



Commonwealth Land Title Company
4100 Newport Place Dr, Suite 120
Newport Beach, CA 92660
Phone: (949) 724-3140
Fax:

Grace U. Kim, Commercial Escrow Officer
Phone: (949) 724-3141 • Fax: (714) 459-7217
e-mail: gukim@cltic.com

PRELIMINARY REPORT APPROVAL

Escrow Number: **09291281-918-GKD**

Title Order Number: **9307760**

Date: January 6, 2015

The undersigned acknowledge that they have read and received a copy of the Preliminary Report of Title issued by **Commonwealth Land Title** under the above referenced order number and hereby approve same in its entirety. The undersigned buyer acknowledges receipt of a copy of the Covenants, Conditions and Restrictions, if any, as set forth in the Preliminary Report and hereby approve same:

At the close of escrow, the Policy of Title Insurance issued in connection with this transaction will contain only the following items: all listed items, **PLUS** those items that will reflect the documents being recorded through this escrow.

BUYER:

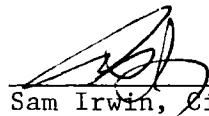
City of Redlands, a municipal corporation

By: 

Name: Paul Foster

Its: Mayor

ATTEST:



Sam Irwin, City Clerk

PRELIMINARY CHANGE OF OWNERSHIP REPORT

To be completed by transferee (buyer) prior to a transfer of subject property, in accordance with Section 480.3 of the Revenue and Taxation Code. A Preliminary Change of Ownership Report must be filed with each conveyance in the County Recorder's office for the county where the property is located.

NAME AND MAILING ADDRESS OF BUYER/TRANSFeree <i>(Make necessary corrections to the printed name and mailing address)</i> City of Redlands, a municipal corporation P.O. Box 3005 Redlands, CA 92373	ESCROW NO.: 09291281-918-GKD TITLE NO.: 9307760 ASSESSOR'S PARCEL NUMBER 0292-157-16 SELLER/TRANSFEROR KMART Express LLC, a Michigan limited liability company BUYER'S DAYTIME TELEPHONE NUMBER 909 798 7585 BUYER'S EMAIL ADDRESS CDIGES@CITYOFREDLANDS.ORG
STREET ADDRESS OR PHYSICAL LOCATION OF REAL PROPERTY 1625 W. Redlands Blvd., Redlands, CA	
MAIL PROPERTY TAX INFORMATION TO (NAME) City of Redlands, a municipal corporation	
ADDRESS P O Box 3005 REDLANDS CA 92373	

☐ YES ☒ NO	This property is intended as my principal residence. If YES, please indicate the date of occupancy or intended occupancy.	MO	DAY	YEAR
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PART I: TRANSFER INFORMATION *Please complete all statements.*

This section contains possible exclusions from reassessment for certain types of transfers.

- | | | |
|--------------------------|---------------------------------------|--|
| YES | NO | |
| ☐ | ☒ | A. This transfer is solely between spouses (<i>addition or removal of a spouse, death of a spouse, divorce settlement, etc.</i>). |
| ☐ | ☒ | B. This transfer is solely between domestic partners currently registered with the California Secretary of State (<i>addition or removal of a partner, death of a partner, termination settlement, etc.</i>). |
| ☐ | ☒ * | C. This is a transfer: ☐ between parent(s) and child(ren) ☐ from grandparent(s) to grandchild(ren). |
| ☐ | ☒ * | D. This transfer is the result of a cotenant's death. Date of death _____ |
| ☐ | ☒ * | E. This transaction is to replace a principal residence by a person 55 years of age or older.
Within the same county? ☐ YES ☐ NO |
| ☐ | ☒ * | F. This transaction is to replace a principal residence by a person who is severely disabled as defined by Revenue and Taxation Code section 69.5.
Within the same county? ☐ YES ☐ NO |
| ☐ | ☒ | G. This transaction is only a correction of the name(s) of the person(s) holding title to the property (<i>e.g., a name change upon marriage</i>).
If YES, please explain: _____ |
| ☐ | ☒ | H. The recorded document creates, terminates, or reconveys a lender's interest in the property. |
| ☐ | ☒ | I. This transaction is recorded only as a requirement for financing purposes or to create, terminate, or reconvey a security interest (<i>e.g., cosigner</i>).
If YES, please explain: _____ |
| ☐ | ☒ | J. The recorded document substitutes a trustee of a trust, mortgage, or other similar document. |
| | | K. This is a transfer of property: |
| ☐ | ☒ | 1. to/from a revocable trust that may be revoked by the transferor and is for the benefit of
☐ the transferor, and/or ☐ the transferor's spouse ☐ registered domestic partner. |
| ☐ | ☒ | 2. to/from a trust that may be revoked by the creator/grantor/trustor who is also a joint tenant, and which names the other joint tenant(s) as beneficiaries when the creator/grantor/trustor dies. |
| ☐ | ☒ | 3. to/from an irrevocable trust for the benefit of the
☐ creator/grantor/trustor and/or ☐ grantor's/trustor's spouse ☐ grantor's/trustor's registered domestic partner. |
| ☐ | ☒ | L. This property is subject to a lease with a remaining lease term of 35 years or more including written options. |
| ☐ | ☒ | M. This is a transfer between parties in which proportional interests of the transferor(s) and transferee(s) in each and every parcel being transferred remain exactly the same after the transfer. |
| ☐ | ☒ | N. This is a transfer subject to subsidized low-income housing requirements with governmentally imposed restrictions. |
| ☐ | ☒ * | O. This transfer is to the first purchaser of a new building containing an active solar energy system. |

* Please refer to the instructions for Part I.

