

AGREEMENT FOR PURCHASE AND SALE AND ESCROW INSTRUCTIONS

THIS AGREEMENT FOR PURCHASE AND SALE AND ESCROW INSTRUCTIONS ("Agreement"), dated June 18, 2002, ("Effective Date") is made and entered into by and between the City of Redlands ("Seller") and The Redlands Conservancy, a non-profit corporation organized and existing under the laws of the State of California ("Buyer") hereinafter collectively referred to as the "Parties."

RECITALS

A. Whereas, Seller owns certain real property located at 1247 Alta Street, Redlands, California (the "Property"); and

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

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

AGREEMENT

1. PURCHASE PRICE

The total price for the Property shall be Fifteen Thousand Dollars, (\$15,000.00) (the "Purchase Price").

1.1 Deposit. Buyer shall deposit into Escrow the sum of Five Thousand Dollars (\$5,000.00) within two days after the Opening of Escrow as an earnest money deposit (the "Deposit"). The Deposit shall be applied towards the Purchase Price.

1.2 Balance of Payment. Buyer shall pay to Seller the sum of Ten Thousand Dollars (\$10,000.00) plus interest which shall become due and payable eighteen months from the date of Close of Escrow, or upon Buyer's sale of the Property, whichever occurs earlier. Buyer shall execute a note in the amount of Ten Thousand Dollars (\$10,000.00) and a deed of trust in favor of the City securing the note, both substantially in the forms attached hereto as Exhibits "A" and "B," respectively.

2. CONSTRUCTION OF IMPROVEMENTS.

Buyer shall, after Close of Escrow, promptly commence construction of the improvements

which are listed in Exhibit "C," which is attached hereto and incorporated herein by this reference (the "Improvements"). The Improvements shall be completed by Buyer within twelve (12) months from the date of Close of Escrow. If the Improvements are not completed by such date, the ownership of the Property shall revert to Seller in accordance with the terms of the Grant Deed, the form of which is attached hereto as Exhibit "D."

3. 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 A.L.T.A. Joint Protection Policy of Title Insurance in an amount equal to the Purchase Price of the Property issued by First American 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. Any additional endorsements or policy coverage requested by Buyer shall be at Buyer's sole cost and expense.

4. CONDITIONS OF PURCHASE

Buyer's obligation to perform this Agreement and acquire 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.

4.1 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") covering the Property from the Title Company. Buyer shall have seven (7) days after the date of Escrow Holder's provision of the PTR to Buyer to approve or disapprove the status of title to the Property as disclosed in the PTR. 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 intended use of the Property. Any exception not disapproved in writing within the seven (7) day period shall be deemed approved by Buyer, and shall constitute a permitted exception hereunder. Any objection to a title exception shall be in writing, and Seller shall thereafter have seven (7) 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 spend any money or to file a lawsuit or maintain any legal action to correct any exceptions within the seven (7) 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 Closing. Buyer shall then, 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, both Parties shall be relieved from any further liabilities and/or obligations under this Agreement.

4.2 Inspections. With the prior consent of Seller, Buyer or Buyer's agent shall have the right to physically inspect the Property as Buyer deems necessary. All Inspections shall be done at Buyer's sole cost and expense. Upon 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 seven (7) days from the Effective Date of this Agreement. Any disapproval of the condition of the Property shall be in writing and given to Seller within such seven (7) day period. In the event Buyer does not disapprove the condition of the Property within the seven (7) day period, this condition shall be deemed waived. In the event Buyer disapproves the condition of the Property within the seven (7) day period, this Agreement shall terminate and the Parties shall be relieved from any further liabilities and/or obligations under this Agreement.

5. **ESCROW**

5.1 Opening. The purchase and sale of the Property shall be completed through an escrow ("Escrow") to be opened at Guardian Escrow (the "Escrow Holder"). Upon the mutual execution of this Agreement, Seller shall deposit with the Escrow Holder one fully executed counterpart of this Agreement, which shall constitute the 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.

5.2 Closing. Escrow shall close on or before the date which is forty five (45) days from the date of Opening of Escrow.

5.3 Costs. 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 and the premium for the title insurance policy to be delivered to Buyer. 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.

5.4 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.

5.5 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 said additional Escrow instructions increase the rights of one party against the other party hereto or modify the terms and conditions of this Agreement.

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

Escrow.

6. 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.

6.1 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.

6.2 All the documents executed by Seller which are to be delivered to Buyer at Close of Escrow shall be duly authorized, executed and delivered by Seller and shall be legal, valid and binding obligations of Seller enforceable against Seller 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 Seller is not a foreign person under Section 1445 Internal Revenue Code and will execute a Certificate of Non-foreign status and deposit same into the Escrow prior to Close of Escrow.

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

7. 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.

7.1 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.

7.2 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.

7.3 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.**

8. 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:
Bob Clark, President
The Redlands Conservancy
PO Box 855
Redlands, CA 92373

Seller:
City of Redlands
c/o Marjie Pettus
PO Box 3005
Redlands, CA 92373

9. HAZARDOUS SUBSTANCES

Buyer acknowledges and agrees that, to the best of the Seller's knowledge there exists no "Hazardous Materials" (as such term is herein defined) nor oil wells, underground storage tanks, or pipelines in, on, under or about the Property. Buyer further understands and agrees that in the event Buyer incurs any loss or liability concerning Hazardous Materials and/or oil wells and/or underground storage tanks and/or pipelines whether attributable to event occurring prior to or following the effective date, then Buyer may look to prior owners of the Property, but under no circumstances shall Buyer look to Seller for any liability or indemnification regarding Hazardous Materials and/or oil wells and/or underground storage tanks and/or pipelines.

Buyer, and each of the entities constituting Buyer, if any, from and after the Effective Date hereof, hereby waives, releases, remises, acquits and forever discharges Seller, its elected officials, officers, employees and agents and their respective heirs, successors, personal representatives and assigns, of and from any and all Environmental Claims, Environmental Cleanup Liability and Environmental Compliance Costs, as those terms are defined below, and from any and all actions, suits, legal or administrative orders or proceedings, demands, actual damages, punitive damages, loss, costs, liabilities and expenses, which concern or in any way relate to the physical or environmental conditions of the Property, the existence of any Hazardous Material thereon, or the release or threatened release of Hazardous Materials therefrom, whether existing prior to, at or after

the Effective Date of this Agreement. It is the intention of the Parties pursuant to this release that any and all responsibilities and obligations of Buyer, and any and all rights, claims right of action, causes of action, demands or legal rights of any kind of Buyer, its successors, assigns or any affiliated entity of Buyer, arising by virtue of the physical or environmental condition of the property, the existence of any Hazardous Materials thereon, or any release or threatened release of Hazardous Material therefrom, whether existing prior to, at or after the Effective date of this Agreement are by this Release provision declared null and void and of no present or future force and effect as to the Parties. In connection therewith, Buyer and each of the entities constituting Buyer, expressly agree to waive any and all rights which they may have under Section 1542 of the California Civil Code which provides as follows:

"A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor."

Buyer and each of the entities constituting Buyer, shall, from and after the Effective Date of this Agreement, defend, indemnify and hold harmless Seller, and its elected officials, officers, employees and agents (collectively, the "Indemnified Parties") from and against any and all Environmental Claims, Environmental Cleanup Liability, Environmental Compliance Costs, and any other claims, actions, suits, legal or administrative orders or proceedings, demands or other liabilities resulting at any time from the physical and/or environmental conditions of the Property whether before or after the Effective Date of this Agreement or from the existence of any Hazardous Materials or the release or threatened release of any Hazardous Materials of any kind whatsoever, in, on, or under the Property occurring at any time whether before or after such date, including but not limited to, all foreseeable and unforeseeable damages, fees, costs, losses and expenses, directly or indirectly arising therefrom, and including fines and penalties of any nature whatsoever, assessed, levied or asserted against any Indemnified Parties to the extent that the fines and/or penalties are the result of a violation or an alleged violation of any Environmental Law. Buyer further agrees that in the event Buyer obtains, from former or present owners of the Property or any other persons or entities, releases from liability, indemnities, or other forms of hold harmless relating to the subject matter of this section, Buyer shall use its diligent efforts to obtain for Seller the same releases, indemnities and other comparable provisions.

For the purpose of this Section, the following terms shall have the following meanings:

(a) "Environmental Claim" means any claim for personal injury, death and/or property damage made, asserted or prosecuted by or on behalf of any third party, including, without limitations, any governmental entity, relating to the Property or its operations and arising or alleged to arise under any Environmental Law.

(b) "Environmental Cleanup Liability" means any cost or expense of any nature whatsoever incurred to contain, remove, remedy, clean up, or abate any contamination or any Hazardous Materials on or under all or any part of the Property, including the ground water thereunder, including, without limitation, (i) any direct costs or expenses for investigation, study,

assessment, legal representation, cost recovery by governmental agencies, or ongoing monitoring in connection therewith and (ii) any cost, expense, loss or damage incurred with respect to the Property or its operation as a result of actions or measures necessary to implement or effectuate any such containment, removal, remediation, treatment, cleanup or abatement.

(c) "Environmental Compliance Cost" means any cost or expense of any nature whatsoever necessary to enable the Property to comply with all applicable Environmental Laws in effect. "Environmental Compliance Cost" shall include all costs necessary to demonstrate that the Property is capable of such compliance.

(d) "Environmental Law" means any federal, state or local statute, ordinance, rule, regulation, order, consent decree, judgment or common-law doctrine, and provisions and conditions of permits, license and other operating authorizations relating to (i) pollution or protection of the environment, including natural resources (ii) exposure of persons, including employees, to Hazardous Materials or other products, raw materials, chemicals or other substances, (iii) protection of the public health or welfare from the effects of by-products, wastes, emissions, discharges or releases of chemical substances from industrial or commercial activities or (iv) regulation of the manufacture, use or introduction into commerce of chemical substances, including, without limitation, their manufacture, formulation, labeling, distribution, transportation, handling, storage and disposal.

