least twenty-four (24) hours written notice, Buyer

and its consultants, agents, contractors and employees ("Buyer's Agents") shall have the opportunity during the Due Diligence Period to enter the Property during regular business hours, or as reasonably necessary, to make visual inspections of the Property.

Section 3.2 Consequences of Feasibility and Due Diligence Inspection. If Buyer fails to disapprove, in writing, of the physical or environmental condition of the Property prior to the end of the Due Diligence Period, or any extension thereto, Buyer shall be deemed to have approved the physical and environmental condition of the Property. Buyer shall notify Seller in writing if Buyer disapproves the physical or environmental condition of the Property as a result of any visual inspection conducted pursuant to Section 3.1. In such event, within fifteen (15) business days after receipt of any such notification, Seller may either: (i) cancel the Escrow with respect to the Property by delivering written notice to Buyer and Escrow Holder; or (ii) give written notice to Buyer that Seller intends to remove or abate the condition prior to Close of Escrow ("Abatement Option"). If Seller elects to exercise the Abatement Option, Seller shall do so at its own cost and expense prior to Close of Escrow, or after Close of Escrow pursuant to a separate written agreement with Buyer.

Section 3.3 Right to Observe Inspections. Seller may be present and may observe any visual inspections conducted by Buyer or Buyer's consultants.

Section 3.4 Repair of the Property. If Escrow is cancelled with respect to the Property, Buyer shall promptly repair any damage it has caused to the Property.

Section 3.5 License for Buyer Inspections. As consideration to Buyer, Seller hereby grants a non-exclusive license to Buyer to enable Buyer to conduct Buyer's due diligence activities as to its proposed use of the Property ("Buyer License"). The Buyer License shall include, but is not limited to, allowing Buyer to enter, cross over, on, along, through and across the Property to make its visual inspections. The Buyer License is granted subject to any covenants, restrictions, reservations, rights-of-way and encumbrances of record.

ARTICLE IV SELLER'S REPRESENTATIONS AND WARRANTIES

Section 4.1 Seller is selling the Property in "As-Is" condition. Except as otherwise expressly provided in this Agreement, Seller hereby disclaims all warranties of any kind or nature whatsoever, whether expressed or implied, including but not limited to warranties with respect to either of the Property, or its condition or suitability for Buyer's intended use.

ARTICLE V BUYER'S REPRESENTATIONS AND WARRANTIES

Section 5.1 In addition to any other representations and warranties made by Buyer pursuant to this Agreement, Buyer warrants and represents that the following facts are true and correct as of the date Buyer executes this Agreement, and the truth and accuracy of such representations and warranties shall constitute a condition to Close of Escrow. As used in this Agreement, the phrase "to Buyer's knowledge" shall be limited to the actual knowledge of the signatories to this Agreement on behalf of Buyer and any constructive knowledge imparted to it as a result of any report, study or other documentation in Buyer's possession.

(a) To Buyer's knowledge, neither this Agreement, nor any action required hereunder, violates or shall violate any contract, agreement or instrument to which Buyer is a party. No other person or entity is required to consent to, acknowledge, or execute this Agreement in order to validate its execution by Buyer or to permit the consummation of the transactions contemplated herein.

(b) To Buyer's knowledge, Buyer, subject to the provisions of this Agreement, has the full right and authority to enter into this Agreement and consummate the transactions contemplated herein, and each person signing this Agreement on behalf of Buyer is authorized to do so.

(c) To Buyer's knowledge, except as set forth in this Agreement, there is no existing state of facts or circumstances, or any condition or event, that would preclude Buyer from fulfilling its obligations under this Agreement.

ARTICLE VI INSURANCE AND INDEMNIFICATION

Section 6.1 Indemnification by Buyer. Buyer shall indemnify, defend and hold harmless Seller from any loss of or damage to the Property, or injury or death of any person whomsoever, including attorneys' fees and costs, arising from the activities caused in whole or in part by any intentional or negligent act of Buyer or Buyer's Agents, or by any act or omission of Buyer or Buyer's Agents in the exercise of rights pursuant to the Buyer License.

ARTICLE VII DISPUTES AND DEFAULT

Section 7.1 Governing Law. This Agreement shall be governed by and construed in accordance with California law.

Section 7.2 Interpretation of Agreement. The headings set forth in this Agreement are for purposes of reference only and shall not limit or define the meaning of the provisions contained herein.

Section 7.3 Attorneys' Fees. In any action between Buyer and Seller seeking enforcement or interpretation of any provision of this Agreement or in connection with the purchase of the Property, the prevailing Party in such action shall be awarded its reasonable costs and expenses, including, but not limited to, reasonable attorneys' fees, (including in-house counsel fees of the Parties) disbursements, and court costs, in addition to any damages, injunctive, or other relief awarded, and, without limitation, attorneys' fees, disbursements, and court costs, incurred in any post judgment proceedings to collect or enforce any judgment.

Section 7.4 Default. Time is of the essence in this Agreement, and if either Party defaults on its obligations hereunder, then the other Party ("Non-Defaulting Party") may initiate termination of this Agreement by notice in writing to the Defaulting Party and Escrow Holder. If the Defaulting Party has not fully cured the default within thirty (30) days after receipt of such written notice, the Non-Defaulting Party may instruct Escrow Holder to cancel the Escrow, and the Non-Defaulting Party shall thereupon be released from its obligations under this Agreement. If said Default is not cured within the foregoing thirty (30) day period, it is hereby mutually agreed that Escrow shall be immediately cancelled and the full deposit (less any escrow, title, or other applicable fees) shall be released to Seller and there will be no further liability from the Parties herein.

ARTICLE VIII MISCELLANEOUS PROVISIONS

Section 8.1 Entire Agreement and Amendment. This Agreement fully and completely expresses the entire agreement between the Parties hereto with respect to the subject matter hereof. Any amendment to this Agreement shall be in writing and approved by the City Council of Seller; provided, however, that an amendment to this Agreement solely for the purpose of extending the Close of Escrow may be approved in writing by the City Manager of Seller.

Section 8.2 Waiver. The failure of either Party at any time to require a performance by the other Party of any provision hereof shall not affect in any way the full right to require such performance at any time thereafter. The waiver of any breach of any provision of this Agreement by Buyer or Seller shall not be deemed to be a waiver of any preceding or subsequent breach of the same or any other provision of this Agreement.

Section 8.3 Representation by Independent Counsel. Buyer and Seller agree and acknowledge that they have been represented by independent legal counsel of their own choice throughout all negotiations preceding the execution of this Agreement, and that they have executed this Agreement with the consent of, and upon the advice of, their own legal counsel.

Section 8.4 Not for Benefit of Third Parties. This Agreement and every provision hereof is for the exclusive benefit of the Parties to this Agreement and not for the benefit of any third party.

Section 8.5 Assignment. This Agreement shall be binding upon the Parties hereto and their respective heirs, successors, representatives and assigns.