Please provide any other information that will help the Assessor understand the nature of the transfer.

THIS DOCUMENT IS NOT SUBJECT TO PUBLIC INSPECTION

PART 2. OTHER TRANSFER INFORMATION*Check and complete as applicable.*

- A. Date of transfer, if other than recording date: _____
- B. Type of transfer:
- ☒ Purchase ☐ Foreclosure ☐ Gift ☐ Trade or exchange ☐ Merger, stock, or partnership acquisition (Form BOE-100-B)
- ☐ Contract of sale. Date of contract: _____ ☐ Inheritance. Date of death: _____
- ☐ Sale/leaseback ☐ Creation of a lease ☐ Assignment of a lease ☐ Termination of a lease. Date lease began: _____
- Original term in years (including written options): _____ Remaining term in years (including written options): _____
- ☐ Other. Please explain: _____
- C. Only a partial interest in the property was transferred. ☐ YES ☐ NO If YES, indicate the percentage transferred: _____ %

PART 3. PURCHASE PRICE AND TERMS OF SALE*Check and complete as applicable.*

- A. Total purchase price. \$ 40,000
- B. Cash down payment or value of trade or exchange excluding closing costs Amount \$ _____
- C. First deed of trust @ _____ % interest for _____ years. Monthly payment \$ _____ Amount \$ _____
- ☐ FHA (____ Discount Points) ☐ Cal-Vet ☐ VA (____ Discount Points) ☐ Fixed rate ☐ Variable rate
- ☐ Bank/Savings & Loan/Credit Union ☐ Loan carried by seller
- ☐ Balloon payment \$ _____ Due date: _____
- D. Second deed of trust @ _____ % interest for _____ years. Monthly payment \$ _____ Amount \$ _____
- ☐ Fixed rate ☐ Variable rate ☐ Bank/Savings & Loan/Credit Union ☐ Loan carried by seller
- ☐ Balloon payment \$ _____ Due date: _____
- E. Was an Improvement Bond or other public financing assumed by the buyer? ☐ YES ☒ NO Outstanding Balance \$ _____
- F. Amount, if any, of real estate commission fees paid by the buyer which are not included in the purchase price \$ _____
- G. The property was purchased: ☐ Through real estate broker. Broker name: _____ Phone number: (____) _____
- ☐ Direct from seller ☐ From a family member-Relationship _____
- ☐ Other. Please explain: _____
- H. Please explain any special terms, seller concessions, broker/agent fees waived, financing, and any other information (e.g., buyer assumed the existing loan balance) that would assist the Assessor in the valuation of your property.
- Acquisition is for street Right-of-way associated with a municipal street improvement project

PART 4. PROPERTY INFORMATION*Check and complete as applicable.*

- A. Type of property transferred
- ☐ Single-family residence ☐ Co-op/Own-your-own ☐ Manufactured home
- ☐ Multiple-family residence. Number of units: _____ ☐ Condominium ☐ Unimproved lot
- ☒ Other. Description: (i.e., timber, mineral, water rights, etc.) ☐ Timeshare ☐ Commercial/Industrial
- street right of way
- B. ☐ YES ☒ NO Personal/business property, or incentives, provided by seller to buyer are included in the purchase price. Examples of personal property are furniture, farm equipment, machinery, etc. Examples of incentives are club memberships, etc. Attach list if available.
- If YES, enter the value of the personal/business property: \$ _____
- C. ☐ YES ☒ NO A manufactured home is included in the purchase price.
- If YES, enter the value attributed to the manufactured home: \$ _____
- ☐ YES ☒ NO The manufactured home is subject to local property tax. If NO, enter decal number: _____
- D. ☐ YES ☒ NO The property produces rental or other income.
- If YES, the income is from: ☐ Lease/rent ☐ Contract ☐ Mineral rights ☐ Other: _____
- E. The condition of the property at the time of sale was: ☐ Good ☒ Average ☐ Fair ☐ Poor

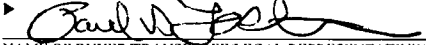
CERTIFICATION

I certify (or declare) that the foregoing and all information hereon, including any accompanying statements or documents, is true and correct to the best of my knowledge and belief

SIGNATURE OF BUYER/TRANSFeree OR CORPORATE OFFICER

DATE

TELEPHONE


 NAME OF BUYER/TRANSFeree/LEGAL REPRESENTATIVE/CORPORATE OFFICER (PLEASE PRINT)

TITLE

EMAIL ADDRESS

Paul Foster

Mayor

(909) 798-7698

The Assessor's office may contact you for additional information regarding this transaction.

