

PURCHASE AND SALE AND GRANT OF EASEMENTS AGREEMENT, AND ESCROW INSTRUCTIONS

This Purchase and Sale and Grant of Easements Agreement, and Escrow Instructions ("Agreement") is made and entered into by and among Property One, LLC ("Buyer"), NYS, LLC ("NYS") and the City of Redlands ("Seller") this 17th day of November, 2009 ("Effective Date"). Buyer, NYS and Seller are sometimes individually referred to herein as a "Party" and, collectively, as the "Parties."

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

AGREEMENT

ARTICLE I PURCHASE AND SALE

Section 1.1 Purchase and Sale of Property. Seller is the owner of certain real property located in the City of Redlands designated as County of San Bernardino Assessor's Parcel No. 0171-171-007 (the "Property"). On all of the terms, covenants and conditions contained in this Agreement, Seller agrees to sell the Property to Buyer, and Buyer agrees to buy a portion of the Property consisting of approximately 4,364 square feet, which is more particularly described in the Grant Deed attached hereto as Exhibit "A" and incorporated herein by reference.

Section 1.2 Purchase Price. The purchase price for the Property ("Purchase Price") is Thirty-Five Thousand Eight Hundred Seventy Dollars (\$35,870).

Section 1.3 Payment of the Purchase Price. Buyer shall pay the Purchase Price to Seller in cash upon "Close of Escrow" as defined herein.

ARTICLE II GRANT OF EASEMENTS

Section 2.1 Seller's Grant of Access Easements. Seller is the owner of certain real property located in the City of Redlands designated as County of San Bernardino Assessor's Parcels No. 0171-171-07 over which Buyer seeks easements for ingress and egress purposes to the Property (the "Access Easements"). For no cost, Seller shall grant the Access Easements to Buyer in substantially the forms attached hereto as Exhibits "B" and "C."

Section 2.2 Buyer's and NYS' Grant of Access/Construction Easement. NYS and Buyer shall grant to Seller an easement for the general purposes of Seller's accessing, constructing,

operating, maintaining and replacing Seller's water well facilities and appurtenances located adjacent to the Property (the "Access/Construction Easement"). For no cost, NYS and Buyer shall grant the Access/Construction Easement to Seller; substantially the form attached hereto as Exhibit "D."

ARTICLE III ESCROW

Section 3.1 Escrow, Escrow Holder, and Opening of Escrow. Within ten (10) business days of the Effective Date of this Agreement, Buyer shall open an escrow to facilitate the transaction contemplated by this Agreement ("Escrow") with First American Title Company ("Escrow Holder") at the address specified in Section 9.6. Delivery by Buyer to Escrow of a fully-executed original or counterpart original of this Agreement shall constitute the opening of Escrow ("Opening of Escrow"). This Agreement shall constitute escrow instructions ("Escrow Instructions") to Escrow Holder. The Parties shall execute such additional Escrow Instructions consistent with the provisions of this Agreement that are mutually acceptable to the Parties or that may be required by Escrow Holder. Escrow Holder's general provisions ("Standard Escrow Instructions") shall also constitute Escrow Instructions for purposes of this Agreement. As between the Parties, Buyer and Seller agree that if there is any conflict between the terms of this Agreement and the Standard Escrow Instructions, this Agreement shall control.

Section 3.2 Close of Escrow. Subject to the conditions set forth in Section 3.8, Escrow shall close on the date that fee title to the Property is conveyed from Seller to Buyer as contemplated by this Agreement and evidenced by the recording of a grant deed for the Property (Close of Escrow). Unless otherwise extended by written amendment to this Agreement, Close of Escrow shall occur on or before December 31, 2009, after all conditions precedent to Close of Escrow have been satisfied or waived.

Section 3.3 Preliminary and Supplemental Title Reports. Escrow Holder shall deliver to Buyer, within ten (10) business days after the Opening of Escrow, a Preliminary Title Report covering the Property issued by Commonwealth Land Title Company ("Title Insurer"). The Preliminary Title Report shall be accompanied by complete copies of all underlying documents referred to in the Preliminary Title Report as evidencing exceptions to title (collectively "PTR").

Section 3.4 Review of Title Documents. Buyer shall have ten (10) business days following receipt of the PTR within which to notify Seller, in writing, of Buyer's disapproval of any exception to title disclosed in the PTR. In the event the PTR is supplemented ("Supplemental PTR") by the Title Insurer, Buyer shall have five (5) business days after its receipt by Buyer of such Supplemental PTR, within which to approve or disapprove any new matters disclosed in the Supplemental PTR. In

the event Buyer disapproves a matter disclosed in the Title Documents that Seller declines to cure and that Buyer declines to waive, the Escrow shall be cancelled with respect to the Property upon written notice by either Party to the Escrow Holder and the other Party. Upon any such cancellation of Escrow, each Party shall pay one-half of the Escrow cancellation charges.

Section 3.5 Condition of Title. All matters contained in the PTR that are not disapproved by Buyer prior to the end of the period referred to in Section 3.4 shall be deemed to be permitted exceptions ("Permitted Exceptions"). Seller shall convey the Property to Buyer in fee simple title, which shall be, except for the Permitted Exceptions, free and clear of all leases, tenancies, rentals, mortgages, liens, charges, encumbrances, encroachments, easements, conditions, exceptions, assessments, taxes and other defects in title.

Section 3.6 Obligations of NYS and Buyer. In addition to performance by Buyer of all obligations of Buyer contained in this Agreement, on or before one (1) business day prior to Close of Escrow, Buyer shall deposit into Escrow (i) the Purchase Price for the Property; (ii) the Access/Construction Easement substantially in the form attached hereto as Exhibit "D," properly executed by NYS and Buyer and recordable; and (iii) all other sums and documents reasonably required of Buyer by Escrow Holder to the Close of Escrow.

Section 3.7 Obligations of Seller. In addition to fulfilling any other obligations of Seller contained in this Agreement, on or before one (1) business day prior to Close of Escrow, Seller shall deposit into Escrow (i) a Grant Deed to the Property, substantially in the form attached hereto as Exhibit "A," and (ii) the Access Easements, substantially in the forms attached hereto as Exhibits "B" and "C," all properly executed by Seller and recordable, and (iii) any documents reasonably required of Seller by Escrow Holder to carry out Close of Escrow.

Section 3.8 Conditions Precedent to Close of Escrow. Seller's obligation to convey the Property and Buyer's obligation to purchase the Property are subject to the satisfaction (or written waiver by the benefitting Party) of the following conditions precedent:

- (a) Escrow has not been canceled and/or this Agreement has not been terminated pursuant to Sections 3.4, 3.9 or 4.2;
- (b) Title Insurer is prepared to issue the policy of title insurance described in Section 3.13.

Section 3.9 Conditions Regarding Close of Escrow. In the event that any condition precedent to Close of Escrow referred to in Section 3.8 is neither satisfied nor waived in writing by the Party benefitting from the condition, such condition shall be deemed to have failed and Escrow shall terminate with respect to the Property. If either Party is at fault for cancellation of Escrow

pursuant to this Section, including because the Party failed to act when or in the manner required pursuant to this Agreement, or because the Party acted in any such manner that impeded satisfaction of any condition precedent specified in Section 3.8, that Party shall be responsible for paying all Escrow cancellation costs. If the Escrow is terminated pursuant to this Section for any reason that is not the fault of a Party, the Buyer shall bear the Escrow cancellation costs.

Section 3.10 Taxes and Assessments. Prior to or concurrent with Close of Escrow, Seller shall pay, cancel or terminate all prior current taxes, including special taxes assessments and improvement fees or charges levied on or against the Property.

Section 3.11 Payment of Costs. The costs associated with this transaction shall be paid as follows:

- (a) Buyer shall pay an amount equal to the cost of obtaining a standard form CLTA title insurance policy covering the Property in the amount of the Purchase Price including the cost of the PTR;
- (b) Buyer shall pay all costs of Escrow, including the Escrow Holder's escrow fee;
- (c) Buyer shall pay the cost of documentary transfer taxes, if any, in connection with the recordation of the grant deed.