Section 8.6 Notices. All notices, demands and other communications given or required to be given pursuant to this Agreement shall be in writing, duly addressed as indicated below, and given by personal delivery, registered or certified mail (postage prepaid and return receipt requested), Federal Express or other reliable private express delivery, or by facsimile transmission (with original to follow via first-class U.S. Mail). Such notices, demands or other communications shall be deemed received: (i) immediately upon delivery if personally delivered or sent by facsimile transmission; or (ii) after three business days if given or sent by any other approved method specified above. Any Party specified below may, for purposes of this Agreement, change its name, address, facsimile number or person to whom attention should be directed by giving notice in the manner specified in this Section. Notices, demands and communications shall be duly addressed as follows:

To Buyer:

Andy Bauman
1460 Marshall St. # 60
Redlands, CA 92374
(909) 556-2911

To Seller:

Attention: City Manager
City of Redlands
P.O. Box 3005
Redlands, CA 92373
(909) 798-7510

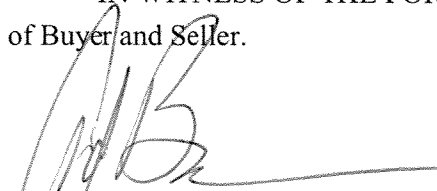
To Escrow Company:

Emerald Escrow Inc.
462 Corona Mall
Corona, CA 92879
(951) 737-3630

Section 8.7 Severability. If any article, section, subsection, paragraph, sentence, clause or phrase contained in this Agreement shall become illegal, null or void or against public policy, for any reason, or shall be held by a court of competent jurisdiction to be illegal, null or void or against public policy, the remaining articles, sections, subsections, paragraphs, sentences, clauses or phrases contained in this Agreement shall not be affected thereby.

Section 8.8 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original but all of which shall constitute one and the same instrument.

IN WITNESS OF THE FOREGOING, the undersigned execute this Agreement on behalf of Buyer and Seller.



ANDY BAUMAN

Dated: August 1, 2006

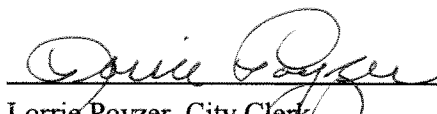
CITY OF REDLANDS



Mayor Jon Harrison

Dated: August 1, 2006

ATTEST:



Lorrie Poyzer, City Clerk

Recording Requested By
and When Recorded Mail to:
City Clerk
City of Redlands
P.O. Box 3005
Redlands CA 92373

GRANT DEED

FOR VALUABLE CONSIDERATION, the receipt and sufficiency of which is hereby acknowledged, the City of Redlands ("Grantors"), a municipal corporation organized and existing pursuant to California law, hereby grants to Andy Bauman("Grantee"), that certain real property located in the County of San Bernardino, State of California, and more particularly described in Exhibit "A" attached hereto and incorporated herein by reference.

IN WITNESS WHEREOF, this instrument is executed as of this ____ day of _____, 2006 by:

[PLEASE NOTARIZE SIGNATURES]

GRANTOR:

CITY OF REDLANDS

By: _____

Jon Harrison, Mayor

ATTEST

Lorrie Poyzer, City Clerk

STATE OF CALIFORNIA)
) ss.
COUNTY OF SAN BERNARDINO)

On _____, before me, _____
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 of Notary Public

Exhibit "A"
LEGAL DESCRIPTION

2ND PREL MAP OF REDLANDS PTN LOT 8 BLK 33 BEG AT THE MOST NELY COR OF LAND CONVEYED TO STATE OF CALIFORNIA BY DEED RECORDED IN BOOK 5184 PAGE 238 SD PT BEING ALSO A PT IN SELY R/W LI CYPRESS AVE TH ALG SD SELY R/W LI N 56 DEG 19 MIN 30 SECONDS E 183 FT TH S 31 DEG 26 MIN 32 SECONDS E 158 FT TH S 53 DEG 33 MIN 37 SECONDS W 180 FT TO NLY LI SD LAND CONVEYED TO STATE OF CALIF TH ALG SD NLY LI 37 DEG 48 MIN 48 SECONDS W (RECORDED N 38 DEG 06 MIN 18 SECONDS W) 152 FT TO ANGLE PT IN SD NLY LI TH CONT ALG SD NLY LI 09 DEG 15 MIN 21 SECONDS E 20.43 FT (RECORDED N 08 DEG 57 MIN 29 SECONDS E 20.44 FT) TO THE POB

Emerald Escrow, Inc.

462 S. Corona Mall • Corona, California 92879-1418 • (951) 737-3630 • Telefax (951) 737-0378



CITY OF REDLANDS, A MUNICIPAL CORPORATION
CITY MANAGER, CITY OF REDLANDS
P.O. BOX 3005
REDLANDS, CA 92373

Date : August 24, 2006
Escrow No. : 51298

RE: 1132 EAST CYPRESS AVENUE, REDLANDS, CA

Thank you for selecting Emerald Escrow, Inc. to process your escrow. We appreciate the opportunity to be of service to you in this transaction. Enclosed please find the following:

SIGN AND RETURN the enclosed items, retain the copy for your records:
Escrow Instructions

COMPLETE IN FULL, SIGN AND RETURN the enclosed items:
CAL-FIRPTA 590 Form and/or Certificate

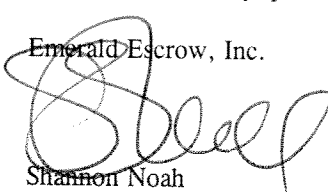
SIGN AND ACKNOWLEDGE BEFORE A NOTARY PUBLIC Exactly as your name(s) appear on the enclosed items:
Grant Deed

The Following is ENCLOSED for your Records:

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.

Should you have any questions or need any further assistance, please do not hesitate to contact the undersigned. Thank you.

Emerald Escrow, Inc.


Shannon Noah
Escrow Officer

SN

Emerald Escrow, Inc.

YOUR COPY
PLEASE RETURN

462 S. Corona Mall • Corona, California 92879-1418 • (951) 737-3630 • Telefax (951) 737-0378

AMENDED ESCROW INSTRUCTIONS

Escrow No. 51298

Date August 24, 2006

Re: **1132 EAST CYPRESS AVENUE, REDLANDS, CA**

To: **Emerald Escrow, Inc. - Shannon Noah**

My previous instructions in the above numbered escrow are hereby modified - supplemented in the following particulars only:

ESCROW HOLDER HEREBY ACCEPTS AND INCORPORATES THE PURCHASE CONTRACT DATED AUGUST 1, 2006 AS THE ESCROW INSTRUCTIONS.

THE FOLLOWING INFORMATION IS FOR CLARIFICATION PURPOSES ONLY:

SALES PRICE IS TO BE \$165,000.00.

CLOSE OF ESCROW TO BE ON OR BEFORE DECEMBER 1, 2006.

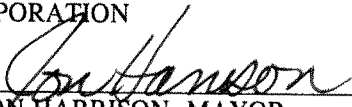
THE BUYER SHALL PAY ALL COSTS IN CONNECTION WITH THIS TRANSACTION, WHICH INCLUDE, BUT ARE NOT LIMITED TO THE FOLLOWING: ESCROW FEES, TITLE POLICY FEE, RECORDING FEES AND DOCUMENTARY TRANSFER TAX.

LEGAL DESCRIPTION ATTACHED HERETO AND MADE A PART HEREOF AS EXHIBIT "A"

All other terms and conditions of this escrow shall remain the same. All parties signing this instruction acknowledge receipt of a copy of same.

SELLER(S):

CITY OF REDLANDS, A MUNICIPAL
CORPORATION

By: 
JON HARRISON, MAYOR

By: 
LORRIE POYZER, CITY CLERK

BUYER(S):

ANDY BAUMAN

PURCHASE AND SALE AGREEMENT AND ESCROW INSTRUCTIONS

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Section 2.14 Execution of Other Documents; Compliance with Regulations. The Parties shall do such other things and shall execute all documents which are reasonably necessary for Close of Escrow to occur. Furthermore, the Parties shall comply at their own expense with all applicable laws required for Close of Escrow to occur including, but not limited to, any required filings with governmental authorities.

Section 2.15 Recording of Documents and Delivery of Funds. Upon receipt of the funds and instruments described in this Article, and upon the satisfaction or waiver of the conditions precedent to Close of Escrow referred to in this Article, Escrow Holder shall cause the grant deed and other documents specified in this Agreement to be recorded in the official records of the County of San Bernardino. Upon Close of Escrow, Escrow Holder shall deliver conformed copies of the grant deed and all other appropriate documents to Buyer.