**THE ESCROW HOLDER IS COMMONWEALTH LAND TITLE COMPANY WHICH IS LICENSED
BY THE CALIFORNIA DEPARTMENT OF INSURANCE.**

CONTRACT AGREEMENT COMMERCIAL ESCROW INSTRUCTIONS

THIS DOCUMENT WILL AFFECT YOUR LEGAL RIGHTS - READ IT CAREFULLY!

Escrow No. 09291281-918-GKD

Grace Kim
Escrow Officer

Date: January 6, 2015

These instructions are entered into pursuant to that certain AGREEMENT FOR PURCHASE AND SALE OF EASEMENT, DATED JULY 30, 2014, executed by

CITY OF REDLANDS, A MUNICIPAL CORPORATION (BUYER) and

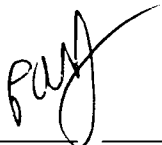
KMART EXPRESS LLC, A MICHIGAN LIMITED LIABILITY COMPANY (SELLER)

- A) As Escrow Holder you shall be concerned only with those specific provisions as set forth in the Agreement where Escrow Holder is given instructions to perform certain acts or with those paragraphs where Escrow Holder would generally and reasonably be expected to act. All other provisions of the Agreement which the parties consider to be binding upon themselves, are considered to be outside the scope of the Escrow Holder's responsibilities.
- B) Escrow Holder shall be Commonwealth Land Title Company and a CLTA Standard Form Policy of Title Insurance in the amount of \$40,000.00 shall be issued to Buyer by Commonwealth Land Title Company.
- C) The consideration for this transaction is **\$40,000.00**.

ADDITIONAL INSTRUCTIONS

- 1. **DATE CLARIFICATION:** For the purposes of this Escrow (and in accordance with the provisions of the Agreement), the Parties hereto acknowledge the following:
 - a. "Opening of Escrow" is **January 6, 2015**
 - b. "Agreement Date" is July 30, 2014
 - c. "Close of Escrow" date is on or before: For the purposes of closing this escrow, all parties acknowledge that "close of escrow" shall be the date on which the Deed conveying title (along with any financing documents) is recorded.
- 2. **LEGAL DESCRIPTION:** It is hereby acknowledged that the Legal Descriptions for the Deeds set forth in the Agreement are deemed approved pursuant to Seller's execution of the Deeds in favor of Buyer, and Buyer's execution of the Certificates of Acceptance of said Deeds.
- 3. **IMPORTANT NOTICE REGARDING DEPOSIT OF FUNDS FOR CLOSING:**
Funds received by WIRE TRANSFER are available for immediate disbursement at the close of escrow. Other forms of payment deposited may cause extended delays in closing. Escrow Holder will not be responsible for any such delays due to the type of deposits made. Therefore, we strongly urge any deposits made for closing funds to be in the form of a wire transfer. Please contact your escrow officer for our wiring instructions, or if you have any questions regarding this notice.
- 4. **PRO-RATIONS:** Escrow Holder shall make no pro-rations in this escrow.

Initials



5. **MONETARY LIENS OR ENCUMBRANCES OF RECORD:** Prior to close of escrow, Escrow Holder is authorized and instructed to obtain beneficiary statements, demands and/or cause the reconveyance, partial reconveyance, or subordination, as the case may be, of any monetary exception or on any matter of record required to place title in the condition called for, pursuant to the Agreement.
6. **CONDITIONS PRECEDENT TO CLOSE OF ESCROW:** Buyer's and Seller's deposit into escrow of their respective executed estimated closing statement shall constitute their satisfaction or waiver of all conditions set forth in paragraph 2.3, 2.4, 2.5, 2.6a (for Buyer) and paragraph 2.3, 2.6b (for Seller) of the Agreement.
7. **TAX EXEMPT ENTITY:** All parties hereto acknowledge that the buyer is public entity and exempt from payment of any real property taxes. There will be no proration of taxes through escrow. Seller will be responsible for payment of any real property taxes due prior to close of escrow. In the event any real property taxes are due and unpaid at the close of escrow, Escrow Holder is hereby authorized and instructed to pay such taxes from proceeds due the Seller at the close of escrow. Seller understands that the Tax Collector will not accept partial payment of an installment of the real property taxes due at the close of escrow. At the close of escrow, the Buyer will file any necessary documentation with the County Tax Collector/Assessor for the property tax exemption. Any prorated refund that will be due the Seller will be refunded to the Seller by the County Tax Collector/Assessor outside of escrow and Escrow Holder shall have no liability and/or responsibility in connection therewith.
8. **GENERAL PROVISION ACKNOWLEDGEMENT:** By their signature(s) below, Buyer and Seller acknowledge and agree that the General Provisions are incorporated hereto and made a part hereof.

Initials

Handwritten initials, possibly "AB", written in black ink over a horizontal line.