Section 3.12 Brokerage Fees. The Parties agree that Buyer is solely responsible for any fees and commissions relating to brokerage fees.

Section 3.13 Title Policy. Escrow Holder shall deliver to Buyer, through Escrow, a CLTA owner's policy of title insurance insuring Buyer's fee ownership of the Property, subject only to the usual printed title company exceptions and the Permitted Exceptions, in amounts equal to the Purchase Price, issued by Title Insurer and dated as of Close of Escrow.

Section 3.14 Execution of Other Documents; Compliance with Regulations. The Parties shall do such other things and shall execute all documents which are reasonably necessary for Close of Escrow to occur. Furthermore, the Parties shall comply at their own expense with all applicable laws required for Close of Escrow to occur including, but not limited to, any required filings with governmental authorities.

Section 3.15 Recording of Documents and Delivery of Funds. Upon receipt of the funds and instruments described in this Article, and upon the satisfaction or waiver of the conditions precedent to Close of Escrow referred to in this Article, Escrow Holder shall cause the grant deed and other documents specified in this Agreement to be recorded in the official records of the County of San Bernardino. Upon Close of Escrow, Escrow Holder shall deliver conformed copies of the grant deed

and all other appropriate documents to Buyer.

Section 3.16 Escrow Cancellation Charges. Notwithstanding any other provision of this Agreement to the contrary, in the event that Close of Escrow fails to occur as result of the default of a Party, the defaulting party ("Defaulting Party") shall be liable for all Escrow cancellation charges. In the event that Close of Escrow fails to occur for any other reason, Buyer and Seller shall each be responsible for and shall pay one-half of all Escrow cancellation charges unless specified otherwise in this Agreement.

ARTICLE IV FEASIBILITY, DUE DILIGENCE AND INSPECTIONS

Section 4.1 Feasibility, Due Diligence, and Inspections. Buyer shall have thirty (30) business days from the Effective Date of this Agreement to complete its due diligence ("Due Diligence Period"). After providing Seller with at least twenty-four (24) hours written notice, Buyer and its consultants, agents, contractors and employees ("Buyer's Agents") shall have the opportunity during the Due Diligence Period to enter the Property during regular business hours, or as reasonably necessary, to make visual inspections of the Property.

Section 4.2 Consequences of Feasibility and Due Diligence Inspection. If Buyer fails to disapprove, in writing, of the physical or environmental condition of the Property prior to the end of the Due Diligence Period, or any extension thereto, Buyer shall be deemed to have approved the physical and environmental condition of the Property. Buyer shall notify Seller in writing if Buyer disapproves the physical or environmental condition of the Property as a result of any visual inspection conducted pursuant to Section 4.1. In such event, within fifteen (15) business days after receipt of any such notification, Seller may either: (i) cancel the Escrow with respect to the Property by delivering written notice to Buyer and Escrow Holder; or (ii) give written notice to Buyer that Seller intends to remove or abate the condition prior to Close of Escrow ("Abatement Option"). If Seller elects to exercise the Abatement Option, Seller shall do so at its own cost and expense prior to Close of Escrow, or after Close of Escrow pursuant to a separate written agreement with Buyer.

Section 4.3 Right to Observe Inspections. Seller may be present and may observe any visual inspections conducted by Buyer or Buyer's consultants.

Section 4.4 Repair of the Property. If Escrow is cancelled with respect to the Property, Buyer shall promptly repair any damage it has caused to the Property.

Section 4.5 License for Buyer Inspections. As consideration to Buyer, Seller hereby grants a non-exclusive license to Buyer to enable Buyer to conduct Buyer's due diligence activities as to its

proposed use of the Property ("Buyer License"). The Buyer License shall include, but is not limited to, allowing Buyer to enter, cross over, on, along, through and across the Property to make its visual inspections. The Buyer License is granted subject to any covenants, restrictions, reservations, rights-of-way and encumbrances of record.

ARTICLE V SELLER'S REPRESENTATIONS AND WARRANTIES

Section 5.1 Seller is selling the Property in "As-Is" condition. Except as otherwise expressly provided in this Agreement, Seller hereby disclaims all warranties of any kind or nature whatsoever, whether expressed or implied, including but not limited to warranties with respect to either of the Property, or its condition or suitability for Buyer's intended use.

ARTICLE VI BUYER'S REPRESENTATIONS AND WARRANTIES

Section 6.1 In addition to any other representations and warranties made by Buyer pursuant to this Agreement, Buyer warrants and represents that the following facts are true and correct as of the date Buyer executes this Agreement, and the truth and accuracy of such representations and warranties shall constitute a condition to Close of Escrow. As used in this Agreement, the phrase "to Buyer's knowledge" shall be limited to the actual knowledge of the signatories to this Agreement on behalf of Buyer and any constructive knowledge imparted to it as a result of any report, study or other documentation in Buyer's possession.

(a) To Buyer's knowledge, neither this Agreement, nor any action required hereunder, violates or shall violate any contract, agreement or instrument to which Buyer is a party. No other person or entity is required to consent to, acknowledge, or execute this Agreement in order to validate its execution by Buyer or to permit the consummation of the transactions contemplated herein.

(b) To Buyer's knowledge, Buyer, subject to the provisions of this Agreement, has the full right and authority to enter into this Agreement and consummate the transactions contemplated herein, and each person signing this Agreement on behalf of Buyer is authorized to do so.

(c) To Buyer's knowledge, except as set forth in this Agreement, there is no existing state of facts or circumstances, or any condition or event, that would preclude Buyer from fulfilling its obligations under this Agreement.

ARTICLE VII INSURANCE AND INDEMNIFICATION

Section 7.1 Indemnification by Buyer. Buyer shall indemnify, defend and hold harmless Seller from any loss of or damage to the Property, or injury or death of any person whomsoever, including attorneys' fees and costs, arising from the activities caused in whole or in part by any intentional or negligent act of Buyer or Buyer's Agents, or by any act or omission of Buyer or Buyer's Agents in the exercise of rights pursuant to the Buyer License.

ARTICLE VIII DISPUTES AND DEFAULT

Section 8.1 Governing Law. This Agreement shall be governed by and construed in accordance with California law.

Section 8.2 Interpretation of Agreement. The headings set forth in this Agreement are for purposes of reference only and shall not limit or define the meaning of the provisions contained herein.

Section 8.3 Attorneys' Fees. In any action between Buyer and Seller seeking enforcement or interpretation of any provision of this Agreement or in connection with the purchase of the Property, the prevailing Party in such action shall be awarded its reasonable costs and expenses incurred by, including, but not limited to, reasonable attorneys' fees, (including in-house counsel fees of a Party) disbursements, and court costs, in addition to any damages, injunctive, or other relief awarded, and, without limitation, attorneys' fees, disbursements, and court costs, incurred in any post judgment proceedings to collect or enforce any judgment.

Section 8.4 Default. Time is of the essence in this Agreement, and if either Party defaults on its obligations hereunder, then the other Party ("Non-Defaulting Party") may initiate termination of this Agreement by notice in writing to the Defaulting Party and Escrow Holder. If the Defaulting Party has not fully cured the default within thirty (30) business days after receipt of such written notice, the Non-Defaulting Party may instruct Escrow Holder to cancel the Escrow, and the Non-Defaulting Party shall thereupon be released from its obligations under this Agreement. If said Default is not cured within the foregoing thirty (30) business day period, it is hereby mutually agreed that Escrow shall be immediately cancelled and the full deposit (less any escrow, title, or other applicable fees) shall be released to Seller and there will be no further liability from the Parties herein.

ARTICLE IX MISCELLANEOUS PROVISIONS

Section 9.1 Entire Agreement and Amendment. This Agreement fully and completely expresses the entire agreement between the Parties hereto with respect to the subject matter hereof. Any amendment to this Agreement shall be in writing and approved by the City Council of Seller; provided, however, that an amendment to this Agreement solely for the purpose of extending the Close of Escrow may be approved in writing by the City Manager of Seller.

Section 9.2 Waiver. The failure of either Party at any time to require performance by the other Party of any provision hereof shall not affect in any way the full right to require such performance at any time thereafter. The waiver of any breach of any provision of this Agreement by Buyer or Seller shall not be deemed to be a waiver of any preceding or subsequent breach of the same or any other provision of this Agreement.