(e) "Hazardous Material" is defined to include any hazardous or toxic substance, material or waste which is or becomes regulated by any local government authority, the State of California, or the United States Government. The term "Hazardous Material" includes, without limitation, any material or substance which is: (i) petroleum or oil or gas or any direct or derivate product or by-product thereof; (ii) defined as a "hazardous waste," "extremely hazardous waste" or "restricted hazardous waste" under Sections 25115, 25117 or 25122.7, or listed pursuant to Section 25140 of the California Health and Safety Code, Division 20, Chapter 6.5 (Hazardous Waste Control Law); (iii) defined as a "hazardous substance" under Section 25316 of the California Health and Safety Code, Division 20, Chapter 6.8 (Carpenter-Presley-Tanner Hazardous Substance Account Act); (iv) defined as a "hazardous material," "hazardous substance" or "hazardous waste" under Sections 25501(j) and (k) and 25501.1 of the California Health and Safety Code, Division 20, Chapter 6.95 (Hazardous Materials Release Response Plans and Inventory); (v) defined as "hazardous substance" under Section 25281 of the California Health and Safety Code, Division 20, Chapter 6.7 (Underground Storage of Hazardous Substances); (vi) "used oil" as defined under Section 25250.1 of the California Health and Safety Code; (vii) asbestos; (viii) listed under Article 9 or defined as hazardous or extremely hazardous pursuant to Article 1 of Title 22 of the California Code of Regulations, Division 4, Chapter 30; (ix) defined as waste or a hazardous substance pursuant to the Porter-Cologne Act, Section 13050 of the California Water Code; (x) designated as a "toxic pollutant" pursuant to the Federal Water Pollution Control Act, 33 U.S.C. § 1317; (xi) defined as a "hazardous waste" pursuant to the Federal Resource Conservation and Recovery Act, 42 U.S.C. § 6901 et seq. (42 U.S.C. § 6903); (xii) defined as a "hazardous substance" pursuant to the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. § 9601 et seq.

(42 U.S.C. § 9601); (xiii) defined as "Hazardous Material" pursuant to the Hazardous Materials Transportation Act, 49 U.S.C. § 1801 et seq.; (xiv) defined as such or regulated by any "Superfund" or "Superlien" law, or any other federal state, or local law, statute, ordinance, code, rule, regulation, order or decree regulating, relating to, or imposing liability or standards of conduct concerning Hazardous Materials and/or oil wells and/or underground storage tanks and/or pipeline, as now, or at any time hereafter, in effect.

Notwithstanding anything to the contrary set forth herein, the releases, indemnities and hold harmless agreements given by Buyer to Seller pursuant to this Section shall not apply to nor preclude liability of the Seller for any and all Environmental Claims, Environmental Cleanup Liability, Environmental Compliance Costs, and any other claims, actions, suits, legal or administrative orders or proceedings, demands or other liabilities resulting from the release in the past or in the future of any Hazardous Materials of any kind whatsoever, in, on or under the Property, by Seller.

Notwithstanding any other provision of this Agreement, Buyer's release and indemnification as set forth in the provisions of this Section, as well as all provisions of this Section shall survive the closing of Escrow and any termination of this Agreement and shall continue in perpetuity.

10. GENERAL PROVISIONS

10.1 Entire Agreement. This Agreement supersedes any prior oral or written agreements between Buyer and Seller 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, executed by the Parties hereto. All obligations of Buyer and Seller under this Agreement and the Escrow shall be joint and several.

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

10.3 Buyer's Performance. Close of Escrow and the 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.

10.4 Seller's Performance. Close of Escrow and the 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.

10.5 Successors and Assigns. Each covenant and condition contained in this Agreement shall inure to the benefit of and be binding on the Parties to this Agreement, their respective heirs, personal representatives, assigns, and other successors in interest.

10.6 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.

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

11. **BROKERS AND FINDERS FEES**

Buyer warrants that the execution of this Agreement was not induced or procured through any person, firm, or corporation acting as a broker or finder. Buyer shall defend, indemnify and hold Seller harmless from and against any damages, liability or cost, including without limitations, reasonable attorney's fees, arising from or in connection with any claim by any person, firm or corporation based upon its having acted as broker or finder for or in connection with this transaction on behalf of Buyer.

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

Executed this 18th day of June, 2002, at Redlands, California.

CITY OF REDLANDS

By:


Karl Haws, Mayor

THE REDLANDS CONSERVANCY

By:


Robert Clark, President

ATTEST:

By:


Lorie Poyzer, City Clerk

RECORDING REQUESTED BY

AND WHEN RECORDED MAIL TO:
THE REDLANDS CONSERVANCY
Attn: Bob Clark, President
P. O. Box 855
Redlands, CA 92373

A.P.N.: 167-251-15

Order No.: 593337

Space Above This Line for Recorder's Use Only
Escrow No.: 19568-JB

GRANT DEED

THE UNDERSIGNED GRANTOR(s) DECLARE(s) THAT DOCUMENTARY TRANSFER TAX IS: COUNTY \$16.50
☒ 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

THE REDLANDS CONSERVANCY, a California non-profit corporation

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

Lot 27 of ROSS AND RAUSCH ADDITION, in the City of Redlands, County of San Bernardino, State of California, as per map recorded in Book 15, Page 38, of Maps, in the Office of the County Recorder of said county.

Provided; however, that fee title to the Property shall automatically revert to Grantor if the Improvements required to be constructed pursuant to the Purchase and Sale and Escrow Agreement between Grantor and Grantee dated June 18, 2002, are not completely constructed in accordance with the terms of that Agreement.

Document Date: July 25, 2002

CITY OF REDLANDS, a municipal
corporation

By: 

KARL HAWS, Mayor

ATTEST:

By: 

City Clerk

GRANT DEED CONTINUED ON NEXT PAGE

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

ALL-PURPOSE ACKNOWLEDGMENT

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

By the authority granted under Chapter 4, Article 3, Section 1181, of the California Civil Code, and Chapter 2, Division 3, Section 40814, of the California Government Code, on August 7, 2002, before me, Beatrice Sanchez, Deputy City Clerk, on behalf of Lorrie Poyzer, City Clerk of the City of Redlands, California, personally appeared Karl N. Haws 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: Beatrice Sanchez
Beatrice Sanchez, Deputy 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 - to The Redlands Conservancy

Number of Pages : two Date of Document: July 25, 2002

Signer(s) Other Than Named Above: None

RECORDING REQUESTED BY

AND WHEN RECORDED MAIL TO:

The Redlands Conservancy
P. O. Box 855
Redlands, CA 92373

Space Above This Line for Recorder's Use Only

A.P.N.: 0167-251-15

Order No.: S50211

Escrow No.: 20138-JB

GRANT DEED

THE UNDERSIGNED GRANTOR(s) DECLARE(s) THAT DOCUMENTARY TRANSFER TAX IS: COUNTY \$NONE
[] 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 **THE REDLANDS CONSERVANCY, a California corporation**

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

Lot 27 of ROSS AND RAUSCH ADDITION, in the City of Redlands, County of San Bernardino, State of California, as per map recorded in Book 15, Page 38, of Maps, in the Office of the County Recorder of said county.

This Grant Deed is given to release any interest retained through that certain Grant Deed, recorded August 21, 2002, as Document No. 2002-0439080, of Official Records in the County of San Bernardino, State of California.

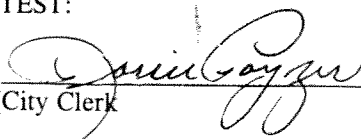
Document Date: March 28, 2003

CITY OF REDLANDS, a municipal
corporation

By: 

KARL HAWS, Mayor

ATTEST:

By: 

(City Clerk)

EXECUTOR'S DEED CONTINUED ON NEXT PAGE

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

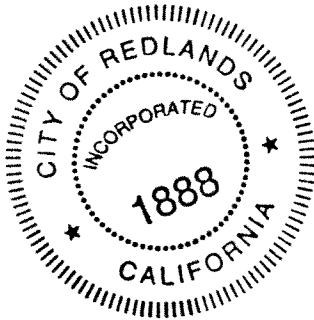
ALL-PURPOSE ACKNOWLEDGMENT

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

By the authority granted under Chapter 4, Article 3, Section 1181, of the California Civil Code, and Chapter 2, Division 3, Section 40814, of the California Government Code, on April 1,, 2003, before me, Beatrice Sanchez, Deputy City Clerk, on behalf of Lorrie Poyzer, City Clerk f the City of Redlands, California, personally appeared Karl N. Haws 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: Beatrice Sanchez
Beatrice Sanchez, Deputy 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 - 1247 Alta Street, Redlands

Date of Document: March 28, 2003

Signer(s) Other Than Named Above: None

RECORDING REQUESTED BY:

AND WHEN RECORDED MAIL TO:
THE REDLANDS CONSERVANCY
P. O. Box 855
Redlands, CA 92373

Space Above This Line for Recorder's Use Only

Order No. 850211

Escrow No. 20138-JB

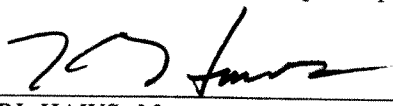
SUBSTITUTION OF TRUSTEE AND FULL RECONVEYANCE

WHEREAS, THE REDLANDS CONSERVANCY, a California non-profit corporation was the original Trustor, and First American Title Insurance Company, a California corporation the original Trustee, and City of Redlands, a municipal corporation the Beneficiary, under that certain Deed of Trust dated June 18, 2002 and recorded August 21, 2002 as Instrument No. 02-439081, Official Records of the County of San Bernardino, State of California, and

WHEREAS, the undersigned Beneficiary desires to substitute a new Trustee under said Deed of Trust, now therefore, the undersigned hereby substitutes CITY OF REDLANDS, a municipal corporation, as Trustee under said Deed of Trust and does hereby reconvey, without warranty, to the person or persons legally entitled thereto, the Estate now held by him thereunder.