COMMONWEALTH LAND TITLE COMPANY GENERAL PROVISIONS
Please read this important information
(Revised June, 2014)

1. DEPOSIT OF FUNDS

The law dealing with the disbursement of funds requires that all funds be available for withdrawal as a matter of right by the title entity's escrow and/or sub escrow account prior to disbursement of any funds. Only cash or wire-transferred funds can be given immediate availability upon deposit. Cashier's checks, teller's checks and Certified checks may be available one business day after deposit. All other funds such as personal, corporate or partnership checks and drafts are subject to mandatory holding periods which may cause material delays in disbursement of funds in this escrow. In order to avoid delays, all fundings should be wire transfer. Outgoing wire transfers will not be authorized until confirmation of the respective incoming wire transfer or of availability of deposited checks. Parties are aware and understand the California Insurance Code Section 12413.1 (also known as "Good Funds").

Deposit of funds into general escrow trust account unless instructed otherwise. You may instruct Escrow Holder to deposit your funds into an interest bearing account by signing and returning the "Notice of Opportunity to Open Interest Bearing Account", which has been provided to you. If you do not so instruct us, then all funds received in this escrow shall be deposited with other escrow funds in one or more general escrow trust accounts, which include both non-interest bearing demand accounts and other depository accounts of Escrow Holder, in any state or national bank or savings and loan association insured by the Federal Deposit Insurance Corporation (the "depository institutions") and may be transferred to any other such escrow trust accounts of Escrow Holder or one of its affiliates, either within or outside the State of California. A general escrow trust account is restricted and protected against claims by third parties and creditors of Escrow Holder and its affiliates.

Receipt of benefits by Escrow Holder and affiliates. The parties to this escrow acknowledge that the maintenance of such general escrow trust accounts with some depository institutions may result in Escrow Holder or its affiliates being provided with an array of bank services, accommodations or other benefits by the depository institution. Some or all of these benefits may be considered interest due you under California Insurance Code Section 12413.5. Escrow Holder or its affiliates also may elect to enter into other business transactions with or obtain loans for investment or other purposes from the depository institution. All such services, accommodations, and other benefits shall accrue to Escrow Holder or its affiliates and Escrow Holder shall have no obligation to account to the parties to this escrow for the value of such services, accommodations, interest or other benefits.

Said funds will not earn interest unless the instructions otherwise specifically state that funds shall be deposited in an interest-bearing account. All disbursements shall be made by check of COMMONWEALTH LAND TITLE COMPANY. The principals to this escrow are hereby notified that the funds deposited herein are insured only to the limit provided by the Federal Deposit Insurance Corporation. Any instruction for bank wire will provide reasonable time or notice for Escrow Holder's compliance with such instruction. Escrow Holder's sole duty and responsibility shall be to place said wire transfer instructions with its wiring bank upon confirmation of (1) satisfaction of conditions precedent or (2) document recordation at close of escrow. Escrow Holder will NOT be held responsible for lost interest due to wire delays caused by any bank or the Federal Reserve System, and recommends that all parties make themselves aware of banking regulations with regard to placement of wires.

In the event there is insufficient time to place a wire upon any such confirmation or the wires have closed for the day, the parties agree to provide written instructions for an alternative method of disbursement. WITHOUT AN ALTERNATIVE DISBURSEMENT INSTRUCTION, FUNDS WILL BE HELD IN TRUST IN A NON-INTEREST BEARING ACCOUNT UNTIL THE NEXT OPPORTUNITY FOR WIRE PLACEMENT.

2. PRORATIONS AND ADJUSTMENTS

All prorations and/or adjustments called for in this escrow are to be made on the basis of a thirty (30) day month unless otherwise instructed in writing. You are to use information contained on last available tax statement, rental statement as provided by the Seller, beneficiary's statement and fire insurance policy delivered into escrow for the prorations provided for herein.

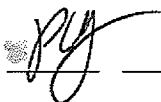
3. GENERAL/SPECIAL PROPERTY TAXES, SUPPLEMENTAL TAX BILLS, BONDS AND ASSESSMENTS

General/Special Property Taxes: Escrow holder shall prorate general and special taxes for the current fiscal year, based on the most recent and available tax bill from the County Assessor's for this subject property.

Supplemental Taxes: Buyer is advised the County Tax Assessor will revalue property which changes ownership or contains new construction, and this revaluation may result in a supplemental assessment. The supplemental taxes will be assessed from the date of the change in ownership or completion of construction. In addition, a lien of supplemental taxes for the current fiscal year, if any, assessed pursuant to Chapter 3.5 (commencing with Section 75) of the California Revenue and Taxation Code will be prorated at the close of escrow.

Bonds and Assessments: All existing unpaid bonds and assessments levied or assessed prior to the date of the close of escrow shall be prorated, based upon the latest available public information. Any assessments made by the Tax Assessor prior to closing but not part of the public records and not disclosed by the Seller in writing to escrow holder, including but not limited to: weed abatement and code violations, shall not be the responsibility of escrow holder and will not be included in any prorations at closing. The parties agree to make any adjustments outside of escrow.