Section 9.3 Representation by Independent Counsel. Buyer and Seller agree and acknowledge that they have been represented by independent legal counsel of their own choice throughout all negotiations preceding the execution of this Agreement, and that they have executed this Agreement with the consent of, and upon the advice of, their own legal counsel.

Section 9.4 Not for Benefit of Third Parties. This Agreement and every provision hereof is for the exclusive benefit of the Parties to this Agreement and not for the benefit of any third party.

Section 9.5 Assignment. This Agreement shall be binding upon the Parties hereto and their respective heirs, successors, representatives and assigns.

Section 9.6 Notices. All notices, demands and other communications given or required to be given pursuant to this Agreement shall be in writing, duly addressed as indicated below, and given by personal delivery, registered or certified mail (postage prepaid and return receipt requested), Federal Express or other reliable private express delivery, or by facsimile transmission (with original to follow via first-class U.S. Mail). Such notices, demands or other communications shall be deemed received: (i) immediately upon delivery if personally delivered or sent by facsimile transmission; or (ii) after three business days if given or sent by any other approved method specified above. Any Party specified below may, for purposes of this Agreement, change its name, address, facsimile number or person to whom attention should be directed by giving notice in the manner specified in this Section. Notices, demands and communications shall be duly addressed as follows:

To NYS and Buyer:

Attention: Laura Dangermond
Member Trustee
Property One LLC
P.O. Box 7555
Redlands, CA 92375
To Seller:

Attention: City Manager
City of Redlands
P.O. Box 3005
Redlands, CA 92373
(909) 798-7510

To Escrow Company:

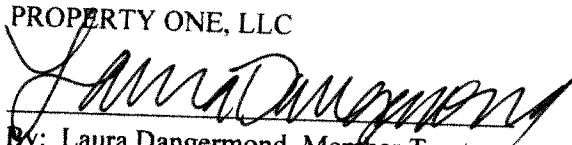
First American Title Co.
323 Court St
P.O. Box 6327
San Bernardino, CA 92401

Section 9.7 Severability. If any article, section, subsection, paragraph, sentence, clause or phrase contained in this Agreement shall become illegal, null or void or against public policy, for any reason, or shall be held by a court of competent jurisdiction to be illegal, null or void or against public policy, the remaining articles, sections, subsections, paragraphs, sentences, clauses or phrases contained in this Agreement shall not be affected thereby.

Section 9.8 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original but all of which shall constitute one and the same instrument.

IN WITNESS OF THE FOREGOING, the undersigned execute this Agreement on behalf of Buyer and Seller.

PROPERTY ONE, LLC


By: Laura Dangermond, Member Trustee

Date: November 16, 2009

NYS, LLC


By: Laura Dangermond, Member Trustee

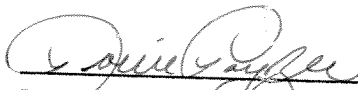
Date: November 16, 2009

CITY OF REDLANDS


Pat Glibreath, Mayor Pro Tem

Date: November 17th, 2009

ATTEST:


Lorrie Poyzer, City Clerk

*No need to address per
Rosemary - agreement
look out of office*

MUNICIPAL UTILITIES & ENGINEERING DEPARTMENT
MEMORANDUM

TO: Mayor Gilbreath
THROUGH: Sam Irwin, City Clerk *SI*
N. Enrique Martinez, City Manager
FROM: Rosemary Hoerning, Director of MUED *RH*
DATE: January 6, 2010
SUBJECT: ESCROW PAPERWORK RELATED TO THE SALE OF SURPLUS
PROPERTY AND VARIOUS EASEMENTS

On November 17, 2009, the City Council authorized the Purchase and Sales Agreement to sell apportion of City Well Site No. 41 located on the south west corner of Texas Street and Redlands Blvd. along with creating various easements.

When commencing the escrow process, it was discovered that Lawyers Title Company had acquired Commonwealth Title. In an effort to streamline the process at the request of the buyer all escrow and title work was consolidated with Lawyers Title Company.

Attached for your execution are the escrow documents.

Please also initial where your title is referenced as Mayor as this is a change to the document from your prior title of Mayor Pro Tem.

Please return the executed documents for further processing. If you have questions, let me know, X-7589.

Thank you,

Rosemary



Lawyers Title
275 West Hospitality Lane, Suite 200
San Bernardino, CA 92408
Phone: (909) 382-5960
Fax:

December 22, 2009

The City of Redlands

Via EMail

Escrow No.: 07605631-706-BM6
Property: Portion APN #0171-171-007, Redlands, CA

To assist us in the processing of your escrow transaction, please examine the following items as indicated. Please carefully read any documents before signing.

PLEASE SIGN AND RETURN (a copy is enclosed for your files):

- Escrow Instructions
- Estimated Closing Statement
- Proceed Instructions

PLEASE COMPLETE, SIGN AND RETURN:

- Loan Information
- California & Federal Tax Forms

Should you need further information, please feel free to contact the undersigned directly.

Sincerely,

A handwritten signature in cursive script that reads 'Bridget'.

Bridget Miranda
Escrow Officer
Phone: (909) 382-5980
Fax: (866) 527-3658
e-mail: bmiranda@ltic.com

Enclosures

Effective Date: 5/1/2008

**Fidelity National Financial, Inc.
Privacy Statement**

Fidelity National Financial, Inc. and its subsidiaries ("FNF") respect the privacy and security of your non-public personal information ("Personal Information") and protecting your Personal Information is one of our top priorities. This Privacy Statement explains FNF's privacy practices, including how we use the Personal Information we receive from you and from other specified sources, and to whom it may be disclosed. FNF follows the privacy practices described in this Privacy Statement and, depending on the business performed, FNF companies may share information as described herein.

Personal Information Collected

We may collect Personal Information about you from the following sources:

- Information we receive from you on applications or other forms, such as your name, address, social security number, tax identification number, asset information, and income information;
- Information we receive from you through our Internet websites, such as your name, address, email address, Internet Protocol address, the website links you used to get to our websites, and your activity while using or reviewing our websites;
- Information about your transactions with or services performed by us, our affiliates, or others, such as information concerning your policy, premiums, payment history, information about your home or other real property, information from lenders and other third parties involved in such transaction, account balances, and credit card information; and
- Information we receive from consumer or other reporting agencies and publicly recorded documents.

Disclosure of Personal Information

We may provide your Personal Information (excluding information we receive from consumer or other credit reporting agencies) to various individuals and companies, as permitted by law, without obtaining your prior authorization. Such laws do not allow consumers to restrict these disclosures. Disclosures may include, without limitation, the following:

- To insurance agents, brokers, representatives, support organizations, or others to provide you with services you have requested, and to enable us to detect or prevent criminal activity, fraud, material misrepresentation, or nondisclosure in connection with an insurance transaction;
- To third-party contractors or service providers for the purpose of determining your eligibility for an insurance benefit or payment and/or providing you with services you have requested;
- To an insurance regulatory authority, or a law enforcement or other governmental authority, in a civil action, in connection with a subpoena or a governmental investigation;
- To companies that perform marketing services on our behalf or to other financial institutions with which we have joint marketing agreements and/or
- To lenders, lien holders, judgment creditors, or other parties claiming an encumbrance or an interest in title whose claim or interest must be determined, settled, paid or released prior to a title or escrow closing.

We may also disclose your Personal Information to others when we believe, in good faith, that such disclosure is reasonably necessary to comply with the law or to protect the safety of our customers, employees, or property and/or to comply with a judicial proceeding, court order or legal process.

Effective Date: 5/1/2008

Disclosure to Affiliated Companies - We are permitted by law to share your name, address and facts about your transaction with other FNF companies, such as insurance companies, agents, and other real estate service providers to provide you with services you have requested, for marketing or product development research, or to market products or services to you. We do not, however, disclose information we collect from consumer or credit reporting agencies with our affiliates or others without your consent, in conformity with applicable law, unless such disclosure is otherwise permitted by law.

Disclosure to Nonaffiliated Third Parties - We do not disclose Personal Information about our customers or former customers to nonaffiliated third parties, except as outlined herein or as otherwise permitted by law.