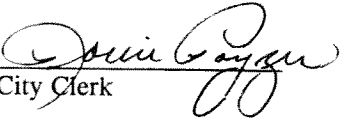
Document Date: March 28, 2003

CITY OF REDLANDS, a municipal corporation

By: 

KARL HAWS, Mayor

ATTEST:

By: 

(City Clerk)

STATE OF CALIFORNIA
COUNTY OF _____

)SS
)

On _____ before me, _____, Notary Public
personally appeared _____

personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies) and that by his/her/their signature(s) on the instrument the person(s) or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature _____

This area for official notarial seal.

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 April 1,, 2003, before me, Beatrice Sanchez, Deputy City Clerk, on behalf of Lorrie Poyzer, City Clerk f the City of Redlands, California, personally appeared Karl N. Haws 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: Beatrice Sanchez
Beatrice Sanchez, Deputy 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: Substitution of Trustee and Full Reconveyance - 1247 Alta Street

Date of Document: March 28, 2003

Signer(s) Other Than Named Above: None

FIRST AMERICAN TITLE

Order No.
Escrow No.
Loan No.

WHEN RECORDED MAIL TO:

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

593337-MS

Recorded in Official Records, County of San Bernardino

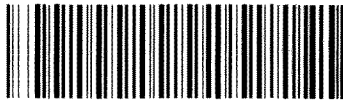


LARRY WALKER
Auditor/Controller - Recorder

699 First American - MS

8/21/2002
3:00 PM
LJ1

Doc#: 2002-0439081



Titles: 2 Pages: 4
Fees 25.00
Taxes 0.00
Other 0.00
PAID \$25.00

SPACE ABOVE THIS LINE FOR RECORDER'S USE

DEED OF TRUST WITH ASSIGNMENT OF RENTS
(SHORT FORM)

This DEED OF TRUST, made June 18, 2002, between
THE REDLANDS CONSERVANCY, a California non-profit corporation
herein called TRUSTOR,
whose address is P. O. Box 855, Redlands, CA 92373
(Number and Street) (City) (State),
FIRST AMERICAN TITLE INSURANCE COMPANY, a California corporation, herein called TRUSTEE, and
CITY OF REDLANDS, a municipal corporation
herein called BENEFICIARY,

WITNESSETH: That Trustor grants to Trustee in trust, with power of sale, that property in the
City of Redlands County of San Bernardino, State of California, described as:
Lot 27 of ROSS AND RAUSCH ADDITION, in the City of Redlands, County of San Bernardino,
State of California, as per map recorded in Book 15, Page 38, of Maps, in the Office
of the Recorder of said county.

together with the rents, issues and profits thereof, subject, however, to the right, power and authority hereinafter given to and
conferred upon Beneficiary to collect and apply such rents, issues and profits for the purpose of securing (1) payment of the
sum of \$ 10,000.00 with interest thereon according to the terms of a promissory note or notes
of even date herewith made by Trustor, payable to order of Beneficiary, and extensions or renewals thereof, (2) the
performance of each agreement of Trustor incorporated by reference or contained herein and (3) payment of additional sums
and interest thereon which may hereafter be loaned to Trustor, or his successors or assigns, when evidenced by a promissory
note or notes reciting that they are secured by this Deed of Trust.

To protect the security of this Deed of Trust, and with respect to the property above described, Trustor expressly makes each
and all of the agreements, and adopts and agrees to perform and be bound by each and all of the terms and provisions set
forth in subdivision A, and it is mutually agreed that each and all of the terms and provisions set forth in subdivision B of the
fictitious deed of trust recorded in Orange County August 17, 1964, and in all other counties August 18, 1964, in the book

(continued on reverse side)

and at the page of Official Records in the office of the county recorder of the county where said property is located, noted below opposite the name of such county, namely:

COUNTY	BOOK	PAGE	COUNTY	BOOK	PAGE	COUNTY	BOOK	PAGE	COUNTY	BOOK	PAGE
Alameda	1288	556	Kings	858	713	Placer	1028	379	Sierra	38	187
Alpine	3	130-31	Lake	437	110	Plumas	166	1307	Siskiyou	506	762
Amador	133	438	Lassen	192	367	Riverside	3778	347	Solano	1287	621
Butte	1330	513	Los Angeles	T-3878	874	Sacramento	5039	124	Sonoma	2067	427
Calaveras	185	338	Madera	911	136	San Benito	300	405	Stanislaus	1970	56
Colusa	323	391	Marin	1849	122	San Bernardino	6213	768	Sutter	655	585
Contra Costa	4684	1	Mariposa	90	453	San Francisco	A-804	596	Tehama	457	183
Del Norte	101	549	Mendocino	667	99	San Joaquin	2855	283	Trinity	108	595
El Dorado	704	635	Merced	1660	753	San Luis Obispo	1311	137	Tulare	2530	108
Fresno	5052	623	Modoc	191	93	San Mateo	4778	175	Tuolumne	177	160
Glenn	469	76	Mono	69	302	Santa Barbara	2065	881	Ventura	2607	237
Humboldt	801	83	Monterey	357	239	Santa Clara	6626	664	Yolo	769	16
Imperial	1189	701	Napa	704	742	Santa Cruz	1638	607	Yuba	398	693
Inyo	165	672	Nevada	363	94	Shasta	800	633			
Kern	3756	690	Orange	7182	18	San Diego	SERIES 5	Book 1964, Page 149774			

shall inure to and bind the parties hereto, with respect to the property above described. Said agreements, terms and provisions contained in said subdivisions A and B, (identical in all counties, and printed on pages 3 and 4 hereof) are by the within reference thereto, incorporated herein and made a part of this Deed of Trust for all purposes as fully as if set forth at length herein, and Beneficiary may charge for a statement regarding the obligation secured hereby, provided the charge therefor does not exceed the maximum allowed by law.

The undersigned Trustor, requests that a copy of any notice of default and any notice of sale hereunder be mailed to him at his address hereinbefore set forth.

STATE OF CALIFORNIA }
COUNTY OF SAN BERNARDINO } ss.
On August 9, 2002 before me,
Sally A. Wendt, Notary Public,
personally appeared W. ROBERT CLARK

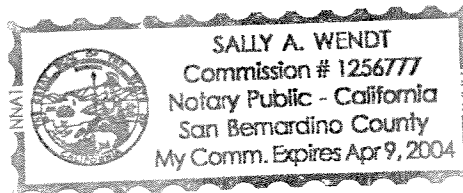
Signature of Trustor
THE REDLANDS CONSERVANCY,
a California non-profit corporation

By: W. Robert Clark
W. ROBERT CLARK, President

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 instru-
ment the person(s) or the entity upon behalf of which the person(s) acted,
executed the instrument.

WITNESS my hand and official seal

Signature



(This area for official notarial seal)

announcement at such time and place of sale, and from time to time thereafter may postpone such sale by public announcement at the time fixed by the preceding postponement. Trustee shall deliver to such purchaser its deed conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in such deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including Trustor, Trustee, or Beneficiary as hereinafter defined, may purchase at such sale.

After deducting all costs, fees and expenses of Trustee and of this Trust, including cost of evidence of title in connection with sale, Trustee shall apply the proceeds of sale to payment of: all sums expended under the terms hereof, not then repaid, with accrued interest to all its title, estate, rights, powers and duties. Said instrument must contain the name of the original Trustor, Trustee and Beneficiary hereunder, the book and page where this Deed is recorded and the name and address of the new Trustee.

(7) Beneficiary, or any successor in ownership of any indebtedness secured hereby, may from time to time, by instrument in writing, substitute a successor or successors to any Trustee named herein or acting hereunder, which instrument, executed by the Beneficiary and duly acknowledged and recorded in the office of the recorder of the county or counties where said property is situated, shall be conclusive proof of proper substitution of such successor Trustee or Trustees, who shall, without conveyance from the Trustee predecessor, succeed to all its title, estate, rights, powers and duties. Said instrument must contain the name of the original Trustor, Trustee and Beneficiary hereunder, the book and page where this Deed is recorded and the name and address of the new Trustee.

(8) That this Deed applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns. The term Beneficiary shall mean the owner and holder, including pledgees, of the note secured hereby, whether or not named as Beneficiary herein. In this Deed, whenever the context so requires, the masculine gender includes the feminine and/or neuter, and the singular number includes the plural.

(9) That Trustee accepts this Trust when this Deed, duly executed and acknowledged, is made a public record as provided by law. Trustee is not obligated to notify any party hereto of pending sale under any other Deed of Trust or of any action or proceeding in which Trustor, Beneficiary or Trustee shall be a party unless brought by Trustee.

DO NOT RECORD

REQUEST FOR FULL RECONVEYANCE

TO FIRST AMERICAN TITLE INSURANCE COMPANY, TRUSTEE:

The undersigned is the legal owner and holder of the note or notes, and of all other indebtedness secured by the foregoing Deed of Trust. Said note or notes, together with all other indebtedness secured by said Deed of Trust, have been fully paid and satisfied; and you are hereby requested and directed, on payment to you of any sums owing to you under the terms of said Deed of Trust, to cancel said note or notes above mentioned, and all other evidences of indebtedness secured by said Deed of Trust delivered to you herewith, together with the said Deed of Trust, and to reconvey, without warranty, to the parties designated by the terms of said Deed of Trust, all the estate now held by you under the same.

