

PURCHASE AND SALE AGREEMENT
AND ESCROW INSTRUCTIONS

THIS AGREEMENT FOR PURCHASE AND SALE AND ESCROW INSTRUCTIONS is entered into by and between the City of Redlands, a municipal corporation ("Buyer") and Kawasaki of Riverside, Inc., a California corporation ("Seller").

RECITALS

A. Seller owns the legal fee title to certain real property located in the City of Redlands which is more particularly described in Exhibit "A" which is attached hereto and incorporated herein by this reference.

B. Buyer desires to purchase a portion of the real property described in Exhibit "A" and Seller desires to sell and convey such portion of the property, which is more particularly described in Exhibit "B" which is attached hereto and incorporated herein by this reference (the "Property").

C. The parties desire by this Agreement to provide the terms and conditions for the purchase and sale of the Property.

AGREEMENT

The parties therefore agree as follows:

1. PURCHASE.

Buyer agrees to buy, and Seller agrees to sell and convey, the Property for the purchase price and upon the terms and conditions hereinafter set forth.

2. ESCROW.

Upon execution of this Agreement by the parties, Buyer shall open an escrow (the "Escrow") with Guardian Escrow (the "Escrow Holder") for the purpose of consummating the purchase and sale of the Property. The parties hereto shall execute and deliver to Escrow Holder such escrow instructions prepared by Escrow Holder as may be required to consummate this transaction. Any such instructions shall not conflict with, amend or supersede any provisions of this Agreement. If there is any inconsistency between such instructions and this Agreement, this Agreement shall control unless the parties agree in writing otherwise. The Escrow Instructions shall include the following terms and conditions of sale:

2.1 Purchase Price.

The total purchase price for the Property shall be the lump sum of Forty-one

Thousand Six Hundred Thirty-one Dollars (\$41,631), which shall be paid by Buyer to Seller through Escrow Holder in cash at Close of Escrow.

2.2 Close of Escrow.

Escrow shall close on or before thirty (30) days following the date of execution of this Agreement (the "Close of Escrow"). If the Escrow is not in a condition to close by the Close of Escrow, any party who is not then in default may, in writing, demand the return of its money and/or documents. Thereupon all obligations and liabilities of the parties under this Agreement shall cease and terminate. If no such demand is made, Escrow shall be closed as soon as possible.

2.3 Condition of Title to Property

Seller shall convey title to the Property to Buyer as evidenced by a ALTA Standard Form Policy or Binder of Title Insurance ("Title Policy") in an amount equal to the purchase price. The Title Policy shall show as exceptions with respect to the Property only matters approved in writing by Buyer. Any exceptions to title representing monetary liens or encumbrances are hereby disapproved by Buyer, and Escrow Holder is hereby authorized and instructed to cause the reconveyance, partial reconveyance or subordination, as the case may be, of any such monetary exceptions to Buyer's title to the Property at or prior to the Close of Escrow.

2.4 Escrow and Closing Costs.

Buyer shall pay the cost of the Title Policy, the Escrow fees and all recording costs and other costs and expenses incurred herein. All parties acknowledge that Buyer is exempt from payment of documentary transfer taxes.

2.5 Deposit of Funds and Documents.

A. At least one day prior to Close of Escrow, Buyer shall deposit into Escrow (i) all Escrow and Closing Costs as described above; (ii) the purchase price to be paid to Seller through Escrow; (iii) such other documentation as is necessary to close Escrow.

B. At least one day prior to the Close of Escrow, Seller shall deposit into Escrow (i) the properly executed Grant Deed, a copy of which is attached hereto as Exhibit "C;" (ii) such other documents and sums, if any, as are necessary to close Escrow in conformance herewith.

2.6 Buyer's Conditions Precedent to Close of Escrow.

The Close of Escrow is subject to the following conditions:

(a) All representations and warranties of Seller set forth in this Agreement shall be true and correct as of the Close of Escrow.

(b) Seller shall timely perform all obligations required by the terms of this Agreement to be performed by it.

2.7 Seller's Conditions Precedent to Close of Escrow.

For the benefit of Seller, the Close of Escrow shall be conditioned upon the timely performance by Buyer of all obligations required by the terms of this Agreement.