Confidentiality and Security of Personal Information

We restrict access to Personal Information about you to those employees who need to know that information to provide products or services to you. We maintain physical, electronic, and procedural safeguards that comply with federal regulations to guard Personal Information.

Access To Personal Information/

Requests for Correction, Amendment, or Deletion of Personal Information

As required by applicable law, we will afford you the right to access your Personal Information, under certain circumstances to find out to whom your Personal Information has been disclosed, and request correction or deletion of your Personal Information. However, FNF's current policy is to maintain customers' Personal Information for no less than your state's required record retention requirements for the purpose of handling future coverage claims.

For your protection, all requests made under this section must be in writing and must include your notarized signature to establish your identity. Where permitted by law, we may charge a reasonable fee to cover the costs incurred in responding to such requests. Please send requests to:

Chief Privacy Officer
Fidelity National Financial, Inc.
601 Riverside Avenue
Jacksonville, FL 32204

Changes to this Privacy Statement

This Privacy Statement may be amended from time to time consistent with applicable privacy laws. When we amend this Privacy Statement, we will post a notice of such changes on our website. The effective date of this Privacy Statement, as stated above, indicates the last time this Privacy Statement was revised or materially changed.



Lawyers Title
275 West Hospitality Lane, Suite 200
San Bernardino, CA 92408
Phone: (909) 382-5960
Fax:

Escrow Number: 07605631-706-BM6

Escrow Officer: Bridget Miranda

Notice of Available Discounts

Pursuant to Section 2355.3 in Title 10 of the California Code of Regulations Fidelity National Financial, Inc. and its subsidiaries ("FNF") must deliver a notice of each discount available under our current rate filing along with the delivery of escrow instructions, a preliminary report or commitment. Please be aware that the provision of this notice does not constitute a waiver of the consumer's right to be charged the filed rate. As such, your transaction may not qualify for the below discounts.

You are encouraged to discuss the applicability of one or more of the below discounts with a Company representative. These discounts are generally described below; consult the rate manual for a full description of the terms, conditions and requirements for such discount. These discounts only apply to transactions involving services rendered by the FNF Family of Companies. This notice only applies to transactions involving property improved with a one-to-four family residential dwelling.

FNF Underwritten Title Company
LTC - Lawyers Title Company

FNF Underwriter
LTIC - Lawyers Title Insurance Corp.

Available Discounts

FEE REDUCTION SETTLEMENT PROGRAM (LTC and LTIC)

Eligible customers shall receive a \$20.00 reduction in their title and/or escrow fees charged by the Company for each eligible transaction in accordance with the terms of the Final Judgments entered in The People of the State of California.

DISASTER LOANS (LTIC)

The charge for a Lender's Policy (Standard or Extended coverage) covering the financing or refinancing by an owner of record, within 24 months of the date of a declaration of a disaster area by the government of the United States or the State of California on any land located in said area, which was partially or totally destroyed in the disaster, will be 50% of the appropriate title insurance rate.

SHORT TERM RATE (LTIC)

If there is an insured owner and an order for title insurance is placed within sixty (60) months following the effective date of any prior policy of any title insurer, the charge will be 80% of the appropriate title insurance rate.

EMPLOYEE RATE (LTC and LTIC)

No charge shall be made to employees (including employees on approved retirement) of the Company or its underwritten, subsidiary or affiliated title companies for policies or escrow services in connection with financing, refinancing, sale or purchase of the employees' bona fide home property. Waiver of such charges is authorized only in connection with those costs which the employee would be obligated to pay, by established custom, as a party to the transaction.

REAL ESTATE REPORTING CERTIFICATION FOR INFORMATION REPORTING

This form may be completed by the seller of a principal residence. This information is necessary to determine whether the sale or exchange should be reported to the seller, and to the Internal Revenue Service on Form 1099-S, *Proceeds From Real Estate Transactions*. If the seller properly completes Parts I and III, and makes a "true" response to assurances (1) through (6) in Part II (or a "not applicable" response to assurance (6)), no information reporting to the seller or to the Service will be required for that seller. The term "seller" includes each owner of the residence that is sold or exchanged. Thus, if a residence has more than one owner, a real estate reporting person must either obtain a certification from each owner (whether married or not) or file an information return and furnish a payee statement for any owner that does not make the certification.

Part I. Seller Information

1. Name of Seller The City of Redlands
2. Address or legal description (including city, state, and ZIP code) of residence being sold or exchanged
Portion APN #0171-171-007, Redlands, CA
3. Taxpayer Identification Number (TIN) 956000766

Part II. Seller Assurances

Check "True" or "False" for assurances (1) through (5), and "True", "False", or "not applicable" for assurance (6).

True False

☐ ☐

(1) I owned and used the residence as my principal residence for periods aggregating 2 years or more during the 5-year period ending on the date of the sale or exchange of the residence.

☐ ☐

(2) I have not sold or exchanged another principal residence during the 2-year period ending on the date of the sale or exchange of the residence.

☐ ☐

(3) I (or my spouse or former spouse, if I was married at any time during the period beginning after May 6, 1997, and ending today) have not used any portion of the residence for business or rental purposes after May 6, 1997.

☐ ☐

(4) At least one of the following three statements applies:

The sale or exchange is of the entire residence for \$250,000 or less.

OR

I am married, the sale or exchange is of the entire residence for \$500,000 or less, and the gain on the sale or exchange of the entire residence is \$250,000 or less.

OR

I am married, the sale or exchange is of the entire residence for \$500,000 or less, and (a) I intend to file a joint return for the year of the sale or exchange, (b) my spouse also used the residence as his or her principal residence for periods aggregating 2 years or more during the 5-year period ending on the date of the sale or exchange of the residence, and (c) my spouse also has not sold or exchanged another principal residence during the 2-year period ending on the date of the sale or exchange of the principal residence.

☐ ☐

(5) During the 5-year period ending on the date of the sale or exchange of the residence, I did not acquire the residence in an exchange to which section 1031 of the Internal Revenue Code applied.

True False N/A

☐ ☐ ☐

(6) If my basis in the residence is determined by reference to the basis in the hands of a person who acquired the residence in an exchange to which section 1031 of the Internal Revenue Code applied, the exchange to which section 1031 applied occurred more than 5 years prior to the date I sold or exchanged the residence.

If you answered "True" to the first 5 questions and answered "True" or "N/A" to question No. 6, date and sign page 2 of this form and no information reporting to the seller or to the Service will be required for that seller.

If you answered "False" to ANY of the above 6 questions, then please complete the following information, which will then be reported to the seller and the Service by LAWYERS TITLE COMPANY, who will produce Form 1099 for reporting of real estate transactions in accordance with Internal Revenue Code Section 6045(e). Please sign page 2 of this form.

**PLEASE BE SURE THE INFORMATION IS ACCURATE - ONCE THE 1099 HAS BEEN ISSUED,
ABSOLUTELY NO CHANGES WILL BE MADE.**

Principal Residence ☐ QR Other Real Estate ☐

Husband and Wife ☐ QR Individual ☐

GROSS SALES PRICE: \$35,870.00

Escrow number: 07605631-706-BM6

Existing financing was federally-subsidized: YES ☐ QR NO ☐

Property is part of an exchange: YES ☐ QR NO ☐

ADDRESS WHERE 1099 IS TO BE MAILED AT CLOSE OF ESCROW:

Sale with multiple sellers allocate percentage of ownership for the undersigned: _____ %

Escrow Agent to complete the following (at closing), and issue a 1099, if the above box is completed:

Gross Sales Price: \$35,870.00 CLOSING DATE: _____

Tax Proration Credit to Seller, if any: \$ _____

Part III. Seller Certification

UNDER PENALTY OF PERJURY, I CERTIFY THAT THE ABOVE REFERENCED INFORMATION IS A TRUE AND ACCURATE ACCOUNT OF THIS REAL ESTATE TRANSACTION IDENTIFIED AT THE END OF THE DATE OF THE RECORDING.