Section 2.16 Escrow Cancellation Charges. Notwithstanding any other provision of this Agreement to the contrary, in the event that Close of Escrow fails to occur as result of the default of a Party, the defaulting party ("Defaulting Party") shall be liable for all Escrow cancellation charges. In the event that Close of Escrow fails to occur for any other reason, Buyer and Seller shall each be responsible for and shall pay one-half of all Escrow cancellation charges unless specified otherwise in this Agreement.

ARTICLE III FEASIBILITY, DUE DILIGENCE AND INSPECTIONS

Section 3.1 Feasibility, Due Diligence, and Inspections. Buyer shall have one hundred (100) business days from the Effective Date of this Agreement to complete its due diligence ("Due Diligence Period"). After providing Seller with at least twenty-four (24) hours written notice, Buyer

and its consultants, agents, contractors and employees ("Buyer's Agents") shall have the opportunity during the Due Diligence Period to enter the Property during regular business hours, or as reasonably necessary, to make visual inspections of the Property.

Section 3.2 Consequences of Feasibility and Due Diligence Inspection. If Buyer fails to disapprove, in writing, of the physical or environmental condition of the Property prior to the end of the Due Diligence Period, or any extension thereto, Buyer shall be deemed to have approved the physical and environmental condition of the Property. Buyer shall notify Seller in writing if Buyer disapproves the physical or environmental condition of the Property as a result of any visual inspection conducted pursuant to Section 3.1. In such event, within fifteen (15) business days after receipt of any such notification, Seller may either: (i) cancel the Escrow with respect to the Property by delivering written notice to Buyer and Escrow Holder; or (ii) give written notice to Buyer that Seller intends to remove or abate the condition prior to Close of Escrow ("Abatement Option"). If Seller elects to exercise the Abatement Option, Seller shall do so at its own cost and expense prior to Close of Escrow, or after Close of Escrow pursuant to a separate written agreement with Buyer.

Section 3.3 Right to Observe Inspections. Seller may be present and may observe any visual inspections conducted by Buyer or Buyer's consultants.

Section 3.4 Repair of the Property. If Escrow is cancelled with respect to the Property, Buyer shall promptly repair any damage it has caused to the Property.

Section 3.5 License for Buyer Inspections. As consideration to Buyer, Seller hereby grants a non-exclusive license to Buyer to enable Buyer to conduct Buyer's due diligence activities as to its proposed use of the Property ("Buyer License"). The Buyer License shall include, but is not limited to, allowing Buyer to enter, cross over, on, along, through and across the Property to make its visual inspections. The Buyer License is granted subject to any covenants, restrictions, reservations, rights-of-way and encumbrances of record.

ARTICLE IV SELLER'S REPRESENTATIONS AND WARRANTIES

Section 4.1 Seller is selling the Property in "As-Is" condition. Except as otherwise expressly provided in this Agreement, Seller hereby disclaims all warranties of any kind or nature whatsoever, whether expressed or implied, including but not limited to warranties with respect to either of the Property, or its condition or suitability for Buyer's intended use.

ARTICLE V BUYER'S REPRESENTATIONS AND WARRANTIES

Section 5.1 In addition to any other representations and warranties made by Buyer pursuant to this Agreement, Buyer warrants and represents that the following facts are true and correct as of the date Buyer executes this Agreement, and the truth and accuracy of such representations and warranties shall constitute a condition to Close of Escrow. As used in this Agreement, the phrase "to Buyer's knowledge" shall be limited to the actual knowledge of the signatories to this Agreement on behalf of Buyer and any constructive knowledge imparted to it as a result of any report, study or other documentation in Buyer's possession.

(a) To Buyer's knowledge, neither this Agreement, nor any action required hereunder, violates or shall violate any contract, agreement or instrument to which Buyer is a party. No other person or entity is required to consent to, acknowledge, or execute this Agreement in order to validate its execution by Buyer or to permit the consummation of the transactions contemplated herein.

(b) To Buyer's knowledge, Buyer, subject to the provisions of this Agreement, has the full right and authority to enter into this Agreement and consummate the transactions contemplated herein, and each person signing this Agreement on behalf of Buyer is authorized to do so.

(c) To Buyer's knowledge, except as set forth in this Agreement, there is no existing state of facts or circumstances, or any condition or event, that would preclude Buyer from fulfilling its obligations under this Agreement.

ARTICLE VI INSURANCE AND INDEMNIFICATION

Section 6.1 Indemnification by Buyer. Buyer shall indemnify, defend and hold harmless Seller from any loss of or damage to the Property, or injury or death of any person whomsoever, including attorneys' fees and costs, arising from the activities caused in whole or in part by any intentional or negligent act of Buyer or Buyer's Agents, or by any act or omission of Buyer or Buyer's Agents in the exercise of rights pursuant to the Buyer License.

ARTICLE VII DISPUTES AND DEFAULT

Section 7.1 Governing Law. This Agreement shall be governed by and construed in accordance with California law.

Section 7.2 Interpretation of Agreement. The headings set forth in this Agreement are for purposes of reference only and shall not limit or define the meaning of the provisions contained herein.

Section 7.3 Attorneys' Fees. In any action between Buyer and Seller seeking enforcement or interpretation of any provision of this Agreement or in connection with the purchase of the Property, the prevailing Party in such action shall be awarded its reasonable costs and expenses, including, but not limited to, reasonable attorneys' fees, (including in-house counsel fees of the Parties) disbursements, and court costs, in addition to any damages, injunctive, or other relief awarded, and, without limitation, attorneys' fees, disbursements, and court costs, incurred in any post judgment proceedings to collect or enforce any judgment.

Section 7.4 Default. Time is of the essence in this Agreement, and if either Party defaults on its obligations hereunder, then the other Party ("Non-Defaulting Party") may initiate termination of this Agreement by notice in writing to the Defaulting Party and Escrow Holder. If the Defaulting Party has not fully cured the default within thirty (30) days after receipt of such written notice, the Non-Defaulting Party may instruct Escrow Holder to cancel the Escrow, and the Non-Defaulting Party shall thereupon be released from its obligations under this Agreement. If said Default is not cured within the foregoing thirty (30) day period, it is hereby mutually agreed that Escrow shall be immediately cancelled and the full deposit (less any escrow, title, or other applicable fees) shall be released to Seller and there will be no further liability from the Parties herein.

ARTICLE VIII MISCELLANEOUS PROVISIONS

Section 8.1 Entire Agreement and Amendment. This Agreement fully and completely expresses the entire agreement between the Parties hereto with respect to the subject matter hereof. Any amendment to this Agreement shall be in writing and approved by the City Council of Seller; provided, however, that an amendment to this Agreement solely for the purpose of extending the Close of Escrow may be approved in writing by the City Manager of Seller.

Section 8.2 Waiver. The failure of either Party at any time to require a performance by the other Party of any provision hereof shall not affect in any way the full right to require such performance at any time thereafter. The waiver of any breach of any provision of this Agreement by Buyer or Seller shall not be deemed to be a waiver of any preceding or subsequent breach of the same or any other provision of this Agreement.

Section 8.3 Representation by Independent Counsel. Buyer and Seller agree and acknowledge that they have been represented by independent legal counsel of their own choice throughout all negotiations preceding the execution of this Agreement, and that they have executed this Agreement with the consent of, and upon the advice of, their own legal counsel.

Section 8.4 Not for Benefit of Third Parties. This Agreement and every provision hereof is for the exclusive benefit of the Parties to this Agreement and not for the benefit of any third party.

Section 8.5 Assignment. This Agreement shall be binding upon the Parties hereto and their respective heirs, successors, representatives and assigns.