3. REPRESENTATIONS AND WARRANTIES OF SELLER.

Seller makes the following representations and warranties, each of which shall survive the Close of Escrow:

(a) The execution and delivery of this Agreement by Seller, Seller's performance hereunder, and the consummation of this transaction will not constitute a violation of any order or decree or result in the breach of any contract or agreement to which Seller is at present a party, or by which Seller is bound;

(b) To Seller's knowledge, no litigation and no governmental, administrative or regulatory act or proceeding regarding the environmental, health and safety aspects of the Property is pending, proposed or threatened;

(c) Seller shall not enter into any agreements or undertake any new obligations prior to Close of Escrow which will in any way burden, encumber or otherwise affect the Property without the prior written consent of Buyer;

(d) According to Seller's actual knowledge, the Property and any contiguous real property owned by Seller is not in violation of any federal, state or local statute, regulation or ordinance relating to industrial hygiene or to environmental conditions on, under or about the Property, including, but not limited to, soil and groundwater conditions underlying the Property which could affect the Property or its use or development, and neither Seller nor any other person or predecessor in interest has used, generated, manufactured, stored or disposed of on, under or about the Property or transported to or from the Property any flammable materials, explosives, radioactive materials, hazardous or contaminated materials or substances, toxic or noxious materials, substances or related materials or substances ("Hazardous Materials"). For the purpose of this Section, Hazardous Materials shall include, without limitation, substances defined as "hazardous substances," "hazardous materials," "toxic substances," "hazardous wastes," "extremely hazardous wastes," or "restricted hazardous wastes," or stated to be known to cause cancer or reproductive toxicity, under the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. sections 9601, et seq; the Hazardous Materials Transportation Act, 49 U.S.C. sections 1801, et seq; the Resource Conservation and Recovery Act, 42 U.S.C. sections 6901, et seq; the Federal Water Pollution Control Act, 33 U.S.C. sections 1317, et seq; sections 25115, 25117, 25122.7, 25140, 25249.5, 25249.8, 25281, 25316 or 25501 of the California Health & Safety Code;

then Seller may, at Seller's option, terminate the Escrow or pursue any rights or remedies that Seller may have at law or in equity.

6. MISCELLANEOUS.

A. Notice. Any notice to be given or other document or documents to be delivered to either party by the other hereunder may be delivered in person or may be deposited in the United States Mail in the State of California, duly registered or certified, with postage prepaid, and addressed as follows:

Seller: Kawasaki of Riverside, Inc.
1605 University Avenue
Riverside, CA 92507

Buyer: City Clerk
City of Redlands
P. O. Box 3005
Redlands, CA 92373

Any notice or other document sent by registered or certified mail as aforesaid shall be deemed to have been effectively served or delivered at the expiration of twenty-four (24) hours following the deposit of said notice in the United States mail.

B. Time of Essence. Time is of the essence with respect to each and every provision hereof.

C. Assignment. Neither this Agreement, nor any interest herein, shall be assignable by any party without prior written consent of the other party.

D. Governing Law. All questions with respect to this Agreement, and the rights and liabilities of the parties hereto, shall be governed by the laws of the State of California.

E. Inurement. Subject to the restrictions against assignment as herein contained, this Agreement shall inure to the benefit of, and shall be binding upon, the assigns and successors in interest of the parties hereto.

F. Attorneys Fees. If any legal action, arbitration or other proceeding is brought for the enforcement of this Agreement, or because of any alleged dispute, breach, default or misrepresentation in connection with this Agreement, the successful or prevailing party shall be entitled to recover actual attorney fees (including fees for paraprofessionals and similar personnel and disbursements) and other costs it incurs in that action or proceeding, in addition to any other relief to which it may be entitled.

G. Entire Agreement. This Agreement contains the entire Agreement of the parties hereto, and supersedes any prior written or oral agreements between them concerning the subject matter contained herein. There are no representations, agreements, arrangements, or understandings, oral or written, between the parties hereto, relating to the subject matter contained in this Agreement which are not fully expressed herein.

H. Additional Documents. The parties hereto agree to execute any and all additional documents and instruments necessary to carry out the terms of this Agreement.

I. No Merger. All warranties, representations, acknowledgments, releases, covenants, and obligations contained in this Agreement shall survive delivery and recordation of the Grant Deed.

J. Ratification. This Agreement is subject to approval and ratification by the City Council of the City of Redlands.

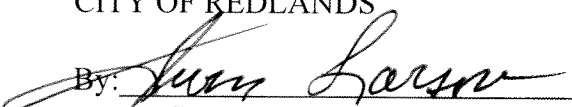
K. Counterparts. This Agreement may be signed in counterpart or duplicate copies, and any signed counterpart or duplicate copy shall be equivalent to a signed original for all purposes.

EXECUTED on the date or dates set forth below. This Agreement shall be effective as of the date signed by all parties.

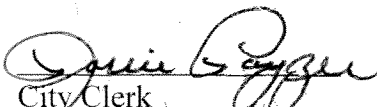
Date: January 21, 1997

Buyer:

CITY OF REDLANDS

By: 
Swen Larson, Mayor

Attest:


City Clerk

Date: _____

Seller:

KAWASAKI OF RIVERSIDE, INC.

By: 
President