

AGREEMENT FOR PURCHASE AND SALE

This agreement for purchase and sale ("Agreement") is made and entered into this 7th day of August, 2007 ("Effective Date") by and between REDLANDS SECURITY COMPANY, a general partnership ("Seller"), and the City of Redlands, a municipal corporation ("Buyer"). Seller and Buyer are each sometimes individually referred to herein as a "Party" and collectively as the "Parties." Seller is successor in interest to the Redlands Security Company, a corporation now dissolved.

RECITALS

A. Seller as successor to Redlands Security Company, a corporation, may own that certain real property located at San Bernardino Avenue and Mountain View Avenue, Redlands, California, bearing County of San Bernardino Assessor's Parcel No. 0292-021-19 (the "Property").

B. Buyer desires to purchase any and all rights Seller may have in the Property and Seller desires to sell and convey by Quitclaim Deed the Property as described in Exhibit "A".

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

In consideration of the mutual promises contained herein, the Parties agree as follows:

AGREEMENT

1. PURCHASE.

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

2. ESCROW.

Within ten (10) days of the Effective Date of this Agreement, Buyer shall open an escrow (the "Escrow") with First American Title Company (the "Escrow Holder") for the purpose of consummating the purchase and sale of the Property. The Parties shall execute and deliver to Escrow Holder such escrow instructions prepared by Escrow Holder as may be required to consummate this transaction. Any such instructions shall not conflict with, amend or supersede any provision of this Agreement. If there is any inconsistency between such instructions and this Agreement, this Agreement shall control unless the Parties agree in writing otherwise. The Escrow Instructions shall include the following terms and conditions of sale:

2.1 Purchase Price.

The total purchase price for the Property shall be the sum of Two Thousand Five Hundred Dollars (\$2,500) (the "Purchase Price"), which shall be paid by Buyer to Seller through Escrow Holder in cash at Close of Escrow.

2.2 Close of Escrow.

Escrow shall close on or before ninety (90) days following the Effective Date of this Agreement (the "Close of Escrow"). If the Escrow is not in a condition to close by the Close of Escrow, any Party who is not then in default may, in writing, demand the return of its money and/or documents. Thereupon, subject to the provisions of Section 3 hereof, all obligations and liabilities of the Parties under this Agreement shall cease and terminate. If no such demand is made, the City Manager of Buyer may, by written instrument to Escrow, authorize an extension of the Escrow. Escrow shall be closed as soon as possible.

2.3 Condition of Title to the Property.

Seller shall convey title to the Property to Buyer as evidenced by a CLTA Standard Form Policy or Binder of Title Insurance ("Title Policy") issued by a title insurance company to be selected by Buyer in an amount equal to the Purchase Price. The Title Policy shall show as exceptions with respect to the Property only matters approved in writing by Buyer. Notwithstanding the foregoing, Seller shall have no obligation to remove or cure any exception to the Title Policy objected to or disapproved by Buyer. In the event Seller is unwilling or unable to remove any exception to title to the Property Buyer's sole remedy shall be to terminate this Agreement.

2.4 Escrow and Closing Costs.

Buyer shall pay the cost of the Title Policy, all Escrow fees (including reconveyance fees, trustee's fees or forwarding fees for any partial reconveyance or subordination of a deed of trust or mortgage), costs of removing any exceptions to title Buyer objects to or desires to be removed, and all recording costs incurred herein. All Parties acknowledge that Buyer is exempt from payment of documentary transfer taxes. Buyer shall further pay any commissions, finders fee, or other compensation due to Paragon Partners Ltd. in connection with this Agreement or Buyer's acquisition of the Property.

2.5 Investigations.

Prior to the Close of Escrow, Buyer may, at its option, conduct, at Buyer's expense, any and all investigations, inspections, surveys and tests of the Property including, without limitation, soils, groundwater, wells, percolation, geology, environmental, drainage, engineering and utilities investigations, inspections, surveys and tests, which Buyer determines, in its sole discretion, are required to ascertain the suitability of the Property for Buyer's intended use. If Buyer determines that the Property is not suitable for its intended use, Buyer may terminate this Agreement as provided in Section 2.2 hereof. Seller hereby grants to Buyer, and Buyer's employees, representatives, agents and independent contractors, a license to enter the Property for purposes of conducting such investigations, inspections, surveys and tests. Buyer shall repair any damage to the Property resulting from such investigations, inspections, surveys and tests conducted by Buyer or Buyer's employees, representatives, agents or independent contractors and shall further indemnify, defend and hold Seller harmless from any claims, actions, demands, damages, liability, costs or expenses, including attorney's fees, arising from Buyer's investigations, inspections, surveys or tests on the Property.

