

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

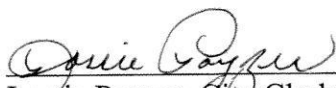
THE REDLANDS CONSERVANCY

By:


Robert Clark, President

ATTEST:

By:


Lorrie Poyzer, City Clerk