Section 8.6 Notices. All notices, demands and other communications given or required to be given pursuant to this Agreement shall be in writing, duly addressed as indicated below, and given by personal delivery, registered or certified mail (postage prepaid and return receipt requested), Federal Express or other reliable private express delivery, or by facsimile transmission (with original to follow via first-class U.S. Mail). Such notices, demands or other communications shall be deemed received: (i) immediately upon delivery if personally delivered or sent by facsimile transmission; or (ii) after three business days if given or sent by any other approved method specified above. Any Party specified below may, for purposes of this Agreement, change its name, address, facsimile number or person to whom attention should be directed by giving notice in the manner specified in this Section. Notices, demands and communications shall be duly addressed as follows:

To Buyer:

Andy Bauman
1460 Marshall St. # 60
Redlands, CA 92374
(909) 556-2911

To Seller:

Attention: City Manager
City of Redlands
P.O. Box 3005
Redlands, CA 92373
(909) 798-7510

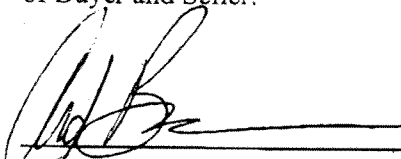
To Escrow Company:

Emerald Escrow Inc.
462 Corona Mall
Corona, CA 92879
(951) 737-3630

Section 8.7 Severability. If any article, section, subsection, paragraph, sentence, clause or phrase contained in this Agreement shall become illegal, null or void or against public policy, for any reason, or shall be held by a court of competent jurisdiction to be illegal, null or void or against public policy, the remaining articles, sections, subsections, paragraphs, sentences, clauses or phrases contained in this Agreement shall not be affected thereby.

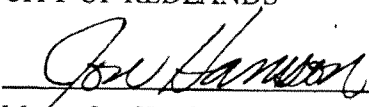
Section 8.8 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original but all of which shall constitute one and the same instrument.

IN WITNESS OF THE FOREGOING, the undersigned execute this Agreement on behalf of Buyer and Seller.



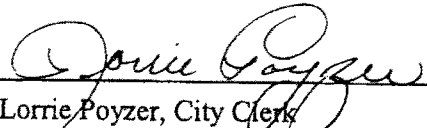
ANDY BAUMAN

Dated: August 1, 2006

CITY OF REDLANDS


Mayor Jon Harrison

Dated: August 1, 2006

ATTEST:


Lorrie Poyzer, City Clerk

ADDITIONAL ESCROW INSTRUCTIONS AND PROVISIONS

1. The parties to this escrow are made aware that Escrow Holder has no obligation to verify signatures of any of the parties involved.
2. 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 instruction in writing.
3. Where the assignment of any insurance policy from Seller to Buyer is concerned, Seller 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.
4. 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.
5. 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.
6. 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.
7. If any form of Purchase Agreement of 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 and a copy of all escrow instructions, supplements or amendments to the lender.
8. 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.
9. 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.
10. You are to use your usual document forms or the usual forms of any title insurance company or title company and in our instructions insert dates and terms on the instruments if incomplete when executed.
11. If the date by which Buyer's or Seller's performances are due shall be other than your regular business day, such performances shall be due on your next succeeding business day.
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.

15. You are instructed to provide title to the subject real property in the condition identified in the escrow instructions by the parties. 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 required to submit any such beneficiary statements and/or demand to the parties for approval before the close of escrow unless expressly instructed to do so in writing. Should the parties desire to pre-approve any such beneficiary statement and/or demand, the parties requesting the same shall deliver separate and specific written escrow instructions to you.
16. 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.
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. You are not required to submit any such beneficiary statement and/or beneficiary demand to the parties for approval before the close of escrow unless expressly instructed to do so in writing. Should the party(ies) desire to pre-approve any such beneficiary statement and/or beneficiary demand, the party(ies) requesting the same shall deliver separate and specific written escrow instructions to you.
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.
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.
20. Buyer acknowledges that pursuant to the California Revenue & Taxation Code a Change of Ownership form 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 form shall be furnished to Buyer by you for Buyer's completion and execution. Buyer is aware that if Buyer does not complete the form in full, sign and return it to you before closing, a penalty will be assessed by the county recorder. If the Change of Ownership form is not filed after the close of escrow within the time limits set forth by the county recorder, severe additional penalties will be assessed against the Buyer.
- 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. If conflicting demands or notices are made or served upon you or any controversy arises between the parties or with any third person arising out of or relating to this escrow, you shall have the absolute right to withhold and stop all further proceedings in, and in performance of, this escrow until you receive written notification satisfactory to you of the settlement of the controversy by written agreement of the parties, or by the final order or judgment of a court of competent jurisdiction.
- 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. 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.

BUYER'S INITIALS: _____

SELLER'S INITIALS:  _____

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.

Any purported oral instruction, amendment, supplement, modification, notice or demand deposited with you by the parties or either of them shall be ineffective and invalid. You are to be concerned only with the directives expressly set forth in the escrow instructions, supplements and amendments thereto, and are not to be concerned with nor liable for items designated as "memorandum items" in the escrow instructions. These 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 within escrow transaction.

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.

24. 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 was not closed or cancelled within the described six (6) month period, you shall have no further obligations as Escrow Holder except to disburse funds and documents pursuant to written escrow instructions and 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. If the conditions of this escrow have not been complied with at the expiration date in these escrow instructions, you are instructed to complete the conditions at the earliest possible date, unless Buyer or Seller have made written demand upon you for the return of the funds and/or instruments deposited by Buyer or Seller and/or for cancellation of this escrow.

Should demands be made upon you, you may withhold and stop all further proceedings in this escrow without liability for interest on funds held or for damages until mutual cancellation instructions signed by all parties shall have been deposited with you. 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 judgement 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.

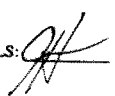
25. If any check submitted to you is dishonored upon presentment for payment, you are authorized to notify all parties to the within escrow, their respective real estate brokers and real estate agents and any other person or entity you deem in your sole discretion necessary to notify.

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. 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.

28. 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 without liability and without further notice to the parties.

BUYER'S INITIALS: _____

SELLER'S INITIALS:   _____

IMPORTANT NOTICE REGARDING CLOSING AND DISBURSING FUNDS AT CLOSING:

1. Closing Funds

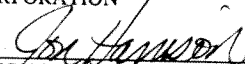
Buyers closing funds must be deposited into escrow prior to the lender funding, should financing be applicable in this escrow. Buyer is made aware that all required funds to close this escrow **MUST BE DEPOSITED** at least one (1) to three (3) days prior to the actual closing date by 12:00 NOON depending upon circumstances relevant to this transaction. Please verify with your Escrow Officer, prior to closing, as to the exact requirements required by you to meet these conditions. Said funds must be in the form of a Cashier's Check drawn on a local California bank, or wired directly into escrow holder's trust account (any amounts over \$150,000.00 **MUST** be wired directly into escrow holder's trust account **AT LEAST ONE TO THREE DAYS** prior to the close of escrow). Parties are made aware that if any other type of funds are received by escrow holder or in the event the deposit is not made by the time shown herein, Escrow Holder will have to delay the close of this escrow until funds are cleared and/or lender can fund. This paragraph is in **ADDITION** to the following paragraph regarding AB512.

2. Disbursing Funds at Close of Escrow

Due to AB 512 effective January 1, 1990, parties are made aware that upon the close of this escrow, funds could be delayed in disbursing by escrow holder depending on the type of funds handed to the title company from a lender or other outside parties. Here are some guidelines: **SAME DAY:** Deposits such as wired funds can be disbursed after deposit on the same day. **NEXT DAY:** Funds received in the form of a Cashier's Check or similar checks can only be used the next business day after deposit. **LONGER:** All other funds require longer waiting period - the waiting period can be as long as seven business days for out-of-state items. Although this escrow will record upon compliance with all instructions contained herein, parties are now aware that actual disbursements of funds at close may be delayed due to the above information and are aware that escrow holder has no control over same.