Dated _____

Please mail Deed of Trust,
Note and Reconveyance to _____

Do not lose or destroy this Deed of Trust OR THE NOTE which it secures. Both must be delivered to the Trustee for cancellation before reconveyance will be made.

**DEED OF TRUST
WITH POWER OF SALE**



*First American
Title Insurance
Company*
TRUSTEE

DO NOT RECORD

The following is a copy of Subdivisions A and B of the fictitious Deed of Trust recorded in each county in California as stated in the foregoing Deed of Trust and incorporated by reference in said Deed of Trust as being a part thereof as if set forth at length therein.

A. To protect the security of this Deed of Trust, Trustor agrees:

(1) To keep said property in good condition and repair; not to remove or demolish any building thereon; to complete or restore promptly and in good and workmanlike manner any building which may be constructed, damaged or destroyed thereon and to pay when due all claims for labor performed and materials furnished therefor; to comply with all laws affecting said property or requiring any alterations or improvements to be made thereon; not to commit or permit waste thereof; not to commit, suffer or permit any act upon said property in violation of law; to cultivate, irrigate, fertilize, fumigate, prune and do all other acts which from the character or use of said property may be reasonably necessary, the specific enumerations herein not excluding the general.

(2) To provide, maintain and deliver to Beneficiary fire insurance satisfactory to and with loss payable to Beneficiary. The amount collected under any fire or other insurance policy may be applied by Beneficiary upon any indebtedness secured hereby and in such order as Beneficiary may determine, or at option of Beneficiary the entire amount so collected or any part thereof may be released to Trustor. Such application or release shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

(3) To appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; and to pay all costs and expenses, including cost of evidence of title and attorney's fees in a reasonable sum, in any such action or proceeding in which Beneficiary or Trustee may appear, and in any suit brought by Beneficiary to foreclose this Deed.

(4) To pay: at least ten days before delinquency all taxes and assessments affecting said property, including assessments on appurtenant water stock; when due, all encumbrances, charges and liens, with interest, on said property or any part thereof, which appear to be prior or superior hereto; all costs, fees and expenses of this Trust.

Should Trustor fail to make any payment or to do any act as herein provided, then Beneficiary or Trustee, but without obligation so to do and without notice to or demand upon Trustor and without releasing Trustor from any obligation hereof, may: make or do the same in such manner and to such extent as either may deem necessary to protect the security hereof, Beneficiary or Trustee being authorized to enter upon said property for such purposes; appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; pay, purchase, contest or compromise any encumbrance, charge or lien which in the judgment of either appears to be prior or superior hereto; and, in exercising any such powers, pay necessary expenses, employ counsel and pay his reasonable fees.

(5) To pay immediately and without demand all sums so expended by Beneficiary or Trustee, with interest from date of expenditure at the amount allowed by law in effect at the date hereof, and to pay for any statement provided for by law in effect at the date hereof regarding the obligation secured hereby any amount demanded by the Beneficiary not to exceed the maximum allowed by law at the time when said statement is demanded.

B. It is mutually agreed:

(1) That any award of damages in connection with any condemnation for public use of or injury to said property or any part thereof is hereby assigned and shall be paid to Beneficiary who may apply or release such monies received by him in the same manner and with the same effect as above provided for disposition of proceeds of fire or other insurance.

(2) That by accepting payment of any sum secured hereby after its due date, Beneficiary does not waive his right either to require prompt payment when due of all other sums so secured or to declare default for failure so to pay.

(3) That at any time or from time to time, without liability therefor and without notice, upon written request of Beneficiary and presentation of this Deed and said note for endorsement, and without affecting the personal liability of any person for payment of the indebtedness secured hereby, Trustee may: reconvey any part of said property; consent to the making of any map or plat thereof; join in granting any easement thereon; or join in any extension agreement or any agreement subordinating the lien or charge hereof.

(4) That upon written request of Beneficiary stating that all sums secured hereby have been paid, and upon surrender of this Deed and said note to Trustee for cancellation and retention or other disposition as Trustee in its sole discretion may choose and upon payment of its fees, Trustee shall reconvey, without warranty, the property then held hereunder. The recitals in such reconveyance of any matters or facts shall be conclusive proof of the truthfulness thereof. The Grantee in such reconveyance may be described as "the person or persons legally entitled thereto."

(5) That as additional security, Trustor hereby gives to and confers upon Beneficiary the right, power and authority, during the continuance of these Trusts, to collect the rents, issues and profits of said property, reserving unto Trustor the right, prior to any default by Trustor in payment of any indebtedness secured hereby or in performance of any agreement hereunder, to collect and retain such rents, issues and profits as they become due and payable. Upon any such default, Beneficiary may at any time without notice, either in person, by agent, or by a receiver to be appointed by a court, and without regard to the adequacy of any security for the indebtedness hereby secured, enter upon and take possession of said property or any part thereof, in his own name sue for or otherwise collect such rents, issues, and profits, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including reasonable attorney's fees, upon any indebtedness secured hereby, and in such order as Beneficiary may determine. The entering upon and taking possession of said property, the collection of such rents, issues and profits and the application thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

(6) That upon default by Trustor in payment of any indebtedness secured hereby or in performance of any agreement hereunder, Beneficiary may declare all sums secured hereby immediately due and payable by delivery to Trustee of written declaration of default and demand for sale and of written notice of default and of election to cause to be sold said property, which notice Trustee shall cause to be filed for record. Beneficiary also shall deposit with Trustee this Deed, said note and all documents evidencing expenditures secured hereby.

After the lapse of such time as may then be required by law following the recordation of said notice of default, and notice of sale having been given as then required by law, Trustee, without demand on Trustor, shall sell said property at the time and place fixed by it in said notice of sale, either as a whole or in separate parcels, and in such order as it may determine, at public auction to the highest bidder for cash in lawful money of the United States, payable at time of sale. Trustee may postpone sale of all or any portion of said property by public

(continued on reverse side)

PROMISSORY NOTE

\$10,000
Principal Amount

June 18, 2002
Redlands, California

Close of Escrow August 21, 2002

THIS NOTE REQUIRES A BALLOON PAYMENT AT MATURITY

FOR VALUE RECEIVED, The Redlands Conservancy, whose address is P.O. Box 855, Redlands, California 92373, ("Borrower") hereby promises to pay to the order of the CITY OF REDLANDS, whose address is 35 Cajon Street, Redlands, California, 92373 ("Lender") at Lender's address or at such other place as the holder thereof may from time to time designate, the principal amount of Ten Thousand Dollars (\$10,000.00) together with interest as set forth below on the unpaid principal amount from time to time outstanding from the date hereof, plus any costs of suit and attorney's fees incurred by the holder hereof in collecting any amounts due under this Note.

INTEREST

This Note shall bear, and Borrower promises to pay, interest (computed on the basis of a three hundred sixty five (365) day year but with any interest payment for a partial month based upon a thirty (30) day month) on the unpaid principal amount from time to time outstanding commencing on the date that is the date endorsed hereon by Escrow Holder (the "Commencement Date") until that date when the Note is paid in full at the annual rate of four and seventy three hundredths percent (4.73%).

INSTALLMENTS OF INTEREST AND PRINCIPAL

The principal amount and accrued interest thereon under this Note shall be due and payable as follows:

- (a) The outstanding principal balance of the Note and any and all accrued and unpaid interest thereon shall be due and payable on the date which is twelve (12) months from the Commencement Date.

PREPAYMENT

Borrower may prepay all or any portion of this Note without penalty at any time. All payments on this Note, including but not limited to prepayments, shall be credited first to accrued and unpaid interest and then to the unpaid principal amount. Except as set forth herein, Borrower, endorsers, and guarantors of this Note hereby severally waive presentment for payment, demand,

notice of non-payment protest.

EVENTS OF DEFAULT

An "event of default" shall occur if any installment of principal, interest, or both, on the obligation represented by this Note shall not be paid when and as the same shall become due and payable, and such default shall have continued for a period of ten (10) days after written notice is delivered or mailed to Borrower at the last address of Borrower furnished to the holder of this Note in writing at the place for payment; provided, however, such notice of default need not be given and an event of default shall exist without any requirement for notice five (5) days after a failure to make when due any payment as aforesaid if no such address is furnished.

DUE ON SALE PROVISION

Should Borrower agree to or actually sell, convey, transfer or otherwise dispose of the property located at 1247 Alta Street, Redlands, or any part of it, or any interest in it, without first obtaining the written consent of the Lender of this Note, then all obligations secured by this Note may be declared due and payable, at the option of the Lender. Consent to one transaction of this type shall not constitute a waiver of the right to require consent to future or successive transactions.

REMEDIES

Upon the occurrence of an "event of default" as defined above, the whole of the unpaid principal amount of this Note and all accrued and unpaid interest shall be immediately due and payable without further notice to or demand of the Borrower. No remedy herein conferred upon Lender or any holder of this Note is intended to be exclusive of any other remedy, and each and every such remedy given hereunder provided in any mortgage, deed of trust or agreement securing or relating to Borrower's obligations hereunder or are hereafter existing at law or in equity, by statute or otherwise.

LATE CHARGE

Borrower acknowledges that in the event any payment of any amount required hereby is not made when due, the Lender will incur additional costs and expenses. The exact amount of these additional costs and expenses (which include, but are not limited to, processing and accounting charges as well as loss of use of money due) is difficult and impractical to assess. Therefore, Borrower acknowledges that the sum of ten percent (10%) of the amount overdue is, under the circumstances existing at the time this Note is made, a reasonable late charge, and Borrower promises to pay such late charge when due. Said late charge shall become immediately due ten (10) days after the giving of notice of such late payment.