2.6 Deposit of Funds and Documents.

A. Prior to Close of Escrow, Buyer shall deposit into Escrow (i) all Escrow and Closing Costs as described above; (ii) the Purchase Price to be paid to Seller through Escrow; and (iii) such other documentation as is necessary to close Escrow in conformance herewith.

B. Prior to the Close of Escrow, Seller shall deposit into Escrow (i) the properly executed Quitclaim Deed conveying the Property, a copy of which is attached to this Agreement as Exhibit "B," and (ii) such other documents and sums, if any, as are necessary to close Escrow in conformance herewith.

2.7 Buyer's Conditions Precedent to Close of Escrow.

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

2.8 Seller's Conditions Precedent to Close of Escrow.

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

3. POSSESSION OF PROPERTY.

Buyer may take possession of the Property on the date of Close of Escrow; provided, however, that such possession shall be subject to all easements, rights-of-way, restrictions or other claims for possession of the Property, including any rights of Southern Pacific Transportation against the Property.

4. DISCLAIMER OF WARRANTY – SALE "AS-IS"

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

4.2 Buyer acknowledges and agrees that:

A. Seller was not aware that it held any ownership interest in the Property until Buyer's representatives contacted Seller and provided Seller with a preliminary report prepared by LandAmerica Lawyers Title dated November 6, 2006 (the "Preliminary Report") which indicated Seller owned an interest in the Property.

B. The Purchase Price of the Property reflects the reasonably estimated costs to Seller of review and preparing documents for the transfer of the Property, including this Agreement, and is not intended as an expression of the value of Seller's interest, if any, in the Property.

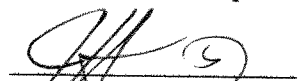
C. That the Property is being sold and transferred to Buyer in an "AS IS" condition and "WITH ALL FAULTS" as of the date hereof and of the date of Close of Escrow.

D. Seller is transferring its interest, if any, in the Property to Buyer by quitclaim deed and Seller expressly disclaims any representations or warranties, whether express or implied, of any nature or kind regarding: (i) the status of title to the Property or the estate or quality of Seller's interest, if any, in the Property, (ii) the physical condition of the Property, (iii) the existence of any hazardous materials or substances on the Property of any nature or kind, and however defined under any applicable laws, rules, regulations or court cases, (iv) the existence of other claims of right or title to the Property, including any claim by Southern Pacific Transportation (in this regard Buyer should be aware that Seller has not been paying property taxes on the Property and that such taxes have been paid by some other person or entity unknown to Seller) (v) the right of any other person or entity to use or occupy the Property, (vi) the suitability of the Property for Buyer's intended use, (vii) the value of the Property, or (viii) any other fact or condition which has or might affect the Property or the condition, repair, value, expense of operation or development of the Property or any portion thereof.

4.3 In the event Buyer elects to proceed with the purchase of the Property hereunder, effective as of the Close of Escrow, Buyer hereby releases Seller and all of Seller's partners, representatives, trustees, agents, attorneys, employees and consultants (collectively, the "Seller Related Parties") from any and all liability in connection with any and all claims, rights, demands, actions, causes of action, liabilities, promises, agreements, costs, losses, debts, attorneys' fees, of any kind or nature whatsoever which Buyer now has or in the future may have, for, on account of, resulting directly or indirectly from, or arising out of: (a) the condition of the Property, or any portion thereof, including without limitation, the existence of hazardous materials on, or environmental conditions relating to, the Property, (b) the status of title to the Property, including any claim by any other person or entity to the Property or any estate or interest therein, or (c) any other matter affecting the use or value of the Property. This release includes claims of which Buyer is at present unaware or which Buyer does not at present suspect to exist which, if known by Buyer, would materially affect Buyer's release of Seller and the Seller Related Parties. Buyer specifically waives the provision of California Civil Code Section 1542, 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 TO HIM MUST HAVE MATERIALLY AFFECTED THE SETTLEMENT WITH THE DEBTOR."