Therefore, Emerald Escrow, Inc. will disburse funds by wire or Cashier's Check, including proceeds, on the same day of closing **ONLY** if we receive wired funds into our trust account from the title company no later than 12:00 noon on the day of recording; otherwise, all funds will be disbursed on the same day by our company check **OR** wired funds or Cashier's Check issued the next business day after close.

CITY OF REDLANDS, A MUNICIPAL
CORPORATION

By: 
JON HARRISON, MAYOR

By: 
LORRIE POYZER, CITY CLERK

ANDY BAUMAN

CAL-FIRPTA NOTICE AND DISCLOSURE

Property: 1132 EAST CYPRESS AVENUE, REDLANDS, CA

Escrow No.: 51298

In accordance with the new law (AB 2065) (Chapter 02-488) Revised Revenue and Taxation Code Section 18662, 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 authorized the proceeds to be sent to a financial intermediary of the Seller, OR,
2. A Seller is a Corporation, which has no permanent place of business in California.

For failure to withhold, the Buyer may become subject to a penalty in an amount equal to the greater of Ten Percent (10%) 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 Total Consideration of California subject property is \$100,000.00 or less, 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, to any of the following:
 - a. Property is Seller's Principal Residence.
 - b. Seller is selling the property at a loss for California Income Tax purposes.
 - c. Seller is selling the property as part of an Internal Revenue Code Section 1031 Exchange.
 - d. Seller is selling the property because of an involuntary conversion and will replace the property within the provisions of Internal revenue Code Section 1033.

The new law does not contain language allowing for request for either a waiver of withholding or reduced withholding as previously allowed under CAL-FIRPTA.

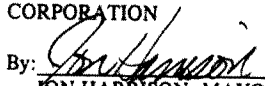
The undersigned parties acknowledge that the Escrow Holder is required to provide to Buyer(s) written notification of California withholding requirements. This notification instructs Buyer(s) to withhold 3 1/3 % of the Total Consideration of the California real property herein, when CAL-FIRPTA is applicable.

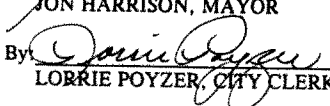
The Buyer(s) acknowledge that is his responsibility to instruct the Escrow Holder to withhold 3 1/3 % of the Total Consideration from the Seller(s) proceeds when CAL-FIRPTA is applicable.

If either Buyer or Seller require any additional information, they are advised to contact the Franchise Tax Board at (916) 845-4900.

SELLER IS SUBJECT TO PENALTY FOR KNOWINGLY FILING A FRAUDULENT CERTIFICATE FOR THE PURPOSE OF AVOIDING THE WITHHOLDING REQUIREMENT.

CITY OF REDLANDS, A MUNICIPAL
CORPORATION

By: 
JON HARRISON, MAYOR

By: 
LORRIE POYZER, CITY CLERK

ANDY BAUMAN

Exhibit A
LEGAL DESCRIPTION

All that certain real property in the County of SAN BERNARDINO, State of California, described as follows:

BEING A PORTION OF LOT 8, BLOCK 33, SECOND PRELIMINARY MAP OF REDLANDS, IN THE CITY OF REDLANDS, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 5, PAGE(S) 2 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE MOST NORTHEASTERLY CORNER OF LAND CONVEYED TO THE STATE OF CALIFORNIA BY DEED RECORDED IN BOOK 5184, PAGE 238 OFFICIAL RECORDS, SAID POINT BEING ALSO A POINT IN THE SOUTHEASTERLY RIGHT OF WAY LINE OF CYPRESS AVENUE; THENCE ALONG SAID SOUTHEASTERLY RIGHT OF WAY LINE, NORTH 56° 19' 30" EAST 183.00 FEET; THENCE SOUTH 31° 26' 32" EAST 158.00 FEET; THENCE SOUTH 53° 33' 37" WEST 180.00 FEET TO THE NORTHERLY LINE OF SAID LAND CONVEYED TO THE STATE OF CALIFORNIA; THENCE ALONG SAID NORTHERLY LINE NORTH 37° 48' 48" WEST (RECORD NORTH 38° 6' 18" WEST) 152.00 FEET TO AN ANGLE POINT IN SAID NORTHERLY LINE; THENCE CONTINUING ALONG SAID NORTHERLY LINE NORTH 9° 15' 21" EAST 20.43 FEET (RECORD NORTH 8° 57' 29" EAST 20.44) TO THE POINT OF BEGINNING.

APN No: 0173-191-16-0-000

RECORDING REQUESTED BY

AND WHEN RECORDED MAIL TO:
ANDY BAUMAN
1460 MARSHALL ST., #60
REDLANDS, CA 92374

Space Above This Line for Recorder's Use Only

A.P.N.: 0173-191-16

Order No.: 14134698-110

Escrow No.: 51298

GRANT DEED

THE UNDERSIGNED GRANTOR(s) DECLARE(s) THAT DOCUMENTARY TRANSFER TAX IS: COUNTY \$181.50
[] 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 **ANDY BAUMAN**, (Vesting to be Determined prior to Close of Escrow)

the following described property in the City of **REDLANDS**, County of **SAN BERNARDINO** State of California;

Lot of Tract in the City of **REDLANDS**, County of **SAN BERNARDINO**, State of California, as more particularly described in Exhibit "A" attached hereto and made a part hereof.

CITY OF REDLANDS, A MUNICIPAL
CORPORATION

By: Jon Harrison

JON HARRISON, MAYOR

By: Lorrie Poyzer

LORRIE POYZER, CITY CLERK

Document Date: August 24, 2006

STATE OF CALIFORNIA
COUNTY OF _____

)SS

)

before me, _____

**PLEASE SIGN AND ACKNOWLEDGE THIS
INSTRUMENT BEFORE A NOTARY PUBLIC.**

**PLEASE SIGN YOUR NAME EXACTLY AS IT IS
TYPEWRITTEN ON THIS DOCUMENT.**

THIS FORM FURNISHED BY



Form 3220

name(s) is/are subscribed to the within instrument
that by his/her/their signature(s) on the instrument

area for official notarial seal.

Press 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 September 5, 2006, 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 \_\_\_\_\_  
{ 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 Deed

Date of Document: August 24, 2006

Signer(s) Other Than Named Above: N/A

**Exhibit A**  
**LEGAL DESCRIPTION**

All that certain real property in the County of SAN BERNARDINO, State of California, described as follows:

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APN No: 0173-191-16-0-000



YOUR COPY  
PLEASE RETAIN

## PRELIMINARY REPORT

**Branch:**  
1950 South Sunwest Lane #308  
San Bernardino, CA 92408  
(909) 891-1208  
Fax (909) 891-1217

**Title Officer:** Judy Kyle/djr  
**ORDER NO.** 14134698-110

**Ref. No:** 51298

**Emerald Escrow**  
462 S. Corona Mall  
Corona, CA 92881  
**Attn.: Donna**

**Property Address:**  
VACANT  
Redlands, CA  
APN: 0173-191-16-0-000

In response to the above referenced application for a policy of title insurance, this Company 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 herein or not excluded from coverage pursuant to the printed Schedules, Conditions and Stipulations of said Policy forms. The printed Exceptions and Exclusions from the coverage of said Policy or Policies are set forth in Exhibit B attached.

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 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.

In the event of cancellation or if the transaction has not closed within 90 days from the date hereof, the rate imposed and collectable shall be a minimum of \$360.00, pursuant to Section 12404 of the Insurance code, unless other provisions are made.