No course of dealing between Borrower and Lender or any holder of this Note or any delay on the part of Lender or any holder of this Note in exercising any rights hereunder shall operate as a waiver of any right of Lender or any holder of this Note.

Should there be an event of default under this Note and should this Note be placed in the hands of attorneys for collection, Borrower shall pay, in addition to the unpaid principal amount and interest due and payable hereunder, reasonable attorneys' fees, together with all reasonable costs and expenses of any such action or proceeding, whether or not litigation has commenced.

BORROWER:

24JUN 02
Date

Sherli Leonard
Secretary, The Redlands Conservancy

Interest on the within Note is endorsed
to accrue from

August 21, 2002
in accordance with instructions on file
in Escrow No. 19568-JB of
GUARDIAN ESCROW, INC., REDLANDS, CA

Date _____

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

City Clerk's Office
City of Redlands
PO Box 3005
Redlands, CA 92373

*your original to Linda Emerson
6-27-02*

GRANT DEED

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, the City of Redlands, hereby grants to The Redlands Conservancy the following real property (the "Property") in the City of Redlands, County of San Bernardino, State of California:

Assessor's Parcel No. 167-251-15
1247 Alta Street

Provided; however, that fee title to the Property shall automatically revert to Grantor if the Improvements required to be constructed pursuant to the Purchase and Sale and Escrow Agreement between Grantor and Grantee dated June 18, 2002, are not completely constructed in accordance with the terms of that Agreement.

Dated: June 18, 2002

By



Karl N. Haws, Mayor

Attest:


Lorrie Poyzer, City Clerk

*513
608*

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 June 26, 2002, before me, Beatrice Sanchez, Deputy City Clerk, on behalf of Lorrie Poyzer, City Clerk of the City of Redlands, California, personally appeared Lorrie Poyzer { x } personally known to me - or - { } proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that she executed the same in her authorized capacity and that by her signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.



WITNESS my hand and official seal.

LORRIE POYZER, CITY CLERK

By: Beatrice Sanchez
Beatrice Sanchez, Deputy 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): City Clerk

Entity Represented: City of Redlands, California

THIS CERTIFICATE MUST BE ATTACHED TO THE DOCUMENT DESCRIBED BELOW:

Title or Type of Document: Grant Deed

Date of Document: June 18, 2002

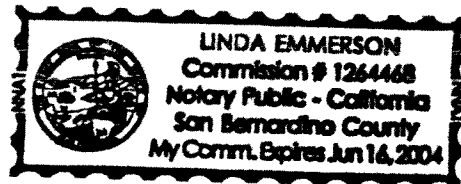
Signer(s) Other Than Named Above: Karl N. Haws, Mayor

STATE OF CALIFORNIA
COUNTY OF SAN BERNARDINO

On June 25, 2002 before me, Linda Emmerson, Notary Public for the State of California, personally appeared Karl N. Haws 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 to be the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Linda Emmerson
Signature of Notary Public





Guardian Escrow, Inc.

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

CITY OF REDLANDS

ATTN: Marjie Pettus

P. O. Box 3005

Redlands, CA 92373

Date : August 22, 2002

Escrow No.: **19568-JB**

RE: **1247 Alta Street, Redlands, CA 92374**

Dear : Ladies and Gentlemen

We enclose the following in connection with the above numbered escrow:

Closing Statement

Our Check in the amount of **\$4,770.70** representing your proceeds.

Fire Insurance Policy or Certificate, issued by **Caldwell & Moreland Ins. Svc. 685 E. Carnegie Dr., Suite 180.**

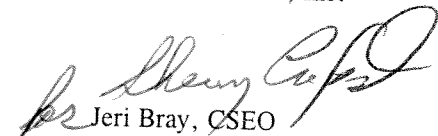
Original Note executed in the amount of **\$10,000.00** in favor of **City of Redlands.**

(DO NOT DESTROY THIS NOTE...Keep in a Safe Place...It Must be Surrendered when Paid in Full.)

Any recorded documents which you are entitled to will be forwarded to you directly from the County Recorder's office.

It has been our pleasure to handle your escrow, and we look forward to the opportunity to provide future escrow services which you may require.

Guardian Escrow, Inc.


Jeri Bray, CSEO
General Manager

SC

ACORD EVIDENCE OF PROPERTY INSURANCE

THIS IS EVIDENCE THAT INSURANCE AS IDENTIFIED BELOW HAS BEEN ISSUED, IS IN FORCE, AND CONVEYS ALL THE RIGHTS AND PRIVILEGES AFFORDED UNDER THE POLICY.

DATE (MM/DD/YY)
08/21/2002

PRODUCER

PHONE
(A/C, No, Ext): (909)889-0295Caldwell & Moreland Insurance Services
685 E Carnegie Dr., Suite 180
P.O. Box 6185
San Bernardino, CA 92412-6185

COMPANY

Evanston Insurance Company

CODE:

SUB CODE:

AGENCY
CUSTOMER ID #: 00000724

INSURED

Redlands Conservancy
685 East Carnegie Drive #100
San Bernardino, CA 92408-3504

LOAN NUMBER

POLICY NUMBER

TBD

EFFECTIVE DATE

08/21/2002

EXPIRATION DATE

02/21/2003

CONTINUED UNTIL
TERMINATED IF CHECKED

THIS REPLACES PRIOR EVIDENCE DATED:

PROPERTY INFORMATION

LOCATION/DESCRIPTION

1 1247 Alta Street, Redlands, CA

COVERAGE INFORMATION

1 Building, including Vandalism

COVERAGE/PERILS/FORMS

AMOUNT OF INSURANCE

90,000

DEDUCTIBLE

1,000

REMARKS (including Special Conditions)**CANCELLATION**THE POLICY IS SUBJECT TO THE PREMIUMS, FORMS, AND RULES IN EFFECT FOR EACH POLICY PERIOD. SHOULD THE POLICY BE TERMINATED, THE COMPANY WILL GIVE THE ADDITIONAL INTEREST IDENTIFIED BELOW 10 DAYS WRITTEN NOTICE, AND WILL SEND NOTIFICATION OF ANY CHANGES TO THE POLICY THAT WOULD AFFECT THAT INTEREST, IN ACCORDANCE WITH THE POLICY PROVISIONS OR AS REQUIRED BY LAW.**ADDITIONAL INTEREST**

NAME AND ADDRESS

City of Redlands
a municipal corporation
Attn: Marjie Pettus
P.O. Box 3005
Redlands, CA 92373☒ MORTGAGEE

LOSS PAYEE

LOAN #

ADDITIONAL INSURED

AUTHORIZED REPRESENTATIVE

Keith Moreland/ANNA



Guardian Escrow, Inc.

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

PRIVACY POLICY

Escrow No.: 19568-JB

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

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

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

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

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

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

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

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

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

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

Date: _____

Signature: CITY OF REDLANDS, a municipal corporation

Date: August 7, 2002

Signature: By: Karl Haws
KARL HAWS, Mayor

Attest: By: Lorrie Poyzer
Lorrie Poyzer, City Clerk



Guardian Escrow, Inc.

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

NOTICE TO BUYERS AND SELLERS

Property: 1247 Alta Street, Redlands, CA 92374

Escrow No.: 19568-JB

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

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

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

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

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

City National Bank
5601 East Slauson Avenue
Commerce, CA 90040

Routing Number: 122016066

Account Number: 013007691

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

CREDIT TO ESCROW NO. 19568-JB

(MAKE CERTAIN WIRE TRANSFER REFERENCES NAME OF DEPOSITOR)

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

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

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

CITY OF REDLANDS, a municipal
corporation

By: Karl Haws
KARL HAWS, Mayor

Attest: Lorrie Poyzer
Lorrie Poyzer, City Clerk

THE REDLANDS CONSERVANCY, a California
non-profit corporation

By: W. Robert Clark
W. ROBERT CLARK, President



Guardian Escrow, Inc.

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

SALE ESCROW INSTRUCTIONS

TO: **Guardian Escrow, Inc.**

Date: **July 25, 2002**

Escrow Officer: **Jeri Bray, CSEO**

Escrow Number: **19568-JB**

THE REDLANDS CONSERVANCY, a California non-profit corporation, (hereinafter referred to as Buyer) agrees to purchase from **CITY OF REDLANDS**, a municipal corporation, (hereinafter referred to as Seller) the real property set forth herein per the terms, conditions, consideration and instructions hereinafter stated. The Seller and Buyer herein shall deliver these signed escrow instructions to **Guardian Escrow, Inc.**, (hereinafter known as Escrow Holder).

Terms of Transaction

I will deposit into escrow the sum of	\$	5,000.00
I will execute; Note/Trust Deed to Seller for the sum of	\$	10,000.00
To Complete the Total Consideration of	\$	15,000.00

Furthermore, I/We, the undersigned Buyer, will execute and deliver any instruments and/or funds which this escrow requires of the Buyer to show title as called for, all of which you are instructed to use on or before **September 3, 2002**, provided you hold a Policy of Title insurance issued through **First American Title Company** (the title company selected by the parties), with the usual title company's exceptions, with a liability of not less than **\$15,000.00**, covering property in the County of **San Bernardino**, State of California, described as follows:

Lot 27 of ROSS AND RAUSCH ADDITION, in the City of Redlands, County of **San Bernardino**, State of California, as per map recorded in **Book 15, Page 38**, of Maps, in the Office of the County Recorder of said county.