Refunds: Any tax refunds issued to Seller outside of this escrow by the Tax Collectors office which are not of public record and are not disclosed in writing to escrow holder prior to the close of escrow, shall not be the responsibility of escrow holder in the proration calculations used for the closing of this transaction. The parties are to make any adjustments OUTSIDE OF THIS ESCROW and agree the escrow holder shall have no responsibility regarding same. It is the sole responsibility of the Seller to disclose to the Buyer if such a refund is received.



Any tax bills, supplemental tax bills, bonds and assessments issued, levied or adjusted after the close of this transaction shall be handled directly between Buyer and Seller, outside of escrow.

4. UTILITIES/POSSESSION

Transfer of utilities and possession of the premises are to be settled by the parties directly and outside escrow.

5. PREPARATION AND RECORDATION OF INSTRUMENTS

Escrow Holder is authorized to prepare, obtain, record and deliver the necessary instruments to carry out the terms and conditions of this escrow and to order the policy of title insurance to be issued at close of escrow as called for in these instructions. Close of escrow shall mean the date instruments are recorded.

6. SPECIAL RECORDING; LATE CONFIRMATION OF RECORDING

Seller's proceeds may not be available, and encumbrances may not be paid off, until the first business day following the day of recording if 1) documents recorded at close of escrow are recorded later in the day than 8:00 a.m. (which is called a "special recording") or if 2) the County Recorder does not provide confirmation of recording within sufficient time to allow same-day disbursement of funds by wire or check.

7. AUTHORIZATION TO FURNISH COPIES

You are authorized to furnish copies of these instructions, supplements, amendments, notices of cancellation and closing statements, to the Real Estate/Mortgage Broker(s) and Lender(s) named in this escrow. Any requests for duplicate copies of the file or any documentation within the file, after the close of escrow, is subject to an additional work charge of \$25.00.

8. FEES PAID IN ADVANCE:

Escrow holder is instructed to use Buyer's funds deposited into escrow to pay any advanced fees required prior to close of escrow for such items as, but not limited to, charges by a Homeowners Association or their designated management company for ordering documents, lender's charges for a payoff statement, or city's charge for city reports or inspections related thereto. You are authorized, at the close of escrow, to charge the appropriate party for any fees advanced. In the event escrow should cancel, Buyer and Seller agree to handle the exchange of any documents, inspections, reports and/or funds advanced, outside of this escrow. Escrow holder shall not be held liable or responsible for the reimbursement of funds advanced or the return of any documentation provided to Buyer.

9. FEES, CHARGES AND MESSENGER FEES

Escrow, Title and Overnight Fees are to be charged to the principals' accounts in accordance with the posted rates filed with the Department of Insurance. The charges which the Company will make for sending documents and/or checks via overnight services shall be the amount actually billed providing a bill is secured by escrow holder. Special messenger fees will be charged at the actual cost of the messenger service. Recording charges are to be charged to the principals' accounts in accordance with customary practices in this County, unless Escrow Holder is instructed to do otherwise in writing.

10. RIGHT OF CANCELLATION

Any principal instructing you to cancel this escrow shall file notice of cancellation in your office in writing. You shall, within two (2) working days thereafter, deliver one copy of such notice to each of the other principals at the addresses stated in this escrow. **UNLESS WRITTEN OBJECTION TO CANCELLATION IS FILED IN YOUR OFFICE BY A PRINCIPAL WITHIN TEN (10) DAYS AFTER DATE OF SUCH MAILING, YOU ARE AUTHORIZED TO COMPLY WITH SUCH NOTICE AND DEMAND PAYMENT OF YOUR CANCELLATION CHARGES.** If written objection is filed, you are authorized to hold all money and instruments in this escrow and take no further action until otherwise directed, either by the principals' mutual written instructions, or by final order of a court of competent jurisdiction.

11. RIGHT OF RESIGNATION

Escrow Holder has the right to resign upon written notice delivered to the principals herein. If such right is exercised, all funds and documents shall be returned to the party who deposited them and Escrow Holder shall have no liability hereunder.

12. HAZARD INSURANCE POLICIES

Buyer shall obtain Fire/Hazard Insurance coverage, if applicable, on the subject property prior to the close of escrow, as per requirements of the new lender. If Buyer has not paid policy premium prior to close of escrow, Escrow Holder is authorized and instructed to debit Buyer's account with the cost of the annual premium and pay such premium to the insurance agent and/or company, at the close of escrow, from funds deposited by Buyer. Escrow Holder is instructed to request that the insurance company deliver the original policy and copies, as required, to all necessary parties. In the event the property is covered by a blanket insurance policy, Buyer shall provide Escrow Holder with a Certificate of Insurance. **FAILURE TO PROVIDE FIRE/HAZARD INSURANCE WILL DELAY THE CLOSE OF ESCROW.** Escrow Holder has no obligation to obtain fire or other insurance in the absence of a written instruction to do so.

Further, there shall be no responsibility upon the part of Escrow Holder to renew hazard insurance policy(s) upon expiration or otherwise keep it in force either during or subsequent to the close of escrow. Cancellation of any existing hazard insurance policies is to be handled directly by the principals, and outside of escrow.