The form of policy of title insurance contemplated by this report is:

**CLTA Owner's, ALTA Lender's issued by First American Title Insurance Company**

Dated as of August 8, 2006 at 7:30 a.m.

The estate or interest in the land hereinafter described or referred to covered by this Report is:

**A Fee**

Title to said estate or interest at the date hereof is vested in:

**CITY OF REDLANDS, A MUNICIPAL CORPORATION**

The land referred to in this Report is situated in the State of California, County of San Bernardino and is described as follows:

(See "Legal Description" Exhibit A attached)

At the date hereof exceptions to coverage in addition to the printed exceptions and Exclusions contained in said policy would be as follows:

1. General and special taxes for the fiscal year 2006-2007, a lien not yet due or payable.

**NOTE:** The above taxes are assessed on vacant land. This is a new subdivision. Individual Assessor parcel number's have not yet been assigned. Do not use these Taxes for proration purposes.

2. The lien of supplemental taxes, if any, assessed pursuant to chapter 3.5 commencing with section 75 of the California revenue and taxation code.
3. Assessments, for community facility districts, if any, affecting said land which may exist by virtue of assessment maps or notices filed by said districts.
4. Water rights, claims or title to water, whether or not shown by the public records.
5. THE FACT THAT ACCESS RIGHTS TO INTERSTATE HIGHWAY 10, WERE RELINQUISHED BY DEED TO THE STATE OF CALIFORNIA.

LOCATION: WESTERLY BOUNDARY  
RECORDED: IN BOOK 5184 PAGE 1238

6. NOTE: please be advised that we do not find any open deeds of trust of record. If you should have knowledge of any outstanding obligation, please contact this office immediately for further review.
7. Statements of information from all parties to the transaction.

**REQUIREMENTS:**

NONE

**NOTES:**

- a. This report does not reflect requests for notice of default, requests for notice of delinquency, subsequent transfers of easements, and similar matters not germane to the issuance of the policy of title insurance anticipated hereunder.
- b. If this company is requested to disburse funds in connection with this transaction, Chapter 598 of 1989 Mandates of the California Insurance Code requires hold periods for checks deposited to escrow or sub-escrow accounts. Such periods vary depending upon the type of check and anticipated methods of deposit should be discussed with the escrow officer.
- c. No endorsement issued in connection with the policy and relating to covenants, conditions or restrictions provides coverage for environmental protection.
- d. Special recordings: Due to a severe budget shortfall, many county recorders have announced that severe limitations will be placed on the acceptance of "special recordings."
- e. Homeowners association: if the property herein described is subject to membership in a homeowners association, it will become necessary that we be furnished a written statement from the said homeowners association of which said property is a member, which provides that all liens, charges and/or assessments levied on said land have been paid. Said statement should provide clearance up to and including the time of closing. In order to avoid unnecessary delays at the time of closing, we ask that you obtain and forward said statement at your earliest convenience.
- f. Demands: This company requires that all beneficiary demands be current at the time of closing. If the demand has expired and a current demand cannot be obtained it may be necessary to hold money whether payoff is made based on verbal figures or an expired demand.
- g. Line of credit payoffs: If any deed of trust herein secures a line of credit, we will require that the account be frozen and closed and no additional advances be made to the borrower. If the beneficiary is unwilling to freeze the account, we will require you submit to us all unused checks, debit vouchers, and/or credit cards associated with the loan along with a letter (affidavit) signed by the trustor stating that no additional advances will be made under the credit line. If neither of the above is possible, it will be necessary to hold any difference between the demand balance and the maximum available credit.
- h. Maps: The map attached hereto may or may not be a survey of the land depicted thereon. You should not rely upon it for any purpose other than orientation to the general location of the parcel or parcels depicted. Investors Title Company expressly disclaims any liability for alleged loss or damages which may result from reliance upon this map.

- i. According to the public records, there have been no deeds conveying the land described herein within a period of twenty four (24) months prior to the date of this report, except as follows:  

None.
- j. No policy of title insurance has been issued on this property within the last five years. If a policy is issued under the above order number, the basic schedule rate will apply.

**Exhibit A**  
**LEGAL DESCRIPTION**

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APN No: 0173-191-16-0-000



**Please call your Escrow Officer if your answer is**  
**“Yes” to any of the following questions**

- ◆ At any time during the preceding 6 months, has there been, or is there currently, any work or construction of improvements on the property?
- ◆ Are any of the parties currently vested in title, on the property herein currently Incapacitated or Deceased?
- ◆ Are any of the principals of the transaction intending to use a Power of Attorney to execute any of the documentation involved in this transaction?
- ◆ Has there been a recent change of marital status of any of the principals involved in this transaction?
- ◆ Is the property herein intended to be transferred into a Trust, Partnership, Corporation, or Limited Liability Company?
- ◆ Do the sellers of the property reside outside the state of California?
- ◆ Will the property described herein be part of a Tax Deferred Exchange?

**In order to better serve you, We ask that you remember:**

- ◆ All parties signing documents must have a valid Photo Identification Card, Drivers License, or Passport for notarial acknowledgment.
- ◆ Please call your Escrow Officer with any Loan or Lien payoff information, if required, he or she may order payoff demands in a timely manner, & advise your Escrow Officer of any loan(s) that are to be assumed by the buyer.
- ◆ If parties are obtaining a loan, your Escrow Officer will need to have the Fire/Hazard Insurance, agent name & phone number to add the new lender on the policy as a loss payee.
- ◆ If there is to be a change of ownership, it will be necessary for the parties acquiring title to indicate how they would like to be vested. Investors Title Company has a worksheet available that will briefly explain each of the various methods of holding title (please feel free to request a copy from us).  
Note: Each method by which you can hold title has different legal &/or tax considerations & parties are encouraged to obtain advise from an Attorney, CPA, or other professional knowledgeable in this area.

# Privacy Policy of Investors Title Company

## **We Are Committed to Safeguarding Customer Information**

In order to better serve your needs now and in the future, you have provided or will provide us with certain information. We understand that you may be concerned about what we will do with such information – particularly any personal or financial information. We agree that you have a right to know how we will utilize personal information you provide to us.

## **Applicability**

This Privacy Policy governs our use of the information that you provide to us. It does not govern the manner in which we may use information we have obtained from any other source, such as information obtained from a public record or from another person or entity.

## **Types of Information**

Depending upon which of our services you are utilizing, the types of nonpublic personal information that we may collect include:

- Information we receive from you on applications, forms and in other communications to us, whether in writing, in person, by telephone or any other means;
- Information about your transactions with us, our affiliated companies, or others; and
- Information we receive from a consumer-reporting agency.

## **Use of Information**

The information you provide us is for our own legitimate business purposes and not for the benefit of any affiliated or nonaffiliated party. Therefore, we will not release your information to affiliated and nonaffiliated parties except: (1) as necessary for us to provide the product or service you have requested of us; or (2) as permitted by law. We may, however, store such information indefinitely, including the period after which any customer relationship has ceased. Such information may be used for any internal purpose, such as quality control efforts or customer analysis. Furthermore, we may also provide all the information we collect, as described above, to companies that perform marketing services on our behalf, on behalf of our affiliated companies, or to other financial institutions with whom we or our affiliated companies have joint marketing agreements.

## **Former Customers**

Even if you are no longer our customer, our Privacy Policy will continue to apply to you.

## **Confidentiality and Security**

We will use our best efforts to ensure that no unauthorized parties have access to any of your information. We restrict access to nonpublic personal information about you to those individuals and entities that need to know that information to provide products or services to you. We will use our best efforts to train and oversee our employees and agents to ensure that your information will be handled responsibly and in accordance with the Privacy Policy. We currently maintain physical, electronic, and procedural safeguards that comply with federal regulations to guard your nonpublic personal information.