✓ Pat Silveira
The City of Redlands

To be executed by Spouse, only if a 1099 is to be issued:

Date

Date



Lawyers Title
INSURANCE CORPORATION

Lawyers Title
275 West Hospitality Lane, Suite 200
San Bernardino, CA 92408
Phone: (909) 382-5960
Fax:

Bridget Miranda, Escrow Officer
Phone: (909) 382-5980 • Fax: (866) 527-3658
e-mail: bmiranda@ltic.com

INFORMATION FORM
PLEASE COMPLETE, SIGN AND RETURN

December 22, 2009

ESCROW NO.: 07605631-706-BM6

RE: Portion APN #0171-171-007, Redlands, CA

In order to proceed with the above referenced escrow, we require the following information regarding your existing liens and Homeowners Association, if any. **FAILURE TO COMPLETE THIS FORM WILL DELAY YOUR CLOSING. Thank You in advance for your cooperation and timely return of this form.**

FIRST LOAN:

Name of Lender: N/A

Address _____

Loan Number: _____ Phone #: _____

(1) Payments due on the _____ day of each month (2) Date of your last payment: _____ Approximate unpaid balance \$ _____

(3) Loan is (circle one): Conventional VA FHA Equity Line Other: _____

(4) Is there an Impound Account? ☐ YES ☐ NO (5) Monthly Payment Amount \$ _____

SECOND LOAN:

Name of Lender _____

Address _____

Loan Number: _____ Phone #: _____

(1) Payments due on the _____ day of each month (2) Date of your last payment: _____ Approximate unpaid balance \$ _____

(3) Loan is (circle one): Conventional VA FHA Equity Line Other: _____

(4) Is there an Impound Account? ☐ YES ☐ NO (5) Monthly Payment Amount \$ _____

OTHER LIEN:

Name of Lender _____

Address _____

Loan Number: _____ Phone #: _____

(1) Payments due on the _____ day of each month (2) Date of your last payment: _____ Approximate unpaid balance \$ _____

(3) Loan is (circle one): Conventional VA FHA Equity Line Other: _____

(4) Is there an Impound Account? ☐ YES ☐ NO (5) Monthly Payment Amount \$ _____

HOMEOWNERS ASSOCIATION:

Name of Association _____

Address _____

Account Number: _____ Management Co. Name: _____

(1) Payments due on the _____ day of each month (2) Date of your last payment: _____ Phone #: _____

(3) Amount of the monthly dues: \$ _____ (4) Are there any special assessments? (explain) _____

If there is a secondary Homeowners Association, please provide us with their information as well:

Name of Association _____

Address _____

Account Number: _____ Management Co. Name: _____

(1) Payments due on the _____ day of each month (2) Date of your last payment: _____ Phone #: _____

(3) Amount of the monthly dues: \$ _____ (4) Are there any special assessments? (explain) _____

WATER STOCKS:

If you have shares of Water Stock please complete the following:

Name of Water Company _____

Address _____

Phone: _____

Fax: _____

OIL AND MINERAL RIGHTS:

Name of Company _____

Phone # _____

Amount: \$ _____

IMPORTANT INFORMATION:

If any of your loans to be paid off through this escrow are **EQUITY CREDIT LINES**, please be advised of the following:

1. They will be paid off **in full** and a request for Reconveyance of the Deed of Trust will be submitted;
2. A "freeze" will occur on this account as of the date the demand for payment is written. Escrow Holder will immediately request this demand in order to properly process this transaction. The undersigned state and declare there will be no further draws or checks written which would increase or tap any remaining credit on this account during the course of this escrow. Should there be any draws on this credit line after the date of the opening of this escrow, which are not reflected in the demand for payoff used to close escrow, **the undersigned will be fully responsible for the repayment** of any amount which is due in order to completely pay this lien in full and obtain a Reconveyance.

The payment of **child or spousal support** may be considered a lien against your property. If you pay child or spousal support, please contact the escrow holder with pertinent information at your earliest convenience. Obtaining releases from the District Attorney or other attorney can be time consuming and may delay the closing of your escrow.

In the event that your existing mortgage is an FHA insured loan, you as Borrower must immediately send your lender a written notice of your intention to payoff the loan in order to eliminate an additional **30 days interest being charged by the lender at the close of escrow**. Said notice must be received by your lender a minimum of 30 days prior to the closing date of escrow. **This is YOUR responsibility.**

***** AUTHORIZATION FROM BORROWER TO ORDER PAYOFF STATEMENTS *****

The undersigned authorize Escrow Holder to order statement(s) on the liens as outlined above, or provided to Escrow Holder by the undersigned representatives in this transaction. Our signatures below shall constitute our consent and approval to our existing lenders to issue statements in accordance with the request of Escrow Holder.

We the undersigned, certify that the above information is true and correct to the best of our knowledge.

SELLER:

The City of Redlands

Pat Gilbreath, Mayor

Date _____

FORWARDING ADDRESS FOR SELLER AFTER THE CLOSE OF ESCROW:

35 Cajon Street, Suite 4
Street

Redlands
City

92373
Zip Code

Non-Foreign Certification – Transferee and Transferor

III. Certification of Non-Foreign Status by Entity

Section 1445 of the Internal Revenue Code provides that a transferee of a U.S. real property interest must withhold tax if the transferor is a foreign person. For U.S. tax purposes (including section 1445), the owner of a disregarded entity (which has legal title to a U.S. real property interest under local law) will be the transferor of the property and not the disregarded entity. To inform the transferee that withholding of tax is not required upon the disposition of a U.S. real property interest, the undersigned hereby certifies the following on behalf of the transferor/seller:

1. City of Redlands
a foreign corporation, foreign partnership, foreign trust, or foreign estate (as those terms are defined in the Internal Revenue Code and Income Tax Regulations);
2. City of Redlands
is not a disregarded entity as defined in §1.1445-2(b)(2)(iii)?
3. U.S. employer identification number is 956000766; and
4. The office address is 35 Cajon Street, Suite 4
Redlands, CA 92373

The transferor/seller understands that this certification may be disclosed to the Internal Revenue Service by transferee and that any false statement contained herein could be punished by fine, imprisonment, or both.

Under penalties of perjury I declare that I have examined this certification and to the best of my knowledge and belief it is true, correct, and complete, and I further declare that I have authority to sign this document on behalf of seller.

Pat Dillworth PS

By: Pat Gilbreath

Title: ✓ Mayor

Date: _____

IV. Certification by Buyer

I have examined this certification and to the best of my knowledge and belief it is true, correct and complete.

Date:

Date: _____

Buyer

Buyer



Lawyers Title
275 West Hospitality Lane, Suite 200
San Bernardino, CA 92408
Phone: (909) 382-5960
Fax:

Bridget Miranda, Escrow Officer
Phone: (909) 382-5980 • Fax: (866) 527-3658
e-mail: bmiranda@ltic.com

PROCEEDS AUTHORIZATION

Escrow Number: 07605631-706-BM6
Property Address: Portion APN #0171-171-007, Redlands, CA

Date: December 22, 2009
Escrow Officer: Bridget Miranda

TO: **LAWYERS TITLE COMPANY**

The undersigned hereby authorize **LAWYERS TITLE COMPANY** to disburse our proceeds under the above referenced escrow as follows (choose one):

- ☐ Hold for pick up by: _____
(Print name of Individual)
- ☐ Mail check to: _____
(Escrow Agent is not responsible for timely delivery of U.S. mail)
- ☐ Overnight delivery to: _____
(A fee will be charged as set forth in the General Provisions of the Escrow Instructions)
- ☐ Deliver by courier to: _____
(Courier deliveries must be made to a business address. Expedited deliveries will be billed as charged)

- ☐ Transfer ☐ all proceeds or ☐ \$ _____ to _____
Attn: _____ Escrow No. _____ Phone No. _____
- ☒ Wire Transfer funds to: Bank Name: Bank of America
(Federal Reserve cutoff time/Financial Institution posting time may delay deposit into your account)
Address: 333 S. Hope St., 13th Floor Los Angeles, CA 90071
Phone Number: 213-6217133
ABA/FED Routing No: 0260-0959-3ABA / 1210-0035-8 ACH
Checking ()
Savings ()
Name on Account (Required): City of Redlands
Account Number: 06301-80202