13. ACTION IN INTERPLEADER

The principals hereto expressly agree that you, as Escrow Holder, have the absolute right at your election to file an action in interpleader requiring the principals to answer and litigate their several claims and rights among themselves and you are authorized to deposit with the clerk of the court all documents and funds held in this escrow. In the event such action is filed, the principals jointly and severally agree to pay your cancellation charges and costs, expenses and reasonable attorney's fees which you are required to expend or incur in such interpleader action, the amount thereof to be fixed and judgment therefore to be rendered by the court. Upon the filing of such action, you shall thereupon be fully released and discharged from all obligations imposed by the terms of this escrow or otherwise.

14. TERMINATION OF AGENCY OBLIGATION

If there is no action taken on this escrow within six (6) months after the "time limit date" as set forth in the escrow instructions or written extension thereof, your agency obligation shall terminate at your option and all documents, monies or other items held by you shall be returned to the parties depositing same. In the event of cancellation of this escrow, whether it be at the request of any of the principals or otherwise, the fees and charges due COMMONWEALTH LAND TITLE COMPANY, including expenditures incurred and/or authorized shall be borne equally by the parties hereto (unless otherwise agreed to specifically).

15. CONFLICTING INSTRUCTIONS/DISPUTES

Upon receipt of any conflicting instructions, you are to take no action in connection with this escrow until non-conflicting instructions are received from all of the principals to this escrow (subject to sections 10, 11, and 13 above).

No notice, demand or change of instruction shall be of any effect in this escrow unless given in writing by all parties affected thereby. In the event a demand for funds and/or documents deposited with Escrow Holder in connection with this escrow is made and which is not concurred in by all parties hereto, Escrow Holder, notwithstanding which party made such demand, may elect to do any of the following:

- (i) Take no further action in connection with this escrow and continue to hold such funds and/or documents until receipt of mutual concurring instructions from all parties to this escrow as to the disposition of such funds and/or documents;
- (ii) Commence an action in interpleader and obtain an order from the court allowing Escrow Holder to deposit such funds and/or documents with the court, in which case Escrow Holder shall have no further liability or obligations with respect to this escrow; or
- (iii) In the event that any party commences an action against any other party with respect to this escrow, deposit such funds and/or documents with the court, in which case Escrow Holder shall have no further liability or obligations with respect to this escrow.

In the event Escrow Holder interpleads any funds and/or documents with any court pursuant to either subparagraphs (ii) or (iii) above, Escrow Holder shall be entitled to reimbursement of its reasonable attorneys' fees and expenses of litigation in connection with such action and any cancellation or work charges incurred during the transaction.

16. DELIVERY/RECEIPT

Delivery to principals as used in these instructions, unless otherwise stated, shall be by personal delivery to the principal, regular mail, email or fax to any of the contact information, provided by the principals or their representatives, to escrow holder. If delivered by regular mail receipt is determined to be 72 hours after such mailing. All documents, balances and statements due to the undersigned may be delivered to the contact information provided. All notices, change of instructions, communications and documents, addressed to Escrow Holder, are to be delivered in writing to the office of COMMONWEALTH LAND TITLE COMPANY at the address as set forth in these instructions.

17. STATE/FEDERAL CODE NOTIFICATIONS

1099 Reporting: According to Federal Law, the Seller, when applicable, will be required to furnish escrow holder with sufficient information in order to file a 1099 statement to the Internal Revenue Service.

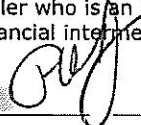
PCOR FORM: Prior to the close of escrow, Buyer may hand Escrow Holder a fully completed and executed "Preliminary Change of Ownership Report" (PCOR) pursuant to the requirements of California Revenue and Taxation Code Section 480.3. Buyer may elect not to complete and execute said form prior to the close of escrow. Should Buyer choose not to execute the PCOR or should the County Recorder's office reject the PCOR for any reason, Buyer is aware that a \$20.00 charge will be assessed by the County Recorder's office and Escrow Holder will charge the account of Buyer accordingly. In the event the PCOR has not been filed at the time the documents record OR the County Tax Assessors office determines that the form has not been properly completed, Buyer will be responsible for obtaining and completing a new PCOR and any additional documents that may be required by the Assessor's office. Failure to file a proper PCOR will result in additional penalties in accordance with Section 480 of the California Revenue and Taxation Code. Escrow Holder's sole duty shall be the delivery of the PCOR to the County Recorder at the time of recordation of transfer documents, if it is provided to Escrow Holder. Escrow Holder assumes no liability or responsibility regarding the proper completion of the PCOR.