## Notice of Opportunity to Earn Interest

You have the opportunity to earn interest on the funds you deposit with us by instructing us to deposit your funds into an interest bearing account. (You do not have an opportunity to earn interest on any funds deposited by a lender.) If you elect to earn interest, there is an additional fee in the amount of \$50.00 for establishing and maintaining such an account. It is important that you consider this cost as it may exceed the actual interest you earn.

**Example:** A regular savings deposit of \$1,000.00 at an average interest rate of 3.0%\* per annum for a 30 day period:

| <u>Deposit</u> | x | <u>Rate</u> | + | <u>Annual</u> | x | <u>Days</u> | = | <u>Total Interest Earned</u> |
|----------------|---|-------------|---|---------------|---|-------------|---|------------------------------|
| \$1,000.00     | x | .03         | + | 360           | x | 30          | = | \$2.50                       |

PLEASE READ THE FOLLOWING CAREFULLY:

A. If you do not want to have your funds deposited into an interest-bearing account, please initial below this paragraph and return this Notice and such will constitute an instruction to us that your funds be deposited into **Investors Title Company** general escrow account. Likewise, non-receipt of this form will also constitute an instruction to us that your funds be deposited into **Investors Title Company** general escrow account. For important information regarding the general escrow accounts, please read the disclosure in Paragraph C below.

Initials \_\_\_\_\_

B. If you elect to have your funds earn interest in an interest-bearing account using **Investors Title Company** depository bank, you **MUST** sign this form below, and return to **Investors Title Company** both this signed form and a W-9 form, which can be provided upon request. Please be advised that you will be responsible for reporting all earnings to the applicable taxing authorities.

C. Should you not elect to earn interest on your deposit, your funds will be deposited into our general escrow account at a financial institution insured by the FDIC. The general escrow account is restricted and protected against claims by third parties or creditors of **Investors Title Company**. This is a non-interest bearing account; however, **Investors Title Company**, may receive certain financial benefits from that financial institution because of the general escrow account and its on-going banking relationship. These benefits may include, without limitation, credits allowed by such financial institution on loans to **Investors Title Company** and earnings on investments made with the proceeds of such loans, accounting, reporting and other services and products of such financial institution. We do not have an obligation to account to you in any manner for the value of, or to compensate any party for, any benefit received by **Investors Title Company**. Any such benefits shall be deemed additional compensation of **Investors Title Company** for its services in connection with the escrow.

### ELECTION TO EARN INTEREST:

**I HEREBY AUTHORIZE AND DIRECT, Investors Title Company TO OPEN AN INTEREST BEARING ACCOUNT AT Investors Title Company DEPOSITORY BANK AND TO CHARGE THE ADDITIONAL FEE FOR THIS SERVICE.**

SIGNATURE: \_\_\_\_\_

DATE: \_\_\_\_\_

SIGNATURE: \_\_\_\_\_

DATE: \_\_\_\_\_

\* Please note that this interest rate is only an example and **Investors Title Company** does not guaranty the availability of any specific rate.

**WIRE INSTRUCTIONS:** THIS COMPANY WILL BE ABLE TO WIRE FUNDS NECESSARY TO PAY LOANS IN FULL AND/OR PROCEEDS TO ESCROW PROVIDED WE HAVE LENDER PROCEEDS WIRED TO US WHEN THE LOAN FUNDS PRIOR TO RECORDING. THIS WILL ALLOW US THE COLLECTED FUNDS IN OUR ACCOUNT NECESSARY TO WIRE TO YOU. OUR WIRE INSTRUCTIONS ARE:

Bank: Centennial Bank  
Routing No.: 107006981  
Address: 13700 E. Arapahoe Road  
Englewood, CO 80112  
Credit: Investors Title Company  
Account No.: 2400627  
Escrow No.: 14134698

**PLEASE BE SURE TO REFERENCE OUR TITLE ORDER NUMBER AND TITLE OFFICER.**

IF YOU WISH TO HAVE PROCEEDS WIRED TO YOUR ESCROW ACCOUNT PLEASE REQUEST SO AT THE TIME YOU AUTHORIZE THE RECORDING AND VERIFY THAT WE HAVE YOUR CORRECT WIRE INSTRUCTIONS. FOR YOUR CONVENIENCE WE HAVE PROVIDED THE FOLLOWING FORM TO BE FILLED OUT AND FAXED PRIOR TO RECORDING:

-----  
**INVESTORS TITLE COMPANY**

DATE: \_\_\_\_\_

YOUR ORDER NO. : \_\_\_\_\_

OUR ESCROW NO.: \_\_\_\_\_

ON THE ABOVE REFERENCE FILE PLEASE WIRE PROCEEDS TO OUR ACCOUNT. OUR WIRE INSTRUCTIONS ARE:

BANK: \_\_\_\_\_  
BANK ADDRESS: \_\_\_\_\_  
CITY: \_\_\_\_\_  
CREDIT TO: \_\_\_\_\_  
ACCOUNT NO.: \_\_\_\_\_  
ABA ROUTING NUMBER: \_\_\_\_\_  
SPECIAL INSTRUCTIONS: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Note: If you have any documents pertaining to this file please call your title unit or our dispatch department for pickup. Our telephone number is: (909) 891-1208

**EXHIBIT B**  
**LIST OF PRINTED EXCEPTIONS AND EXCLUSIONS (By Policy Type)**

**1. CALIFORNIA LAND TITLE ASSOCIATION STANDARD COVERAGE POLICY - 1990**  
**SCHEDULE B**

**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 notice 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.

**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.
  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 or interest insured by their 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.

**2. AMERICAN LAND TITLE ASSOCIATION OWNER'S POLICY FORM B - 1970**  
**SCHEDULE OF EXCLUSIONS FROM COVERAGE**

1. Any law, ordinance or governmental regulation (including but not limited to building and zoning ordinances) restricting or regulating or prohibiting the occupancy, use or enjoyment of the land, or regulating the character, dimensions or location of any improvement now or hereafter erected on the land, or prohibiting a separation in ownership or a reduction in the dimensions of area of the land, or the effect of any violation of any such law, ordinance or governmental regulation.
2. Rights of eminent domain or governmental rights of police power unless notice of the exercise of such rights appears in the public records at Date of Policy.
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 and not shown by the public records but known to the insured claimant either at Date of Policy or at the date such claimant acquired an estate or interest insured by this policy and not disclosed in writing by the insured claimant to the Company prior to the date such insured claimant became an insured hereunder. (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.

**3. AMERICAN LAND TITLE ASSOCIATION OWNER'S POLICY FORM B - 1970**  
**WITH REGIONAL EXCEPTIONS**

When the American Land Title Association policy is used as a Standard Coverage Policy and not as an Extended Coverage Policy the exclusions set forth in paragraph 2 above are used and the following exceptions to coverage appear in the policy.

**SCHEDULE B**

This policy does not insure against loss or damage by reason of the matters shown in parts one and two following:

**Part One:**

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. Any facts, rights, interests, or claims which are not shown by the public records but which could be ascertained by an inspection of said land or by making inquiry of persons in possession thereof
3. Easements, claims of easement or encumbrances 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 public records
5. Unpatented mining claims, reservations or exceptions in patents or in Acts authorizing the issuance thereof, water rights, claims or title to water.
6. Any lien, or right to a lien, for services, labor or material heretofore or hereafter furnished, imposed by law and not shown by the public records.