In order to prevent any delays, please contact your bank for FED wiring instructions.
Special Instructions (if any): Rosa M. Machado, Officer, Sales Support Associate
213-621-7133

SELLER:

The City of Redlands

✓ Pat Gilbreath ^{pd}
Pat Gilbreath, Mayor

CITY OF REDLANDS
INCOMING WIRE INSTRUCTIONS

Beneficiary City of Redlands

Address 35 Cajon St., Ste 15B
Redlands, Ca. 92373

Beneficiary Bank Bank of America
333 S. Hope St., 13th Floor
Los Angeles, Ca. 90071

Account # 06301-80202

ABA # 0260-0959-3
(Wire transfers)

Routing # 1210-0035-8
(ACH transfers)

Contact Rosa M. Machado
Officer, Sales Support Associate
213-621-7133

LAWYERS TITLE COMPANY
275 West Hospitality Lane, Suite 200, San Bernardino, CA 92408
(909) 382-5960

SELLERS CLOSING STATEMENT
Estimated

Seller: **The City of Redlands**

Escrow No: **07605631-706 BM6**
Close Date: **12/31/2009**
Proration Date:
Date Prepared: **12/22/2009**

Property: **Portion APN #0171-171-007**
Redlands, CA

Description		Debit	Credit
TOTAL CONSIDERATION:			
Total Consideration			35,870.00
Sub Totals			
Proceeds Due Seller			35,870.00
Totals		35,870.00	
		\$35,870.00	\$35,870.00

The City of Redlands

✓ Pat Gilbreath
Pat Gilbreath, Mayor

This statement is based on information available to the escrow holder as of the date this statement was prepared and the closing date shown above. Actual amounts may change and/or vary depending on updated information received and the final closing date.



Lawyers Title
275 West Hospitality Lane, Suite 200
San Bernardino, CA 92408
Phone: (909) 382-5960
Fax:

Bridget Miranda, Escrow Officer
Phone: (909) 382-5980 • Fax: (866) 527-3658
e-mail: bmiranda@ltic.com

THIS DOCUMENT WILL AFFECT YOUR LEGAL RIGHTS - READ IT CAREFULLY!
SUPPLEMENTAL ESCROW INSTRUCTIONS & GENERAL PROVISIONS

Date: 12/18/2009

Escrow No.: 07605631-706-BM6

THE ESCROW HOLDER IS LAWYERS TITLE COMPANY, WHICH IS LICENSED BY THE CALIFORNIA DEPARTMENT OF INSURANCE

Buyer has handed Escrow Holder an initial deposit in the amount of: \$ 1,000.00
Prior to the close of escrow, Buyer will deposit an additional amount of \$ 34,870.00
TOTAL CONSIDERATION \$ 35,870.00

Prior to the expiration of the time specified in this paragraph, Buyer(s) and/or Seller(s) will hand you, or cause to be handed to you, all funds and/or documents, required from Buyer(s) and/or Seller(s) to enable you to comply with these instructions, all of which you are authorized to use and/or deliver on **12/31/2009**, provided that our title insurer, **Lawyers Title Company**, has advised you that they are in a position to issue a CLTA Owners Policy of Title Insurance in the issuing title company's usual form, with a liability of not less than the total consideration of **\$35,870.00**, and insuring title to Real Property described as:

See Exhibit A attached hereto and made a part hereof.

APN# 0171-171-007

Commonly Known As: (Escrow Holder shall not be concerned or liable for the verification of said address)
Portion APN #0171-171-007, Redlands, CA

For purposes of this transaction the BUYER(S) is:

Property One, LLC and NYS, LLC
Buyer(s) complete vesting is to be provided to Escrow Holder

For purposes of this transaction the SELLER(S) is:

The City of Redlands

Free from Encumbrances EXCEPT:

1. Current general and special taxes for the fiscal year in which this escrow closes, and taxes for the ensuing year, if any, a lien not yet due and payable.
2. The lien of supplemental taxes, if any, assessed pursuant to Chapter 3.5 (commencing with Section 75) of the California Revenue and Taxation Code, all bonds and assessments levied or assessed subsequent to the date of these instructions.
3. Covenants, conditions, restrictions, reservations, rights, rights of way, easements and the exception or reservation of water, oil, gas, minerals, carbons, hydrocarbons or kindred substances on or under said land, now of record, if any, or in the Deed to file.

PLEASE INITIAL ☒

BUYER(S): _____

SELLER(S):  _____

Escrow No.: 07605631-706-BM6

You are authorized, without the need for further approval, to debit my account for any fees and charges that I have agreed to pay in connection with this escrow, and for any amounts that I am obligated to pay to the holder of any lien or encumbrance to establish the title as insured by the policy of title insurance called for in these instructions. If for any reason my account is not debited for such amounts at the time of closing, I agree to pay them immediately upon demand, or to reimburse any other person or entity who has paid them.

21. ENVIRONMENTAL ISSUES

LAWYERS TITLE COMPANY has made no investigation concerning said property as to environmental/toxic waste issues. Any due diligence required or needed to determine environmental impact as to forms of toxification, if applicable, will be done directly and by principals outside of escrow. **LAWYERS TITLE COMPANY** is released of any responsibility and/or liability in connection therewith.

22. USURY

Escrow Holder is not to be concerned with any questions of usury in any loan or encumbrance involved in the processing of this escrow and is hereby released of any responsibility or liability therefore.

23. DISCLOSURE

Escrow Holder's knowledge of matters affecting the property, provided such facts do not prevent compliance with these instructions, does not create any liability or duty in addition to these instructions.

24. FACSIMILE SIGNATURE

Escrow Holder is hereby authorized and instructed that, in the event any party utilizes "facsimile" transmitted signed documents or instructions to Escrow Holder, you are to rely on the same for all escrow instruction purposes and the closing of escrow as if they bore original signatures.

25. CLARIFICATION OF DUTIES

Legal Advice: **LAWYERS TITLE COMPANY** serves ONLY as an Escrow Holder in connection with these instructions and cannot give legal advice to any party hereto.

Sufficiency/Correctness: Escrow Holder is not to be held accountable or liable for the sufficiency or correctness as to form, manner of execution, or validity of any instrument deposited in this escrow, nor as to the identity, authority or rights of any person executing the same. Escrow Holder's duties hereunder shall be limited to the proper handling of such money and the proper safekeeping of such instruments, or other documents received by Escrow Holder, and for the disposition of same in accordance with the written instructions accepted by Escrow Holder.

Executed Instructions: The agency and duties of Escrow Holder commence only upon receipt of copies of these Escrow Instructions executed by all parties.

No Duty To Notify As To Other Transaction: Escrow Holder shall have no duty or responsibility to notify any party to this escrow of any sale, resale, loan, exchange or other transaction involving the property which is the subject of this escrow or any profit realized by any person or entity in connection therewith, notwithstanding that Escrow Holder may act as escrow holder for such transaction(s) in this or another escrow(s).

Record Retention: After the closing or cancellation of this escrow, Escrow Holder shall retain the escrow file(s) pertaining to this escrow for a minimum of one year, after which time Escrow Holder is authorized to destroy or otherwise dispose of such file(s) without notice or liability to the parties hereto.

Disclosure Reports: Escrow Holder is not to be concerned with disclosures made by the parties to each other. In the event Escrow Holder receives any disclosure reports requiring signatures or approval by a party, Escrow Holder's only responsibility will be to forward the report to the appropriate party.

26. FAILURE TO CLOSE TIMELY

If the conditions for closing this escrow have not occurred at the time set forth herein for closing, Escrow Holder is nevertheless to continue to act hereunder and to close this escrow as soon thereafter as such conditions (except as to time) shall have been met, unless any party shall have made a written demand on Escrow Holder for cancellation of this escrow and/or for the return of any funds and/or documents deposited by such party.

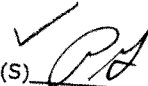
27. FUNDS HELD IN ESCROW

When the company has funds remaining in escrow over 90 days after close of escrow or estimated close of escrow, the Company shall impose a monthly holding fee of \$25.00 that is to be charged against the funds held by the Company.