The above provisions shall survive the close of escrow. Buyer has set forth its initials below to indicate its awareness and acceptance of above provisions.


BUYER'S INITIALS

5. REPRESENTATIONS AND WARRANTIES OF BUYER.

Buyer shall save harmless and indemnify Seller against any and all claims, demands, suits, judgments, expenses and costs on account of injury to, or death of, persons, or loss of, or damage to, property of others incurred during or proximately caused by acts or omissions of Buyer or Buyer's contractor in the performance of any work by Buyer or Buyer's contractor to construct the works of improvement for which the Property is conveyed.

6. ACKNOWLEDGMENT OF FULL BENEFITS AND RELEASE.

6.1 By execution of this Agreement, Seller, on behalf of itself and its respective successors and assigns, hereby acknowledges that this Agreement provides full payment for the acquisition of the Property by Buyer, and Seller hereby expressly and unconditionally waives any and all claims for damages, relocation assistance benefits, severance damages, interest, loss of goodwill, claims for inverse condemnation or unreasonable pre-condemnation conduct, or any other compensation or benefits, other than as already expressly provided for in this Agreement, it being understood that this is a complete and full settlement of all acquisition claims, liabilities or benefits of any type or nature whatsoever relating to or in connection with Buyer's acquisition of the Property.

6.2 This Agreement arose out of Buyer's efforts to acquire the Property through its municipal authority. The Parties agree that this Agreement is a settlement of claims in order to avoid litigation and shall not in any manner be construed as an admission of the fair market value of the Property or of liability by any Party to this Agreement. Seller, on behalf of itself and its successors and assigns, hereby fully releases Buyer, its successors, agents, representatives, and assigns, and all other persons and associations, known or unknown, from all claims and causes of action by reason of any damage which has been sustained, or may be sustained, as a result of Buyer's efforts to acquire the Property or to construct works of improvement thereon, or any preliminary steps thereto, except as set forth in Section 5 above. Seller further releases and agrees to hold Buyer harmless from any and all claims by reason of any leasehold interest in the Property. This release shall survive the Close of Escrow.

6.3 Seller expressly waives the rights afforded to Seller under Civil Code section 1542 which provides that:

"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."

7. REMEDIES.

If Seller defaults under this Agreement, then Buyer may, at Buyer's option, terminate the Escrow or initiate an action for specific performance of this Agreement, or pursue any other rights or remedies that Buyer may have at law or in equity. If Buyer defaults under this Agreement, then Seller may, at Seller's option, terminate the Escrow or pursue any rights or remedies that Seller may have at law or in equity.

8. MISCELLANEOUS.

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

Seller:

Redlands Security Company
c/o Michael Lewin
Law Offices of Mirau, Edwards, Cannon,
Lewin and Tooke
1806 Orange Tree Lane, Suite C
Redlands, CA 92374

Buyer:

City of Redlands
Attn: Tom T. Fujiwara
Assistant Public Works Director
PO Box 3005
Redlands, CA 92373

Any Party hereto may, from time to time, by written notice to the other Party, designate a different address, which shall be substituted for the one specified above. Any notice or other documents sent by registered or certified mail as aforesaid shall be deemed to have been effectively served or delivered at the expiration of twenty-four (24) hours following the deposit of said notice or other documents in the United States mail.

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

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

8.4 Governing Law. All questions with respect to this Agreement, and the rights and liabilities of the Parties hereto, shall be governed by and construed in accordance with the laws of the State of California.

8.5 Inurement. This Agreement shall inure to the benefit of, and shall be binding upon, the assigns, successors in interest, personal representatives, estates, heirs and legatees of each of the Parties.

8.6 Attorneys' Fees. If any action, arbitration or other proceeding is brought for the interpretation or enforcement of this Agreement, or because of any alleged dispute, breach, default or misrepresentation in connection with the Agreement, the successful or prevailing Party shall be entitled

to recover actual attorneys' fees and other costs it incurs in that action or proceeding, in addition to any other relief to which it may be entitled, including fees for any in-house counsel of the Parties.