**4. AMERICAN LAND TITLE ASSOCIATION LOAN POLICY - 1970  
WITH A.L.T.A. ENDORSEMENT FORM 1 COVERAGE  
SCHEDULE OF EXCLUSIONS FROM COVERAGE**

1. Any law, ordinance or governmental regulation (including but not limited to building and zoning ordinances) restricting or regulating or prohibiting the occupancy, use or enjoyment of the land, or regulating the character, dimensions or location of any improvement now or hereafter erected on the land, or prohibiting a separation in ownership or a reduction in the dimensions or area of the land, or the effect of any violation of any such law ordinance or governmental regulation.
2. Rights of eminent domain or governmental rights of police power unless notice of the exercise of such rights appears in the public records at Date of Policy.
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 and not shown by the public records but known to the insured claimant either at Date of Policy or at the date such claimant acquired an estate or interest insured by this policy or acquired the insured mortgage and not disclosed in writing by the insured claimant to the Company prior to the date such insured claimant became an insured hereunder, (c) resulting in no loss or damage to the insured claimant, (d) attaching or created subsequent to Date of Policy (except to the extent insurance is afforded herein as to any statutory lien for 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).
4. Unenforceability of the lien of the insured mortgage because of failure of the insured at Date of Policy or of any subsequent owner of the indebtedness to comply with applicable "doing business" laws of the state in which the land is situated.

**5. AMERICAN LAND TITLE ASSOCIATION LOAN POLICY - 1970 WITH REGIONAL EXCEPTIONS**

When the American Land Title Association Lenders Policy is used as a Standard Coverage Policy and not as an Extended Coverage Policy, the exclusions set forth in paragraph 4 above are used and the following exceptions to coverage appear in the policy.

**SCHEDULE B**

This policy does not insure against loss or damage by reason of the matters shown in parts one and two following:  
Part One:

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. Any facts, rights, interests, of claims which are not shown by the public records but which could be ascertained by an inspection of said land or by making inquiry of persons in possession thereof.
3. Easements, claims of easement or encumbrances 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 public records.
5. Unpatented mining claims, reservations or exceptions in patents or in Acts authorizing the issuance thereof, water rights, claims or title to water.
6. Any lien, or right to a lien, for services, labor or material theretofore or hereafter furnished, imposed by law and not shown by the public records.

**6. AMERICAN LAND TITLE ASSOCIATION LOAN POLICY - 1992  
WITH A.L.T.A. 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.
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 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 of 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.

**7. AMERICAN LAND TITLE ASSOCIATION LOAN POLICY - 1992 WITH REGIONAL EXCEPTIONS**

When the American Land Title Association policy is used as a Standard Coverage Policy and not as an Extended Coverage Policy the exclusions set forth in paragraph 6 above are used and the following exceptions to coverage appear in the policy.

#### SCHEDULE B

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. Any facts, rights, interests, or claims which are not shown by the public records but which could be ascertained by an inspection of said land or by making inquiry of persons in possession thereof.
3. Easements, claims of easement or encumbrances 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 public records.
5. Unpatented mining claims, reservations or exceptions in patents or in Acts authorizing the issuance thereof, water rights, claims or title to water.
6. Any lien, or right to a lien, for services, labor or material theretofore or hereafter furnished, imposed by law and not shown by the public records.

### 8. AMERICAN LAND TITLE ASSOCIATION OWNER'S POLICY - 1992 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.
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.

### 9. AMERICAN LAND TITLE ASSOCIATION OWNER'S POLICY - 1992 WITH REGIONAL EXCEPTIONS

When the American Land Title Association policy is used as a Standard Coverage Policy and not as an Extended Coverage Policy the exclusions set forth in paragraph 8 above are used and the following exceptions to coverage appear in the policy.

#### SCHEDULE B

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:

Part One:

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. Any facts, rights, interests, or claims which are not shown by the public records but which could be ascertained by an inspection of said land or by making inquiry of persons in possession thereof.
3. Easements, claims of easement or encumbrances 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 public records.
5. Unpatented mining claims, reservations or exceptions in patents or in Acts authorizing the issuance thereof, water rights, claims or title to water,
6. Any lien, or right to a lien, for services, labor or material theretofore or hereafter furnished, imposed by law and not shown by the public records.

### 10. AMERICAN LAND TITLE ASSOCIATION RESIDENTIAL TITLE INSURANCE POLICY - 1987 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
  - land division
  - improvements on the land
  - environmental protection

This 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 land

This exclusion does not limit the access coverage in Item 5 of Covered Title Risks.

**ADDENDUM TO EXHIBIT B  
LIST OF PRINTED EXCEPTIONS AND EXCLUSIONS (By Policy Type)**

**11. EAGLE PROTECTION OWNER'S POLICY**

**CLTA HOMEOWNER'S POLICY OF TITLE INSURANCE - 1998  
ALTA HOMEOWNER'S POLICY OF TITLE INSURANCE - 1998**

**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 protection

This 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.

**12. AMERICAN LAND TITLE ASSOCIATION LOAN POLICY - 1992 WITH A.L.T.A. ENDORSEMENT FORM 1 COVERAGE  
WITH EAGLE PROTECTION ADDED**

**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. This exclusion does not limit the coverage provided under insuring provisions 14, 15, 16 and 24 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 insuring provisions 14, 15, 16 and 24 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 (d) does not limit the coverage provided under insuring provisions 7, 8, 16, 17, 19, 20, 21, 23, 24 and 25); 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:
  - (a) usury, except as provided under insuring provision 10 of this policy; or
  - (b) any consumer credit protection or truth in lending law.
- 6. Taxes or assessments of any taxing or assessment authority which become a lien on the Land subsequent to Date of Policy.
- 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:
  - (a) the transaction creating the interest of the insured mortgagee being deemed a fraudulent conveyance or fraudulent transfer; or
  - (b) the subordination of the interest of the insured mortgagee as a result of the application of the doctrine of equitable subordination; or
  - (c) the transaction creating the interest of the insured mortgagee being deemed a preferential transfer except where the preferential transfer results from the failure:
    - (i) to timely record the instrument of transfer; or
    - (ii) of such recordation to impart notice to a purchaser for value or a judgment or lien creditor.
- 8. 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 under insuring provision 7.
- 9. 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 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 under insuring provision 7.

#### SCHEDULE B

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. Environmental protection liens provided for by the following existing statutes, which liens will have priority over the lien of the Insured Mortgage when they arise: NONE.

### 13. AMERICAN LAND TITLE ASSOCIATION LOAN POLICY - 1992 WITH EAGLE PROTECTION ADDED WITH REGIONAL EXCEPTIONS

When the American Land Title Association loan policy with EAGLE Protection Added is used as a Standard Coverage Policy and not as an Extended Coverage Policy the exclusions set forth in paragraph 12 above are used and the following exceptions to coverage appear in the policy:

#### SCHEDULE B

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:

##### Part One:

- 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. Any facts, rights, interests, or claims which are not shown by the public records but which could be ascertained by an inspection of said land or by making inquiry of persons in possession thereof.
- 3. Easements, claims of easement or encumbrances 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 public records.
- 5. Unpatented mining claims; reservations or exceptions in patents or in acts authorizing the issuance thereof; water rights, claims or title to water.
- 6. Any lien, or right to a lien, for services, labor or material theretofore or hereafter furnished, imposed by law and not shown by the public records.

##### Part Two:

- 1. Environmental protection liens provided for by the following existing statutes, which liens will have priority over the lien of the Insured Mortgage when they arise: NONE

Tract No. 13251, M.B. 227/44-47

Dec 1989

**Por. 2nd Preliminary Map of Redlands, M.B. 5/2**

173-19

**Redlands City  
Tax Rate Area  
5001**

THIS MAP SHOULD BE USED FOR REFERENCE PURPOSES ONLY. NO LIABILITY IS ASSUMED FOR THE ACCURACY OF THE DATA SHOWN. PARCELS MAY NOT COMPLY WITH LOCAL SUBDIVISION OR BUILDING ORDINANCES