

AGREEMENT FOR PURCHASE AND SALE AND ESCROW INSTRUCTIONS

THIS AGREEMENT FOR PURCHASE AND SALE AND ESCROW INSTRUCTIONS ("Agreement"), dated June 17, 2003 ("Effective Date"), is made and entered into by and between Santa Fe Annex, a limited partnership ("Santa Fe") and the Redevelopment Agency of the City of Redlands, a public body, corporate and politic ("Agency") (sometimes herein together referred to as the "Parties").

RECITALS

A. Whereas, Santa Fe owns certain real property located in the City of Redlands, California, which is identified as APN 169-281-23 and more specifically described in Exhibit "A" attached hereto (the "Property"); and

B. Whereas, Santa Fe agrees to sell the Property to Agency, subject to the terms and conditions contained herein;

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

AGREEMENT

1. PURCHASE PRICE

The total price for the Property to be paid by Agency to Santa Fe is Two Hundred Sixty-two Thousand Five Hundred (\$262,500.00) Dollars (the "Purchase Price").

2. TITLE TO PROPERTY

Santa Fe shall, at Close of Escrow, by grant deed convey to Agency good and marketable fee title to the Property as evidenced by a Standard form C.L.T.A. policy of title insurance in an amount equal to the Purchase Price of the Property issued by Commonwealth Title Company (the "Title Company") showing title vested in Agency, subject to the exceptions to title approved by Agency pursuant to Section 3.1 below.

3. CONDITIONS OF PURCHASE

Agency's obligation to purchase the Property shall be subject to the satisfaction of the following conditions, which are for Agency's benefit only. In the event any of the following contingencies are not satisfied within the specified time limits, Agency may, at its sole option, either waive such conditions or terminate this Agreement.

3.1 Approval of Title. Promptly after execution of this Agreement by Santa Fe and Agency, Escrow Holder shall deliver to Agency a current preliminary title report ("PTR"), including documents referred to therein, covering the Property from the Title Company. Agency shall have

five (5) days after the date of Title Company's provision of the PTR to Agency to approve or disapprove the status of title to the Property as disclosed in the PTR and related documents. Any disapproval of status of title shall be within the reasonable discretion of Agency and shall be limited to monetary encumbrances and covenants, conditions, restrictions and easements of record which adversely affect Agency's intended use of the Property. Any exception not disapproved in writing within the five (5) day period shall be deemed approved by Agency, and shall constitute a permitted exception hereunder. Any objection to a title exception by Agency shall be made in writing to Santa Fe, and Santa Fe shall thereafter have three (3) 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 Santa Fe to expend any money or commence any legal action to correct any exceptions within the three (3) day period. Santa Fe shall notify Agency, in writing, of any disapproved title exceptions which Santa Fe is unable to cause to be removed prior to or at Close of Escrow. Agency shall, within five (5) business days thereafter, elect by giving written notice to Santa Fe 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. Agency's failure to give such notice shall be deemed an election to terminate this Agreement. In the event Agency elects to terminate this Agreement, the Parties shall be relieved from any further liabilities and obligations under this Agreement.

3.2 Inspections. With the prior written consent of Santa Fe, which consent shall not be unreasonably withheld, Agency shall have the right to physically inspect and perform tests and environmental investigations (hereinafter collectively "Inspections") on the Property as Agency deems necessary. All Inspections shall be done at Agency's sole cost and expense. Within ten (10) days of the completion of such Inspections, the Property shall be returned to its original condition. Agency 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 at any time prior to the Close of Escrow. Any disapproval of the condition of the Property shall be in writing and given to Santa Fe within such period. In the event Agency disapproves the condition of the Property prior to Close of Escrow, this Agreement shall terminate and the Parties shall be relieved from any further liabilities and obligations under this Agreement.

4. ESCROW

4.1 Opening. The purchase and sale of the Property shall be completed through an escrow ("Escrow") to be opened at Guardian Escrow (the "Escrow Holder"). Within five (5) days after the mutual execution of this Agreement, Santa Fe shall deposit with the Escrow Holder one fully executed counterpart of this Agreement, which shall constitute the Purchase Agreement and 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 Agency and Santa Fe in writing of the Opening of Escrow date, the date set for Close of Escrow, and its acceptance of the escrow instructions.

4.2 Closing. Escrow shall close, if at all, on or before August 1, 2003.

4.3 Costs. Agency shall pay all Escrow costs and title charges.

4.4 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.

4.5 Additional Documents. Agency and Santa Fe shall execute such additional Escrow instructions as Escrow Holder may reasonably require to act as Escrow Holder, but in no event shall the Escrow instructions increase the rights of one party against the other party hereto or modify the terms and conditions of this Agreement.

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

5. SANTA FE'S REPRESENTATIONS, WARRANTIES AND ACKNOWLEDGMENTS

Santa Fe hereby makes the following representations, warranties and acknowledgments and agrees that such representations, warranties and acknowledgments shall survive the Close of Escrow.

5.1 Santa Fe has full right, power and authority to execute this Agreement and to convey fee simple title to the Property to Agency as provided herein.

5.2 Santa Fe is not a foreign person under Section 1445 Internal Revenue Code and will execute a Certificate of Non-foreign status and deposit the same into the Escrow prior to Close of Escrow.