COMMONLY KNOWN AS: **1247 Alta Street, Redlands, CA 92374**

ASSESSOR PARCEL NUMBER(S): **167-251-15**

SHOWING TITLE VESTED IN: **THE REDLANDS CONSERVANCY**, a California non-profit corporation

SUBJECT ONLY TO:

- (1) Current property taxes.
- (2) A lien of supplemental taxes, if any, assessed pursuant to the provisions of Chapter 3.5 (commencing with Section 75) of the Revenue and Taxation Code of the State of California.
- (3) Assessments and Bonds, if any, including all liens of assessment pursuant to the provisions of the Mello-Roos Community Facilities Act, not delinquent, unpaid balance to be assumed by Buyer.
- (4) Any covenants, conditions, restrictions, reservations, rights, rights of way and easements of record, or in deed to file, and any exception of water, minerals, oil, gas, and kindred substances, on or under said land, now of record, or in deed to file.
- (5) **PURCHASE MONEY DEED OF TRUST** on First American Title Insurance Company Form, securing a **NOTE** for **\$10,000.00** in favor of City of Redlands, dated June 18, 2002, pursuant to the terms and conditions set forth in the Deed of Trust and Note documents furnished by the Seller and executed, or to be executed by, the Buyer; Copies of which Deed of Trust and Note documents are attached hereto as Exhibit's "A" and "B" respectively, and are approved by the parties as to content and form.

Escrow Holder is not to be concerned with the terms and conditions of these encumbrance documents; Escrow Holder's only concern with these documents will be to:

- (a) Insert the date of the closing of this escrow and the interest endorsement date on the original Note over the signature of the Buyer;
- (b) Deliver the original endorsed Note, executed by Robert Clark, President, on behalf of the Buyer, to the Seller at close of escrow; and

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

Seller Initials: **JA**

(c) Deliver the original Deed of Trust to the Seller at close of escrow, recorded with other documents in this escrow.

ESCROW INSTRUCTIONS

1. Escrow is not to be concerned with any fire or other hazard insurance covering subject property.
2. Endorse interest on the new encumbrance note to accrue from Date Close of Escrow.
3. Grant Deed to Recite: "Provided; however, that fee title to the Property shall automatically revert to Grantor if the Improvements required to be constructed pursuant to the Purchase and Sale and Escrow Agreement between Grantor and Grantee dated June 18, 2002, are not completely constructed in accordance with the terms of that Agreement."

ESCROW HOLDER IS RELIEVED OF ALL RESPONSIBILITY AND LIABILITY AS TO THE VALIDITY, SUFFICIENCY, REGULARITY AND ENFORCEABILITY OF THE DEED RECITAL PROVIDED FOR HEREINABOVE, WHICH RECITAL HAS BEEN FURNISHED BY THE PARTIES. Buyer and Seller acknowledge being advised by Escrow Holder, and hereby approve, that the policy(ies) of title insurance to be issued by First American Title Insurance Company in conjunction with this escrow will contain exception as to the terms and conditions of the Seller's Grant Deed.

4. A copy of the Grant Deed to be executed by the Seller for use in this escrow is attached hereto as Exhibit "C"; which document is approved by the parties as to content and form.

5. The undersigned Buyer and Seller acknowledge having received, read and approved a copy of the preliminary report issued by First American Title Company in its Order No. 593337, dated as of July 10, 2002, covering the subject property. Current Taxes and Exception Items 1, 2 and 3, as set forth in the report, are specifically approved to remain of record and may show in the policy of title insurance to be issued in conjunction with this escrow.

6. Buyer will hand you its corporate resolution authorizing this transaction and the terms and conditions set forth herein; which resolution shall also provide for President W. Robert Clark signing alone for the corporation.

7. As a matter of clarification: W. Robert Clark, President of the Redlands Conservancy, a California non-profit corporation, is one and the same person as Robert Clark and Bob Clark.

8. In the event Buyer or Seller utilize "facsimile" transmitted signed documents (via Panafax, Telefax, Nefax, etc.), Buyer and Seller hereby agree to accept same and instruct you as escrow holder to rely upon such documents as if they bore original signatures. Buyer and Seller hereby acknowledge and agree to provide to you, within 72 hours of transmission, any such documents bearing the original signatures. Buyer and Seller further acknowledge and agree that any promissory note, document required by a third party in conjunction with this escrow, payment order, or document in this escrow which is to be recorded in an office of the County Recorder, must be the original of such document, bear original signature(s) and be deposited with escrow holder prior to close of this escrow.

AS A MEMORANDUM ONLY, WITH WHICH ESCROW HOLDER IS NOT TO BE CONCERNED, IT IS UNDERSTOOD BETWEEN THE PARTIES THAT THESE INSTRUCTIONS ARE ENTERED INTO BY THEM IN ORDER TO ENABLE ESCROW HOLDER TO PROCESS AND CLOSE THIS ESCROW, BUT ARE IN NO WAY INTENDED TO CANCEL OR SUPERSEDE THAT CERTAIN AGREEMENT FOR PURCHASE AND SALE, DATED JUNE 18, 2002, ENTERED INTO AND EXECUTED BY THE UNDERSIGNED OUTSIDE, AND PRIOR TO OPENING, OF THIS ESCROW.

ADDITIONAL ESCROW INSTRUCTIONS

1. All funds received in this escrow shall be deposited with a State or National bank with other escrow funds. Make disbursements by your check; checks not presented for payment within six months after date are subject to service charges in accordance with your schedule in effect from time to time. Make all adjustments and pro-rations on the basis of a 30-day month. "Close of Escrow" is the date instruments are recorded. All documents and funds due the respective parties herein are to be mailed to the addresses set out below their respective signatures unless otherwise instructed. Our signatures on any documents and instructions pertaining to this escrow indicate our unconditional approval of same. Whenever provision is made herein for the payment of any sum, the delivery of any instrument or the performance of any act "outside of escrow", you as escrow holder shall have no responsibility therefor and shall not be concerned therewith. Documentary Transfer Tax is to be computed on full value of property conveyed (or full value less remaining encumbrances, if applicable) and will be paid by Seller/Grantor unless otherwise stated.

Guardian Escrow, Inc.

Date: July 25, 2002
Escrow No.: 19568-JB

2. The parties to this escrow are made aware that escrow holder has no obligation to verify signatures of any of the parties involved.
3. You shall not be responsible for the following: (1) the sufficiency or correctness as to form, manner of execution or validity of any documents deposited in this escrow; (2) the identity, authority, or right of any person executing the same, either as to documents of record or those handled in the escrow; or (3) the failure of any party to comply with any of the provisions of any agreement, contract or other instrument filed or deposited in this escrow or referred to in those escrow instructions. Your duties shall be limited to the safekeeping of money and documents received by you as escrow holder and for the disposition in compliance with the written instructions accepted by you in this escrow. You shall not be required to take any action regarding the collection, maturity, or apparent outlaw of any obligations deposited with you unless otherwise instructed in writing. Your liability as escrow holder shall be confined to the things specifically provided for in my written instructions in this escrow.
4. Where the assignment of any insurance policy from Seller/Grantor to Buyer/Grantee is concerned, Seller/Grantor guarantees to you any insurance policy handed you in this escrow is policy in force, the policy has not been hypothecated and that all necessary premiums have been paid. You are authorized to execute on behalf of the parties assignments of interest in any insurance policy (other than title insurance policies) called for in this escrow, you are authorized to transmit for assignment any insurance policy to the insurance agent requesting that the insurer consent to such assignment, to request that a loss payee clause or such other endorsements as may be required be issued, and to forward such policy to the lenders and entitled parties. You shall not be responsible for verifying the acceptance of the request for assignment and policy of insurance by the insurance company. The parties mutually agree that you will make no attempt to verify the receipt of the request for assignment by the issuing insurance company. All parties are placed on notice that if the insurance company should fail to receive the assignment, the issuing company may deny coverage for any loss suffered by Buyer. It is the obligation of the insured or the insured's representative to verify the issuing company's acceptance of the assignment of the policy.
5. You are not to be held responsible in any way whatsoever for any personal property tax which may be assessed against any former or present owner of the subject property described in these escrow instructions, nor for the corporation or license tax of any corporation as a former or present owner.
6. If it is necessary, proper or convenient for the consummation of this escrow, you are authorized to deposit or have deposited funds or documents, or both, handed you under these escrow instructions with any duly authorized sub-escrow agent, including, but not limited to, any bank, trust company, title insurance company, title company, savings and loan association, or licensed escrow agent, subject to your order at or before close of escrow in connection with closing this escrow. Any such deposit shall be deemed a deposit under the meaning of these escrow instructions.
7. The parties to this escrow have satisfied themselves outside of escrow that the transaction covered by this escrow is not in violation of the Subdivision Map Act or any law regulation land division, zoning ordinances or building restrictions which may affect the land or improvements that are the subject of this escrow. You, as escrow holder, are relieved of all responsibility and liability in connection with such laws, ordinances, restrictions or regulations and are not to be concerned with any of their enforcement.
8. If any form of Purchase Agreement or amendment or supplement (collectively "Purchase Agreement") is deposited in this escrow, it is understood that such document shall be effective only as between the parties signing the Purchase Agreement. You, as escrow holder, are not to be concerned with the terms of any Purchase Agreement and are relieved of all responsibility for the enforcement of its terms. Your only duty is to comply with the instructions set forth in the escrow instructions. You are not responsible for interpreting or acting on any provision of any Purchase Agreement on which these escrow instructions may be based, and you shall not rely on any knowledge or understanding you may have of any such Purchase Agreement in ascertaining or performing your duties as escrow holder. In connection with any loan transaction, you are authorized to deliver a copy of any Purchase Agreement, supplement or amendment deposited with you, to the lender. You are authorized and instructed to furnish to any broker or lender identified with this transaction, or anyone acting on behalf of such lender, any information concerning this escrow, copies of all instructions, amendments and statements upon request.
9. You shall make no physical inspection of the real property or personal property described in any instruments deposited in, or which is the subject of this escrow. You have made no representations or warranties concerning any such real property or personal property and are not to be concerned with nor liable for the condition of real property or personal property.
10. 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.
11. If the date by which any party's performances are due shall be other than your regular business day, such performances shall be due on your next succeeding business day.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Guardian Escrow, Inc.