THIS AGREEMENT IN ALL PARTS APPLIES TO, INURES TO THE BENEFIT OF, AND BINDS ALL PARTIES HERETO, THEIR HEIRS, LEGATEES, DEVISEES, ADMINISTRATORS, EXECUTORS, SUCCESSORS AND ASSIGNS, AND WHENEVER THE CONTEXT SO REQUIRES THE MASCULINE GENDER INCLUDES THE FEMININE AND NEUTER, AND THE SINGULAR NUMBER INCLUDES THE PLURAL. THESE INSTRUCTIONS AND ANY OTHER AMENDMENTS MAY BE EXECUTED IN ANY NUMBER OF COUNTERPARTS, EACH OF WHICH SHALL BE CONSIDERED AS AN ORIGINAL AND BE EFFECTIVE AS SUCH.

MY SIGNATURE HERETO CONSTITUTES INSTRUCTION TO ESCROW HOLDER OF ALL TERMS AND CONDITIONS CONTAINED IN THIS AND ALL PRECEEDING PAGES AND FURTHER SIGNIFIES THAT I HAVE READ AND UNDERSTAND THESE GENERAL PROVISIONS.

LAWYERS TITLE COMPANY conducts escrow business under Certificate of Authority No. 281 issued by the California Department of Insurance.

PLEASE INITIAL ☒ BUYER(S): _____ SELLER(S)  _____

instructions with its wiring bank upon confirmation of (1) satisfaction of conditions precedent or (2) document recordation at close of escrow. Escrow Holder will NOT be held responsible for lost interest due to wire delays caused by any bank or the Federal Reserve System, and recommends that all parties make themselves aware of banking regulations with regard to placement of wires.

In the event there is insufficient time to place a wire upon any such confirmation or the wires have closed for the day, the parties agree to provide written instructions for an alternative method of disbursement. WITHOUT AN ALTERNATIVE DISBURSEMENT INSTRUCTION, FUNDS WILL BE HELD IN TRUST IN A NON-INTEREST BEARING ACCOUNT UNTIL THE NEXT OPPORTUNITY FOR WIRE PLACEMENT.

2. PRORATIONS AND ADJUSTMENTS

All prorations and/or adjustments called for in this escrow are to be made on the basis of a thirty (30) day month unless otherwise instructed in writing. You are to use information contained on last available tax statement, rental statement as provided by the Seller, beneficiary's statement and fire insurance policy delivered into escrow for the prorations provided for herein.

3. GENERAL/SPECIAL PROPERTY TAXES, SUPPLEMENTAL TAX BILLS, BONDS AND ASSESSMENTS

General/Special Property Taxes: Escrow holder shall prorate general and special taxes for the current fiscal year, based on the most recent and available tax bill from the County Assessor's for this subject property.

Supplemental Taxes: Buyer is advised the County Tax Assessor will revalue property which changes ownership or contains new construction, and this revaluation may result in a supplemental assessment. The supplemental taxes will be assessed from the date of the change in ownership or completion of construction. In addition, a lien of supplemental taxes for the current fiscal year, if any, assessed pursuant to Chapter 3.5 (commencing with Section 75) of the California Revenue and Taxation Code will be prorated at the close of escrow.

Bonds and Assessments: All existing unpaid bonds and assessments levied or assessed prior to the date of the close of escrow shall be prorated, based upon the latest available public information.

Any tax bills, supplemental tax bills, bonds and assessments issued, levied or adjusted after the close of this transaction shall be handled directly between Buyer and Seller, outside of escrow.

4. UTILITIES/POSSESSION

Transfer of utilities and possession of the premises are to be settled by the parties directly and outside escrow.

5. PREPARATION AND RECORDATION OF INSTRUMENTS

Escrow Holder is authorized to prepare, obtain, record and deliver the necessary instruments to carry out the terms and conditions of this escrow and to order the policy of title insurance to be issued at close of escrow as called for in these instructions. Close of escrow shall mean the date instruments are recorded.

6. SPECIAL RECORDING; LATE CONFIRMATION OF RECORDING

Seller's proceeds may not be available, and encumbrances may not be paid off, until the first business day following the day of recording if 1) documents recorded at close of escrow are recorded later in the day than 8:00 a.m. (which is called a "special recording") or if 2) the County Recorder does not provide confirmation of recording within sufficient time to allow same-day disbursement of funds by wire or check.

7. AUTHORIZATION TO FURNISH COPIES

You are authorized to furnish copies of these instructions, supplements, amendments, notices of cancellation and closing statements, to the Real Estate Broker(s) and Lender(s) named in this escrow.

8. FEES PAID IN ADVANCE:

Escrow holder is instructed to use Buyer's funds deposited into escrow to pay any advanced fees required prior to close of escrow for such items as, but not limited to, charges by a Homeowners Association or their designated management company for ordering documents, lender's charges for a payoff statement, or city's charge for city reports or inspections related thereto. You are authorized, at the close of escrow, to charge the appropriate party for any fees advanced. In the event escrow should cancel Buyer and Seller agree to handle the exchange of any documents, inspections, reports and/or funds advanced, outside of this escrow. Escrow holder shall not be held liable or responsible for the reimbursement of funds advanced or the return of any documentation provided to Buyer.

9. FEES AND CHARGES; MESSENGER FEES

Escrow, title, and recording charges and other costs are to be charged to the principals' accounts in accordance with customary practices in this County, unless Escrow Holder is instructed to do otherwise in writing. The charges which the Company will make for sending documents and/or checks via next day messenger services (i.e. Federal Express, UPS, DHL, Airborne, Express Mail, etc.) are \$15.00 per letter for standard overnight service, and \$25.00 for larger size packages and/or priority delivery services, both of which charges include a mark-up to cover the Company's expenses, overhead and profit for arranging the service. Special messenger fees will be charged at the actual cost of the messenger service, plus a mark-up to cover the Company's expenses, overhead and profit for arranging the service. There will be no additional charge for pick-up or delivery of packages via the Company's regularly scheduled messenger runs.

10. RIGHT OF CANCELLATION

Any principal instructing you to cancel this escrow shall file notice of cancellation in your office in writing. You shall, within two (2) working days thereafter, deliver, one copy of such notice to each of the other principals at the addresses stated in this escrow. UNLESS WRITTEN OBJECTION TO CANCELLATION IS FILED IN YOUR OFFICE BY A PRINCIPAL WITHIN TEN (10) DAYS AFTER DATE OF SUCH MAILING, YOU ARE AUTHORIZED TO COMPLY WITH SUCH NOTICE AND DEMAND PAYMENT OF YOUR CANCELLATION CHARGES. If written objection is filed, you are authorized to hold all money and instruments in this escrow and take no further action until otherwise directed, either by the principals' mutual written instructions, or by final order of a court of competent jurisdiction.

PLEASE INITIAL & BUYER(S): _____ SELLER(S): PA

11. RIGHT OF RESIGNATION

Escrow Holder has the right to resign upon ten (10) days written notice delivered to the principals herein. If such right is exercised, all funds and documents shall be returned to the party who deposited them and Escrow Holder shall have no liability hereunder.

12. HAZARD INSURANCE POLICIES

Buyer shall obtain Fire/Hazard Insurance coverage, if applicable, on the subject property prior to the close of escrow, as per requirements of the new lender. If Buyer has not paid policy premium prior to close of escrow, Escrow Holder is authorized and instructed to debit Buyer's account with the cost of the annual premium and pay such premium to the insurance agent and/or company, at the close of escrow, from funds deposited by Buyer. Escrow Holder is instructed to request that the insurance company deliver the original policy and copies, as required, to all necessary parties. In the event the property is covered by a blanket insurance policy, Buyer shall provide Escrow Holder with a Certificate of Insurance. **FAILURE TO PROVIDE FIRE/HAZARD INSURANCE WILL DELAY THE CLOSE OF ESCROW.** Escrow Holder has no obligation to obtain fire or other insurance in the absence of a written instruction to do so.

Further, there shall be no responsibility upon the part of Escrow Holder to renew hazard insurance policy(s) upon expiration or otherwise keep it in force either during or subsequent to the close of escrow. Cancellation of any existing hazard insurance policies is to be handled directly by the principals, and outside of escrow.