5.3 This Agreement has been duly approved and executed by Santa Fe and constitutes the valid and binding Agreement of Santa Fe enforceable against Santa Fe in accordance with its terms.

6. HAZARDOUS SUBSTANCES

Santa Fe represents to Agency that, to the best of Santa Fe's knowledge, there exists no "Hazardous Materials" (as such term is defined in federal and state law) underground storage tanks or pipelines in, on, under or about the Property. Santa Fe further understands and agrees that in the event Agency incurs any loss or liability concerning Hazardous Materials, underground storage tanks or pipelines, whether attributable to events occurring prior to or following the Effective Date of this Agreement, then Agency may pursue Agency's remedies against Santa Fe and any prior owners of the Property for any liability or indemnification regarding such Hazardous Materials, underground storage tanks or pipelines.

7. Agency'S REPRESENTATIONS AND WARRANTIES

Agency hereby makes the following representations, warranties and acknowledgments and agrees that such representations, warranties and acknowledgments shall survive Close of Escrow.

7.1 Agency hereby represents and warrants that the person executing this Agreement has the full authority and power to enter into this Agreement on behalf of Agency to purchase the Property from Santa Fe, and to take all actions required of it by the terms of this Agreement.

7.2 All the documents executed by Agency which are to be delivered to Santa Fe at Close of Escrow shall be duly authorized, executed and delivered by Agency and shall be legal, valid and binding obligations of Agency enforceable against Agency in accordance with their respective terms, and shall not violate any agreement to which Agency is a party or to which it is subject.

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.

**Redevelopment Agency of the
City of Redlands**
John Davidson, City Manager
PO Box 3005
Redlands, CA 92373

Santa Fe Annex:
Johnny Moore
PO Box 790
Redlands, CA 92373

9. GENERAL PROVISIONS

9.1 Entire Agreement. This Agreement supersedes any and all prior oral or written agreements between the Parties relating to the Property 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, in writing, executed by the Parties. All obligations of Agency and Santa Fe under this Agreement and the Escrow shall be joint and several.

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

9.3 Agency's Performance. Close of Escrow and performance of any duty imposed on Agency by this Agreement is conditioned on Santa Fe's full performance of all duties imposed on Santa Fe in this Agreement.

9.4 Santa Fe's Performance. Close of Escrow and performance of any duty imposed on Santa Fe by this Agreement is conditioned on Agency's full performance of all duties imposed on Agency in this Agreement.

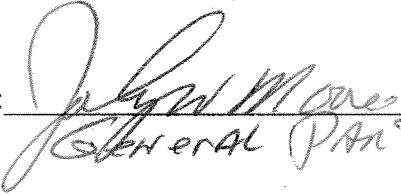
9.5 Counterparts. This Agreement may be executed in any number of counterparts each of which shall be deemed an original, but all of which, when taken together, shall constitute one and the same instrument.

9.6 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.

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

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

SANTA FE ANNEX, A LIMITED PARTNERSHIP

By: 
General Partner

Executed this 11 day of June, 2003
at Redlands, California

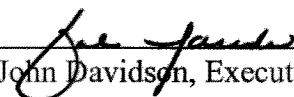
By: _____

Executed this ____ day of _____, 2003
at Redlands, California

REDEVELOPMENT AGENCY OF THE
CITY OF REDLANDS

By: 
Karl N. (Kasey) Haws, Chair

Executed this 17th day of June, 2003
at Redlands, California

By: 
John Davidson, Executive Director

Executed this 17th day of June, 2003
at Redlands, California

ATTEST:

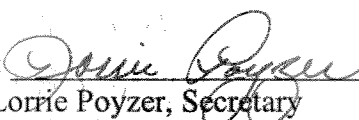
By: 
Lorrie Poyzer, Secretary

EXHIBIT "A"

LEGAL DESCRIPTION OF THE SITE

LEGAL DESCRIPTION: That certain real property located in the City of Redlands, County of San Bernardino, State of California, consisting of that portion of Lot 18 and Lots 20 through 26 inclusive, and a vacated alley lying adjacent to the south line of said Lot 20, all being in Block C of the Central Townsite Subdivision as shown in Book 8 of Maps, Page 57, Official Records of said County, described as commencing at a point in the easterly line of Lot 26 lying 14.10 feet North of the Southeast corner of said Lot, thence North along the East line of said Lot 26 and its Northerly prolongation and the East line of Lots 20 and 18, also being the West line of Third Street, a distance of 168.90 feet to the South line of Stuart Avenue, thence Westerly along the South line of Stuart Avenue a distance of 122 feet, thence Southwesterly in a direct line a distance of 22.63 feet to a point in the West line of Lot 20 lying 13 feet South of the Northwest corner of said Lot, thence South along the West line of Lot 20 and its Southerly prolongation and the West line of Lot 21 to a point in the West line of Lot 21 lying 14.10 feet North of the Southwest corner of said Lot 21, thence East a distance of 138 feet to the point of beginning.

PARCEL SIZE: 138' X 168.9', less 128 square feet lying within Stuart Avenue = 23,180 square feet more or less.

LOCATION ADDRESS: 205 W. Stuart Avenue
Redlands, California 92374