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

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

8.9 No Admissions. This Agreement is a compromise and settlement of outstanding claims between the Parties relating to Buyer's acquisition of the Property and shall never be treated as an admission by either Party to the Agreement for any purpose in any judicial, arbitration or administrative proceeding between the Parties. This paragraph shall not apply to any claim that one may have against the other for breach of any provision or covenant of this Agreement.

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

8.11 Broker. Seller and Buyer each represent and warrant to the other that no broker, agent or finder has been engaged by it in connection with the transaction contemplated by this Agreement and that all negotiations relative to these instructions and this transaction have been carried out by such Party directly with the other Party without the intervention of any person in such a manner as to give rise to any valid claim against either of the Parties for a broker's commission, finder's fee or other like payment. Each of the Parties shall indemnify and defend the other Party and hold it harmless from any and all loss, damage, liability or expense, including costs and reasonable attorneys' fees, which the other Party may incur or sustain by reason of or in connection with any misrepresentation or breach of warranty by the indemnifying Party with respect to the foregoing.

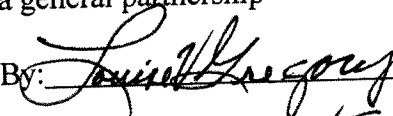
8.12 Counterparts. This Agreement may be signed in counterpart or duplicate copies, and any signed counterpart or duplicate copy shall be equivalent to a signed original for all purposes.

EXECUTED on the date or dates set forth below.

DATED: 6-25-07

Seller:

REDLANDS SECURITY COMPANY,
a general partnership

By: 

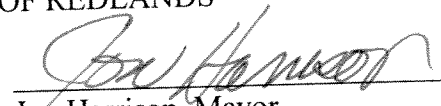
Print Name: LOUISE V GREGORY

Its: Managing Partner

DATED: August 7, 2007

Buyer:

CITY OF REDLANDS

By: 
Jon Harrison, Mayor

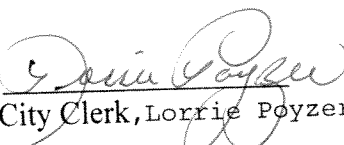
Attest: 
City Clerk, Lorrie Poyzer

EXHIBIT "A"

All that certain real property situated in the County of San Bernardino, State of California, described as follows:

A strip of land sixty (60) feet in width, being a part of Lot 31 of the Orange Grove Homestead, recorded in Book 2 of Maps, records of San Bernardino County, California, at Page 5 thereof, said strip of land sixty (60) feet in width being thirty (30) feet on each side of the following described center line, to-wit:

Beginning at a point in the North line of San Bernardino Avenue, said point of beginning being Easterly two hundred and thirty two and five tenths (232.5) feet from the Southwest corner of said Lot 31;
Thence from said point of beginning on a 11° curve to the right and Northwest having a radius of 521.7 feet, three hundred thirty four and twenty five hundredths (334.25) feet to a point in the West line of said Lot 31, said last mentioned point being distant Northerly two hundred and thirty and five tenths (230.5) feet from the Southwest corner of said Lot 31.

Assessor's Parcel Number: **0292-021-19-0-000**

Exhibit "B"

WHEN RECORDED MAIL TO:

City of Redlands
Attn: Tom Fujiwara
P.O. Box 3005
Redlands, CA 92373

MAIL TAX STATEMENTS TO:

Same as Above

SPACE ABOVE THIS LINE FOR RECORDER'S USE

DOCUMENTARY TRANSFER TAX \$ 2.75

...X...Computed on the consideration or value of property conveyed; OR

.....Computed on the consideration or value less liens or encumbrances
remaining at time of sale.

Signature of Declarant or Agent determining tax - Firm Name

QUITCLAIM DEED

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged,

Redlands Security Company, a general partnership

do(es) hereby REMISE, RELEASE AND FOREVER QUITCLAIM to

the City of Redlands, a municipal corporation

the real property in the City of Redlands, County of San Bernardino, State of California, described as:

See Exhibit "A"

Dated: June ____, 2007

Redlands Security Company, a general partnership

STATE OF CALIFORNIA
COUNTY OF SAN BERNARDINO

}
}ss
}

By: Louise Gregory

Its: Managing Partner

On _____ before me,
_____, a
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)