

AGREEMENT FOR PURCHASE AND SALE AND ESCROW INSTRUCTIONS

THIS AGREEMENT FOR PURCHASE AND SALE AND ESCROW INSTRUCTIONS ("Agreement"), dated May 6, 2003 ("Effective Date"), is made and entered into by and between Gardner Construction & Development ("Buyer"), and the City of Redlands, a municipal corporation ("Seller") (sometimes herein collectively referred to as the "Parties").

RECITALS

A. Whereas, Seller owns certain real property located at 1132 East Cypress Avenue in the City of Redlands and designated as Assessor's Parcel Number 173-191-16 (the "Property") and

B. Whereas, Seller agrees to sell to Buyer and Buyer agrees to purchase from Seller the Property, subject to the terms and conditions contained herein;

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

AGREEMENT

1. PURCHASE PRICE

The total price for the Property to be paid at Close of Escrow shall be Eighty-one Thousand (\$81,000.00) Dollars (the "Purchase Price").

2. TITLE TO PROPERTY

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

3. CONDITIONS OF PURCHASE

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

3.1 Approval of Title. Promptly after execution of this Agreement by Seller and Buyer,

Escrow Holder shall deliver to Buyer a current preliminary title report ("PTR"), including documents referred to therein, covering the Property from the Title Company. Buyer shall have five (5) days after the date of Title Company's provision of the PTR to Buyer to approve or disapprove the status of title to the Property as disclosed in the PTR and related documents. Any disapproval of status of title shall be within the reasonable discretion of Buyer and shall be limited to monetary encumbrances and covenants, conditions, restrictions and easements of record which adversely affect the Buyer's intended use of the Property. Any exception not disapproved in writing within the five (5) day period shall be deemed approved by Buyer, and shall constitute a permitted exception hereunder. Any objection to a title exception by Buyer shall be made in writing to Seller, and Seller shall thereafter have three (3) days within which to use reasonable efforts to cure or to provide assurance of the cure of the title defect and cause such item to be removed from the title policy to be issued at Close of Escrow. The term "reasonable efforts," as used in this Paragraph 3.1, shall not include any obligation of Seller to expend any money or commence any legal action to correct any exceptions within the three (3) day period. Seller shall notify Buyer, in writing, of any disapproved title exceptions which Seller is unable to cause to be removed prior to or at Close of Escrow. Buyer shall, within five (5) business days thereafter, elect by giving written notice to Seller and Escrow Holder (i) to terminate this Agreement, or (ii) to waive its disapproval of such exceptions, in which case such exceptions shall then be deemed to be permitted exceptions. Buyer's failure to give such notice shall be deemed an election to terminate this Agreement. In the event Buyer elects to terminate this Agreement, the Parties shall be relieved from any further liabilities and obligations under this Agreement.

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

3.3 Zone Change. The sale of the Property is contingent upon Buyer's ability to process and obtain approval for a change of zone for the Property from R-S Suburban Residential to A-P Administrative and Professional. Buyer acknowledges and agrees that Seller has no obligation to approve any change of zone for the Property and Seller shall have no liability to Buyer in the event any request for a change of zone is not approved by Seller.

4. **ESCROW**

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

4.2 Closing. Escrow shall close, if at all, on or before October 31, 2003.

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

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

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

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

5. SELLER'S REPRESENTATIONS, WARRANTIES AND ACKNOWLEDGMENTS

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

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

5.2 Seller is not a foreign person under Section 1445 Internal Revenue Code and will

execute a Certificate of Non-foreign status and deposit the same into the Escrow prior to Close of Escrow.

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

6. BUYER'S REPRESENTATIONS AND WARRANTIES

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

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

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

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

7. NOTICE

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

Buyer:

Gardner Construction & Development, Inc.
Mark Gardner, President
555 Cajon Street, Suite "G"
Redlands, CA 92373

Seller:

City Manager
City of Redlands
PO Box 3005
Redlands, CA 92373

8. GENERAL PROVISIONS

8.1 Entire Agreement. This Agreement supersedes any and all prior oral or written agreements between the parties hereto relating to the Property and contains the entire agreement of the Parties as to the matters covered hereby. No other agreement, statement or promise made by any party or to any employee, officer or agent of any party to this Agreement shall be binding, except a subsequent amendment to this Agreement, in writing, executed by the Parties. All obligations of Buyer and Seller under this Agreement and the Escrow shall be joint and several.

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

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

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

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

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

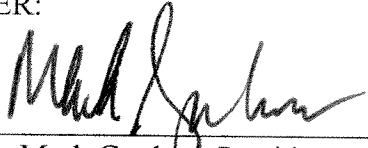
8.7 Attorney's Fees. In the event any action is commenced to enforce or interpret the terms or conditions of this Agreement the prevailing party shall, in addition to any costs or other relief, be entitled to recover its reasonable attorneys' fees.

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

by the Parties.

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

BUYER:

By: 
Mark Gardner, President

Executed this 10th day of April, 2003
at Redlands, California

SELLER: CITY OF REDLANDS

By: 
Karl N. (Kasey) Haws, Mayor

Executed this 6th day of May, 2003
at Redlands, California

ATTEST:

By: 
Lorrie Poyzer, City Clerk