Date: **July 25, 2002**
Escrow No.: **19568-JB**

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

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

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

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

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

Buyer's Signature:

**THE REDLANDS CONSERVANCY, a California
non-profit corporation**

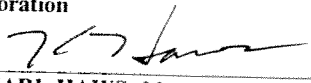
By: _____
W. ROBERT CLARK, President

Address: Attn: Bob Clark, President, P. O. Box 855 Redlands, CA 92373

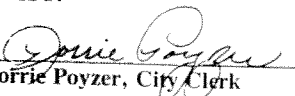
The foregoing terms, provisions, conditions and instructions are hereby approved and accepted in their entirety and concurred in by me. I will hand you necessary documents called for on my part to cause title to be shown as set out herein, which you are authorized to deliver when you hold or have caused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

Seller's Signatures:

**CITY OF REDLANDS, a municipal
corporation**

By: 
KARL HAWS, Mayor

ATTEST:

By: 
Lorrie Poyzer, City Clerk

Address: ATTN: Marjie Pettus, P. O. Box 3005 Redlands, CA 92373

-- END OF INSTRUCTIONS --

GUARDIAN ESCROW, INC.
ESCROW NO. 19568-JB
EXHIBIT "A" (Consisting of 4 Pages)

Order No.
Escrow No.
Loan No.

WHEN RECORDED MAIL TO:

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

SPACE ABOVE THIS LINE FOR RECORDER'S USE

DEED OF TRUST WITH ASSIGNMENT OF RENTS (SHORT FORM)

This DEED OF TRUST, made June 18, 2002, between
THE REDLANDS CONSERVANCY, a California non-profit corporation, herein called TRUSTOR,
whose address is P. O. Box 855, Redlands, CA 92373
(Number and Street) (City) (State)

FIRST AMERICAN TITLE INSURANCE COMPANY, a California corporation, herein called TRUSTEE, and
CITY OF REDLANDS, a municipal corporation, herein called BENEFICIARY,

WITNESSETH: That Trustor grants to Trustee in trust, with power of sale, that property in the
City of Redlands County of San Bernardino, State of California, described as:
Lot 27 of ROSS AND RAUSCH ADDITION, in the City of Redlands, County of San Bernardino,
State of California, as per map recorded in Book 15, Page 38, of Maps, in the Office
of the Recorder of said county.

together with the rents, issues and profits thereof, subject, however, to the right, power and authority hereinafter given to and
conferred upon Beneficiary to collect and apply such rents, issues and profits for the purpose of securing (1) payment of the
sum of \$ 10,000.00 with interest thereon according to the terms of a promissory note or notes
of even date herewith made by Trustor, payable to order of Beneficiary, and extensions or renewals thereof, (2) the
performance of each agreement of Trustor incorporated by reference or contained herein and (3) payment of additional sums
and interest thereon which may hereafter be loaned to Trustor, or his successors or assigns, when evidenced by a promissory
note or notes reciting that they are secured by this Deed of Trust.

To protect the security of this Deed of Trust, and with respect to the property above described, Trustor expressly makes each
and all of the agreements, and adopts and agrees to perform and be bound by each and all of the terms and provisions set
forth in subdivision A, and it is mutually agreed that each and all of the terms and provisions set forth in subdivision B of the
fictitious deed of trust recorded in Orange County August 17, 1964, and in all other counties August 18, 1964, in the book

(continued on reverse side)

and at the page of Official Records in the office of the county recorder of the county where said property is located, noted below opposite the name of such county, namely:

COUNTY	BOOK	PAGE	COUNTY	BOOK	PAGE	COUNTY	BOOK	PAGE	COUNTY	BOOK	PAGE
Alameda	1288	556	Kings	858	713	Placer	1028	379	Sierra	38	187
Alpine	3	130-31	Lake	437	110	Plumas	166	1307	Siskiyou	506	762
Amador	133	438	Lassen	192	367	Riverside	3778	347	Solano	1287	621
Butte	1330	513	Los Angeles	T-3878	874	Sacramento	5039	124	Sonoma	2067	427
Calaveras	185	338	Madera	911	136	San Benito	300	405	Stanislaus	1970	56
Colusa	323	391	Marin	1849	122	San Bernardino	6213	768	Sutter	655	585
Contra Costa	4684	1	Mariposa	90	453	San Francisco	A-804	596	Tehama	457	183
Del Norte	101	549	Mendocino	667	99	San Joaquin	2855	283	Trinity	108	595
El Dorado	704	635	Merced	1660	753	San Luis Obispo	1311	137	Tulare	2530	108
Fresno	5052	623	Modoc	191	93	San Mateo	4778	175	Tuolumne	177	160
Glenn	469	76	Mono	69	302	Santa Barbara	2065	881	Ventura	2607	237
Humboldt	801	83	Monterey	357	239	Santa Clara	6626	664	Yolo	769	16
Imperial	1189	701	Napa	704	742	Santa Cruz	1638	607	Yuba	398	693
Inyo	165	672	Nevada	363	94	Shasta	800	633			
Kern	3756	690	Orange	7182	18	San Diego	SERIES 5 Book 1964, Page 149774				

shall inure to and bind the parties hereto, with respect to the property above described. Said agreements, terms and provisions contained in said subdivisions A and B, (identical in all counties, and printed on pages 3 and 4 hereof) are by the within reference thereto, incorporated herein and made a part of this Deed of Trust for all purposes as fully as if set forth at length herein, and Beneficiary may charge for a statement regarding the obligation secured hereby, provided the charge therefor does not exceed the maximum allowed by law.

The undersigned Trustor, requests that a copy of any notice of default and any notice of sale hereunder be mailed to him at his address hereinbefore set forth.

STATE OF CALIFORNIA }
COUNTY OF _____ } ss.
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 _____

Signature of Trustor
THE REDLANDS CONSERVANCY,
a California non-profit corporation

By: _____
W. ROBERT CLARK, President

(This area for official notarial seal)

(continued on next page)

DO NOT RECORD

The following is a copy of Subdivisions A and B of the fictitious Deed of Trust recorded in each county in California as stated in the foregoing Deed of Trust and incorporated by reference in said Deed of Trust as being a part thereof as if set forth at length therein.

A. To protect the security of this Deed of Trust, Trustor agrees:

(1) To keep said property in good condition and repair; not to remove or demolish any building thereon; to complete or restore promptly and in good and workmanlike manner any building which may be constructed, damaged or destroyed thereon and to pay when due all claims for labor performed and materials furnished therefor; to comply with all laws affecting said property or requiring any alterations or improvements to be made thereon; not to commit or permit waste thereof; not to commit, suffer or permit any act upon said property in violation of law; to cultivate, irrigate, fertilize, fumigate, prune and do all other acts which from the character or use of said property may be reasonably necessary, the specific enumerations herein not excluding the general.

(2) To provide, maintain and deliver to Beneficiary fire insurance satisfactory to and with loss payable to Beneficiary. The amount collected under any fire or other insurance policy may be applied by Beneficiary upon any indebtedness secured hereby and in such order as Beneficiary may determine, or at option of Beneficiary the entire amount so collected or any part thereof may be released to Trustor. Such application or release shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

(3) To appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; and to pay all costs and expenses, including cost of evidence of title and attorney's fees in a reasonable sum, in any such action or proceeding in which Beneficiary or Trustee may appear, and in any suit brought by Beneficiary to foreclose this Deed.

(4) To pay: at least ten days before delinquency all taxes and assessments affecting said property, including assessments on appurtenant water stock; when due, all encumbrances, charges and liens, with interest, on said property or any part thereof, which appear to be prior or superior hereto; all costs, fees and expenses of this Trust.

Should Trustor fail to make any payment or to do any act as herein provided, then Beneficiary or Trustee, but without obligation so to do and without notice to or demand upon Trustor and without releasing Trustor from any obligation hereof, may: make or do the same in such manner and to such extent as either may deem necessary to protect the security hereof, Beneficiary or Trustee being authorized to enter upon said property for such purposes; appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; pay, purchase, contest or compromise any encumbrance, charge or lien which in the judgment of either appears to be prior or superior hereto; and, in exercising any such powers, pay necessary expenses, employ counsel and pay his reasonable fees.

(5) To pay immediately and without demand all sums so expended by Beneficiary or Trustee, with interest from date of expenditure at the amount allowed by law in effect at the date hereof, and to pay for any statement provided for by law in effect at the date hereof regarding the obligation secured hereby any amount demanded by the Beneficiary not to exceed the maximum allowed by law at the time when said statement is demanded.

B. It is mutually agreed:

(1) That any award of damages in connection with any condemnation for public use of or injury to said property or any part thereof is hereby assigned and shall be paid to Beneficiary who may apply or release such monies received by him in the same manner and with the same effect as above provided for disposition of proceeds of fire or other insurance.

(2) That by accepting payment of any sum secured hereby after its due date, Beneficiary does not waive his right either to require prompt payment when due of all other sums so secured or to declare default for failure so to pay.

(3) That at any time or from time to time, without liability therefor and without notice, upon written request of Beneficiary and presentation of this Deed and said note for endorsement, and without affecting the personal liability of any person for payment of the indebtedness secured hereby, Trustee may: reconvey any part of said property; consent to the making of any map or plat thereof; join in granting any easement thereon; or join in any extension agreement or any agreement subordinating the lien or charge hereof.