NON-RESIDENT ALIEN (FIRPTA): The Foreign Investment in Real Property Tax Act (FIRPTA), Title 26 U.S.C., Section 1445, and the regulations there under, provide in part, that a transferee (buyer) of a U.S. real property interest from a foreign person (non-resident alien) must withhold a tax equal to ten percent (10%) of the amount realized on the disposition, report the transaction and remit the withholding to the Internal Revenue Service within twenty (20) days after the transfer. COMMONWEALTH LAND TITLE COMPANY has not and will not participate in any determination of whether the FIRPTA tax provisions are applicable to the subject transaction, nor act as a Qualified Substitute nor furnish tax advice to any party to the transaction. COMMONWEALTH LAND TITLE COMPANY is not responsible for determining whether the transaction will qualify for an exception or an exemption and is not responsible for the filing of any tax forms with the Internal Revenue Service as they relate to FIRPTA. COMMONWEALTH LAND TITLE COMPANY is not the agent for the buyer for the purposes of receiving and analyzing any evidence or documentation that the Seller in the subject transaction is a U.S. citizen or resident alien. The buyer is advised they must independently make a determination of whether the contemplated transaction is taxable or non-taxable and the applicability of the withholding requirement to the subject transaction, and should seek the advice of their attorney or accountant. COMMONWEALTH LAND TITLE COMPANY is not responsible for the payment of this tax and/or and penalty and/or interest incurred in connection therewith and such taxes are not a matter covered by the Owner's Policy of Title Insurance to be issued to the Buyer. The Buyer is advised they bear full responsibility for compliance with the tax withholding requirement if applicable and/or for payment of any tax, interest, penalties and/or other expenses that may be due on the subject transaction.

CALIFORNIA WITHHOLDING: In accordance with Section 18662 of the Revenue and Taxation Code, a buyer may be required to withhold an amount equal to 3 1/3 percent of the sales price or the amount that is specified in a written certificate executed by the transferor in the case of a disposition of California real property interest by either:

1. A seller who is an individual, trust, or estate or when the disbursement instructions authorize the proceeds to be sent to a financial intermediary of the seller, OR

Initials

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2. A corporate seller that has no permanent place of business in California immediately after the transfer of title to the California real property.

The buyer may become subject to penalty for failure to withhold an amount equal to the greater of 10 percent of the amount required to be withheld or five hundred dollars (\$500).

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

1. The sales price of the California real property conveyed does not exceed one hundred thousand dollars (\$100,000), 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, trust, estate or a corporation without a permanent place of business in California executes a written certificate, under the penalty of perjury, of any of the following:
 - A. The California real property being conveyed is the seller's or decedent's principal residence (within the meaning of Section 121 of the Internal Revenue Code).
 - B. The last use of the property being conveyed was use by the transferor as the transferor's principal residence within the meaning of Section 121 of the Internal Revenue Code.
 - C. The California real property being conveyed is or will be exchanged for property of like kind (within the meaning of Section 1031 of the Internal Revenue Code), but only to the extent of the amount of gain not required to be recognized for California income tax purposes under Section 1031 of the Internal Revenue Code.
 - D. The California real property has been compulsorily or involuntarily converted (within the meaning of Section 1033 of the Internal Revenue Code) and that the seller intends to acquire property similar or related in service or use so as to be eligible for nonrecognition of gain for California income tax purposes under Section 1033 of the Internal Revenue Code.
 - E. The California real property transaction will result in a loss or a net gain not required to be recognized for California income tax purposes.

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

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

Buyer understands that in no event will Escrow Holder undertake to advise Buyer and/or Buyer's representative on the possible application of the above code sections to this specific transaction. Unless expressly instructed by Seller and Buyer herein, Buyer understands that Escrow Holder will NOT assist in obtaining a waiver from withholding from the Franchise Tax Board.

Should Buyer and Seller herein direct Escrow Holder to undertake any activities pursuant to the withholding provisions under California law, Buyer and Seller agree to cooperate fully in providing necessary information to Escrow Holder. Buyer and Seller agree to indemnify and hold Escrow Holder harmless in the event of noncompliance resulting from information supplied by either Buyer and/or Seller. For additional information concerning the withholding provisions under the code sections referenced above, please contact the Franchise Tax Board-Withhold-at-Source Unit at (888) 792-4900, P.O. Box 651, Sacramento, CA 95812-0651. Web address: www.ftb.ca.gov

18. ENCUMBRANCES

Escrow Holder is to act upon any statements furnished by a lienholder or his agent without liability or responsibility for the accuracy of such statements. Any adjustments necessary because of a discrepancy between the information furnished Escrow Holder and any amount later determined to be correct shall be settled between the parties direct and outside of escrow.

You are authorized, without the need for further approval, to debit my account for any fees and charges that I have agreed to pay in connection with this escrow, and for any amounts that I am obligated to pay to the holder of any lien or encumbrance to establish the title as insured by the policy of title insurance called for in these instructions. If for any reason my account is not debited for such amounts at the time of closing, I agree to pay them immediately upon demand, or to reimburse any other person or entity who has paid them.

19. ENVIRONMENTAL ISSUES

Escrow Holder has made no investigation concerning said property as to environmental/toxic waste issues. Any due diligence required or needed to determine environmental impact as to forms of toxification, if applicable, will be done directly and by principals outside of escrow. Escrow Holder is released of any responsibility and/or liability in connection therewith.

20. USURY

Escrow Holder is not to be concerned with any questions of usury in any loan or encumbrance involved in the processing of this escrow and is hereby released of any responsibility or liability therefore.

21. DISCLOSURE

Escrow Holder's knowledge of matters affecting the property, provided such facts do not prevent compliance with these instructions, does not create any liability or duty in addition to these instructions.

22. FACSIMILE/ELECTRONIC SIGNATURE

Escrow Holder is authorized and instructed that, in the event any party utilizes electronic or "facsimile" transmitted signed documents or instructions to Escrow Holder, you are to rely on the same for all escrow instruction purposes and the closing



of escrow as if they bore original signatures. **Electronic signatures are not acceptable on recordable documents.** "Electronic Signature" means, as applicable, an electronic copy or signature complying with California Law.

23. CLARIFICATION OF DUTIES

Legal Advice: COMMONWEALTH LAND TITLE COMPANY serves ONLY as an Escrow Holder in connection with these instructions and cannot give legal advice to any party hereto.

Sufficiency/Correctness: Escrow Holder is not to be held accountable or liable for the sufficiency or correctness as to form, manner of execution, or validity of any instrument deposited in this escrow, nor as to the identity, authority or rights of any person executing the same. Escrow Holder's duties hereunder shall be limited to the proper handling of such money and the proper safekeeping of such instruments, or other documents received by Escrow Holder, and for the disposition of same in accordance with the written instructions accepted by Escrow Holder.

Executed Instructions: The agency and duties of Escrow Holder commence only upon receipt of copies of these Escrow Instructions executed by all parties.

No Duty To Notify As To Other Transaction: Escrow Holder shall have no duty or responsibility to notify any party to this escrow of any sale, resale, loan, exchange or other transaction involving the property which is the subject of this escrow or any profit realized by any person or entity in connection therewith, notwithstanding that Escrow Holder may act as escrow holder for such transaction(s) in this or another escrow(s).

Record Retention: After the closing or cancellation of this escrow, Escrow Holder shall retain the escrow file(s) pertaining to this escrow for a minimum of five (5) years, after which time Escrow Holder is authorized to destroy or otherwise dispose of such file(s) without notice or liability to the parties hereto.

Disclosure Reports: Escrow Holder is not to be concerned with disclosures made by the parties to each other. In the event Escrow Holder receives any disclosure reports requiring signatures or approval by a party, Escrow Holder's only responsibility will be to forward the report to the appropriate party.

24. FAILURE TO CLOSE TIMELY

If the conditions for closing this escrow have not occurred at the time set forth herein for closing, Escrow Holder is nevertheless to continue to act hereunder and to close this escrow as soon thereafter as such conditions (except as to time) shall have been met, unless any party shall have made a written demand on Escrow Holder for cancellation of this escrow and/or for the return of any funds and/or documents deposited by such party.

25. FUNDS HELD IN ESCROW

When the company has funds remaining in escrow over 90 days after close of escrow or estimated close of escrow, the Company shall impose a monthly holding fee of \$25.00 that is to be charged against the funds held by the Company. Any funds remaining in the file or principals failure to negotiate funds issued by escrow holder may result in the funds being escheated to the State of California's Unclaimed Property. This process includes a due diligence period through our local and corporate offices. Any refunds requested during this process may take up to 6 months. Refunds requested through the State of California are not controlled by escrow holder. For more information about the State of California Unclaimed property visit: www.sco.ca.gov.

THIS AGREEMENT IN ALL PARTS APPLIES TO, INURES TO THE BENEFIT OF, AND BINDS ALL PARTIES HERETO, THEIR HEIRS, LEGATEES, DEVISEES, ADMINISTRATORS, EXECUTORS, SUCCESSORS AND ASSIGNS, AND WHENEVER THE CONTEXT SO REQUIRES THE MASCULINE GENDER INCLUDES THE FEMININE AND NEUTER, AND THE SINGULAR NUMBER INCLUDES THE PLURAL. THESE INSTRUCTIONS AND ANY OTHER AMENDMENTS MAY BE EXECUTED IN ANY NUMBER OF COUNTERPARTS, EACH OF WHICH SHALL BE CONSIDERED AS AN ORIGINAL AND BE EFFECTIVE AS SUCH.

MY SIGNATURE HERETO CONSTITUTES INSTRUCTION TO ESCROW HOLDER OF ALL TERMS AND CONDITIONS CONTAINED IN THIS AND ALL PRECEEDING PAGES AND FURTHER SIGNIFIES THAT I HAVE READ AND UNDERSTAND THESE GENERAL PROVISIONS.

**Commonwealth Land Title Company conducts escrow business under Certificate of Authority No. 285
issued by the California Department of Insurance.**

SELLER:

KMART Express LLC, a Michigan limited liability company

By: _____
Name: _____
Its: _____

Initials



BUYER:

City of Redlands, a municipal corporation

By: 
Name: Paul Foster
Its: Mayor

ATTEST:



Sam Irwin, City Clerk