(4) That upon written request of Beneficiary stating that all sums secured hereby have been paid, and upon surrender of this Deed and said note to Trustee for cancellation and retention or other disposition as Trustee in its sole discretion may choose and upon payment of its fees, Trustee shall reconvey, without warranty, the property then held hereunder. The recitals in such reconveyance of any matters or facts shall be conclusive proof of the truthfulness thereof. The Grantee in such reconveyance may be described as "the person or persons legally entitled thereto."

(5) That as additional security, Trustor hereby gives to and confers upon Beneficiary the right, power and authority, during the continuance of these Trusts, to collect the rents, issues and profits of said property, reserving unto Trustor the right, prior to any default by Trustor in payment of any indebtedness secured hereby or in performance of any agreement hereunder, to collect and retain such rents, issues and profits as they become due and payable. Upon any such default, Beneficiary may at any time without notice, either in person, by agent, or by a receiver to be appointed by a court, and without regard to the adequacy of any security for the indebtedness hereby secured, enter upon and take possession of said property or any part thereof, in his own name sue for or otherwise collect such rents, issues, and profits, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including reasonable attorney's fees, upon any indebtedness secured hereby, and in such order as Beneficiary may determine. The entering upon and taking possession of said property, the collection of such rents, issues and profits and the application thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

(6) That upon default by Trustor in payment of any indebtedness secured hereby or in performance of any agreement hereunder, Beneficiary may declare all sums secured hereby immediately due and payable by delivery to Trustee of written declaration of default and demand for sale and of written notice of default and of election to cause to be sold said property, which notice Trustee shall cause to be filed for record. Beneficiary also shall deposit with Trustee this Deed, said note and all documents evidencing expenditures secured hereby.

After the lapse of such time as may then be required by law following the recordation of said notice of default, and notice of sale having been given as then required by law, Trustee, without demand on Trustor, shall sell said property at the time and place fixed by it in said notice of sale, either as a whole or in separate parcels, and in such order as it may determine, at public auction to the highest bidder for cash in lawful money of the United States, payable at time of sale. Trustee may postpone sale of all or any portion of said property by public

(continued on reverse side)

announcement at such time and place of sale, and from time to time thereafter may postpone such sale by public announcement at the time fixed by the preceding postponement. Trustee shall deliver to such purchaser its deed conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in such deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including Trustor, Trustee, or Beneficiary as hereinafter defined, may purchase at such sale.

After deducting all costs, fees and expenses of Trustee and of this Trust, including cost of evidence of title in connection with sale, Trustee shall apply the proceeds of sale to payment of: all sums expended under the terms hereof, not then repaid, with accrued interest at the amount allowed by law in effect at the date hereof; all other sums then secured hereby; and the remainder, if any, to the person or persons legally entitled thereto.

(7) Beneficiary, or any successor in ownership of any indebtedness secured hereby, may from time to time, by instrument in writing, substitute a successor or successors to any Trustee named herein or acting hereunder, which instrument, executed by the Beneficiary and duly acknowledged and recorded in the office of the recorder of the county or counties where said property is situated, shall be conclusive proof of proper substitution of such successor Trustee or Trustees, who shall, without conveyance from the Trustee predecessor, succeed to all its title, estate, rights, powers and duties. Said instrument must contain the name of the original Trustor, Trustee and Beneficiary hereunder, the book and page where this Deed is recorded and the name and address of the new Trustee.

(8) That this Deed applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns. The term Beneficiary shall mean the owner and holder, including pledgees, of the note secured hereby, whether or not named as Beneficiary herein. In this Deed, whenever the context so requires, the masculine gender includes the feminine and/or neuter, and the singular number includes the plural.

(9) That Trustee accepts this Trust when this Deed, duly executed and acknowledged, is made a public record as provided by law. Trustee is not obligated to notify any party hereto of pending sale under any other Deed of Trust or of any action or proceeding in which Trustor, Beneficiary or Trustee shall be a party unless brought by Trustee.

DO NOT RECORD

REQUEST FOR FULL RECONVEYANCE

TO FIRST AMERICAN TITLE INSURANCE COMPANY, TRUSTEE:

The undersigned is the legal owner and holder of the note or notes, and of all other indebtedness secured by the foregoing Deed of Trust. Said note or notes, together with all other indebtedness secured by said Deed of Trust, have been fully paid and satisfied; and you are hereby requested and directed, on payment to you of any sums owing to you under the terms of said Deed of Trust, to cancel said note or notes above mentioned, and all other evidences of indebtedness secured by said Deed of Trust delivered to you herewith, together with the said Deed of Trust, and to reconvey, without warranty, to the parties designated by the terms of said Deed of Trust, all the estate now held by you under the same.

Dated _____

Please mail Deed of Trust,
Note and Reconveyance to _____

Do not lose or destroy this Deed of Trust OR THE NOTE which it secures. Both must be delivered to the Trustee for cancellation before reconveyance will be made.

**DEED OF TRUST
WITH POWER OF SALE**



*First American
Title Insurance
Company
TRUSTEE*

PROMISSORY NOTE

\$10,000
Principal Amount

June 18, 2002
Redlands, California

Close of Escrow _____

THIS NOTE REQUIRES A BALLOON PAYMENT AT MATURITY

FOR VALUE RECEIVED, The Redlands Conservancy, whose address is P.O. Box 855, Redlands, California 92373, ("Borrower") hereby promises to pay to the order of the CITY OF REDLANDS, whose address is 35 Cajon Street, Redlands, California, 92373 ("Lender") at Lender's address or at such other place as the holder thereof may from time to time designate, the principal amount of Ten Thousand Dollars (\$10,000.00) together with interest as set forth below on the unpaid principal amount from time to time outstanding from the date hereof, plus any costs of suit and attorney's fees incurred by the holder hereof in collecting any amounts due under this Note.

INTEREST

This Note shall bear, and Borrower promises to pay, interest (computed on the basis of a three hundred sixty five (365) day year but with any interest payment for a partial month based upon a thirty (30) day month) on the unpaid principal amount from time to time outstanding commencing on the date that is the date endorsed hereon by Escrow Holder (the "Commencement Date") until that date when the Note is paid in full at the annual rate of four and seventy three hundredths percent (4.73%).

INSTALLMENTS OF INTEREST AND PRINCIPAL

The principal amount and accrued interest thereon under this Note shall be due and payable as follows:

(a) The outstanding principal balance of the Note and any and all accrued and unpaid interest thereon shall be due and payable on the date which is twelve (12) months from the Commencement Date.

PREPAYMENT

Borrower may prepay all or any portion of this Note without penalty at any time. All payments on this Note, including but not limited to prepayments, shall be credited first to accrued and unpaid interest and then to the unpaid principal amount. Except as set forth herein, Borrower, endorsers, and guarantors of this Note hereby severally waive presentment for payment, demand,

notice of non-payment protest.

EVENTS OF DEFAULT

An "event of default" shall occur if any installment of principal, interest, or both, on the obligation represented by this Note shall not be paid when and as the same shall become due and payable, and such default shall have continued for a period of ten (10) days after written notice is delivered or mailed to Borrower at the last address of Borrower furnished to the holder of this Note in writing at the place for payment; provided, however, such notice of default need not be given and an event of default shall exist without any requirement for notice five (5) days after a failure to make when due any payment as aforesaid if no such address is furnished.

DUE ON SALE PROVISION

Should Borrower agree to or actually sell, convey, transfer or otherwise dispose of the property located at 1247 Alta Street, Redlands, or any part of it, or any interest in it, without first obtaining the written consent of the Lender of this Note, then all obligations secured by this Note may be declared due and payable, at the option of the Lender. Consent to one transaction of this type shall not constitute a waiver of the right to require consent to future or successive transactions.

REMEDIES

Upon the occurrence of an "event of default" as defined above, the whole of the unpaid principal amount of this Note and all accrued and unpaid interest shall be immediately due and payable without further notice to or demand of the Borrower. No remedy herein conferred upon Lender or any holder of this Note is intended to be exclusive of any other remedy, and each and every such remedy given hereunder provided in any mortgage, deed of trust or agreement securing or relating to Borrower's obligations hereunder or are hereafter existing at law or in equity, by statute or otherwise.

LATE CHARGE

Borrower acknowledges that in the event any payment of any amount required hereby is not made when due, the Lender will incur additional costs and expenses. The exact amount of these additional costs and expenses (which include, but are not limited to, processing and accounting charges as well as loss of use of money due) is difficult and impractical to assess. Therefore, Borrower acknowledges that the sum of ten percent (10%) of the amount overdue is, under the circumstances existing at the time this Note is made, a reasonable late charge, and Borrower promises to pay such late charge when due. Said late charge shall become immediately due ten (10) days after the giving of notice of such late payment.

GENERAL

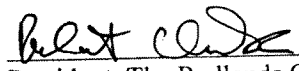
No course of dealing between Borrower and Lender or any holder of this Note or any delay on the part of Lender or any holder of this Note in exercising any rights hereunder shall operate as a waiver of any right of Lender or any holder of this Note.

This Note shall be construed and enforced in accordance with, and governed by, the laws of the State of California.

Should there be an event of default under this Note and should this Note be placed in the hands of attorneys for collection, Borrower shall pay, in addition to the unpaid principal amount and interest due and payable hereunder, reasonable attorneys' fees, together with all reasonable costs and expenses of any such action or proceeding, whether or not litigation has commenced.

Borrower shall have no personal liability for any deficiency on this note, and the only remedy available to Lender shall be foreclosure pursuant to law as provided in the deed of trust securing this note.

BORROWER:

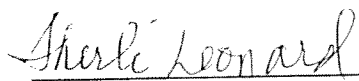


President, The Redlands Conservancy

24302E02

Date

ATTEST:



Secretary, The Redlands Conservancy

ENDORSEMENT BY ESCROW HOLDER:

Date