13. ACTION IN INTERPLEADER

The principals hereto expressly agree that you, as Escrow Holder, have the absolute right at your election to file an action in interpleader requiring the principals to answer and litigate their several claims and rights among themselves and you are authorized to deposit with the clerk of the court all documents and funds held in this escrow. In the event such action is filed, the principals jointly and severally agree to pay your cancellation charges and costs, expenses and reasonable attorney's fees which you are required to expend or incur in such interpleader action, the amount thereof to be fixed and judgment therefore to be rendered by the court. Upon the filing of such action, you shall thereupon be fully released and discharged from all obligations imposed by the terms of this escrow or otherwise.

14. TERMINATION OF AGENCY OBLIGATION

If there is no action taken on this escrow within six (6) months after the "time limit date" as set forth in the escrow instructions or written extension thereof, your agency obligation shall terminate at your option and all documents, monies or other items held by you shall be returned to the parties depositing same. In the event of cancellation of this escrow, whether it be at the request of any of the principals or otherwise, the fees and charges due **LAWYERS TITLE COMPANY**, including expenditures incurred and/or authorized shall be borne equally by the parties hereto (unless otherwise agreed to specifically).

15. CONFLICTING INSTRUCTIONS/DISPUTES

Upon receipt of any conflicting instructions, you are to take no action in connection with this escrow until non-conflicting instructions are received from all of the principals to this escrow (subject to sections 7, 10 and 11 above).

No notice, demand or change of instruction shall be of any effect in this escrow unless given in writing by all parties affected thereby. In the event a demand for funds and/or documents deposited with Escrow Holder in connection with this escrow is made and which is not concurred in by all parties hereto, Escrow Holder, notwithstanding which party made such demand, may elect to do any of the following:

- (i) Take no further action in connection with this escrow and continue to hold such funds and/or documents until receipt of mutual concurring instructions from all parties to this escrow as to the disposition of such funds and/or documents;
 - (ii) Commence an action in interpleader and obtain an order from the court allowing Escrow Holder to deposit such funds and/or documents with the court, in which case Escrow Holder shall have no further liability or obligations with respect to this escrow; or
 - (iii) In the event that any party commences an action against any other party with respect to this escrow, deposit such funds and/or documents with the court, in which case Escrow Holder shall have no further liability or obligations with respect to this escrow.
- In the event Escrow Holder interpleads any funds and/or documents with any court pursuant to either subparagraphs (ii) or (iii) above, Escrow Holder shall be entitled to reimbursement of its reasonable attorneys' fees and expenses of litigation in connection with such action.

16. REIMBURSEMENT ATTORNEY FEES/ESCROW HOLDER

In the event that a suit is brought by any party or parties to these escrow instructions to which the Escrow Holder is named as a party which results in a judgment in favor of the Escrow Holder and against a principal or principals herein, the principals or principals' agent agree to pay said Escrow Holder all costs, expenses and reasonable attorney's fees which it may expend or incur in said suit, the amount thereof to be fixed and judgment therefore to be rendered by the court in said suit.

17. DELIVERY/RECEIPT

Escrow Holder will send documents to the parties in an appropriate manner, such as regular mail, facsimile or email, unless otherwise instructed. Receipt of documents shall be determined to be 72 hours after such mailing. Delivery by Escrow Holder of documents to a party's real estate agent or broker shall constitute delivery to that party. Funds may be delivered by regular mail, overnight mail or wire, at the discretion of Escrow Holder, unless otherwise instructed by the party to whom the funds are delivered.

18. STATE/FEDERAL CODE NOTIFICATIONS

1099 Reporting: According to Federal Law, the Seller, when applicable, will be required to furnish escrow holder with sufficient information in order to file a 1099 statement to the Internal Revenue Service.

PLEASE INITIAL ☒ BUYER(S): _____ SELLER(S) ✓ PA

PCOR FORM: Prior to the close of escrow, Buyer may hand Escrow Holder a fully completed and executed "Preliminary Change of Ownership Report" (PCOR) pursuant to the requirements of California Revenue and Taxation Code Section 480.3. Buyer may elect not to complete and execute said form prior to the close of escrow. Should Buyer choose not to execute the PCOR or should the County Recorder's office reject the PCOR for any reason, Buyer is aware that a \$20.00 charge will be assessed by the County Recorder's office and Escrow Holder will charge the account of Buyer accordingly. In the event the PCOR has not been filed at the time the documents record OR the County Tax Assessors office determines that the form has not been properly completed, Buyer will be responsible for obtaining and completing a new PCOR and any additional documents that may be required by the Assessor's office. Failure to file a proper PCOR will result in additional penalties in accordance with Section 480 of the California Revenue and Taxation Code. Escrow Holder's sole duty shall be the delivery of the PCOR to the County Recorder at the time of recordation of transfer documents, if it is provided to Escrow Holder. Escrow Holder assumes no liability or responsibility regarding the proper completion of the PCOR.

FIRPTA: Buyer and Seller herein represent and warrant that they will seek and obtain Independent legal advice and counsel relative to their obligations under the "Foreign Investors In Real Property Act" (FIRPTA), and any other applicable federal and/or state laws regarding same, and will take all steps necessary in order to comply with such requirements and hereby hold you harmless relative to their compliance therewith.

19. CALIFORNIA WITHHOLDING

In accordance with Section 18662 of the Revenue and Taxation Code, a buyer may be required to withhold an amount equal to 3 1/3 percent of the sales price or the amount that is specified in a written certificate executed by the transferor in the case of a disposition of California real property interest by either:

1. A seller who is an individual, trust, or estate or when the disbursement instructions authorize the proceeds to be sent to a financial intermediary of the seller, OR
2. A corporate seller that has no permanent place of business in California immediately after the transfer of title to the California real property.

The buyer may become subject to penalty for failure to withhold an amount equal to the greater of 10 percent of the amount required to be withheld or five hundred dollars (\$500).

However, notwithstanding any other provision included in the California statutes referenced above, no buyer will be required to withhold any amount or be subject to penalty for failure to withhold if:

1. The sales price of the California real property conveyed does not exceed one hundred thousand dollars (\$100,000), OR
2. The seller executes a written certificate, under the penalty of perjury, certifying that the seller is a corporation with a permanent place of business in California, OR
3. The seller, who is an individual, trust, estate or a corporation without a permanent place of business in California executes a written certificate, under the penalty of perjury, of any of the following:
 - A. The California real property being conveyed is the seller's or decedent's principal residence (within the meaning of Section 121 of the Internal Revenue Code).
 - B. The last use of the property being conveyed was use by the transferor as the transferor's principal residence within the meaning of Section 121 of the Internal Revenue Code.
 - C. The California real property being conveyed is or will be exchanged for property of like kind (within the meaning of Section 1031 of the Internal Revenue Code), but only to the extent of the amount of gain not required to be recognized for California income tax purposes under Section 1031 of the Internal Revenue Code.
 - D. The California real property has been compulsorily or involuntarily converted (within the meaning of Section 1033 of the Internal Revenue Code) and that the seller intends to acquire property similar or related in service or use so as to be eligible for nonrecognition of gain for California income tax purposes under Section 1033 of the Internal Revenue Code.
 - E. The California real property transaction will result in a loss or a net gain not required to be recognized for California income tax purposes.

The seller is subject to penalty for knowingly filing a fraudulent certificate for the purpose of avoiding the withholding requirement.

The California statutes referenced above include provisions which authorize the Franchise Tax Board to grant reduced withholding and waivers from withholding on a case-by-case basis for corporations or other entities.

Buyer understands that in no event will Escrow Holder undertake to advise Buyer and/or Buyer's representative on the possible application of the above code sections to this specific transaction. Unless expressly instructed by Seller and Buyer herein, Buyer understands that Escrow Holder will NOT assist in obtaining a waiver from withholding from the Franchise Tax Board.

Should Buyer and Seller herein direct Escrow Holder to undertake any activities pursuant to the withholding provisions under California law, Buyer and Seller agree to cooperate fully in providing necessary information to Escrow Holder. Buyer and Seller agree to indemnify and hold Escrow Holder harmless in the event of noncompliance resulting from information supplied by either Buyer and/or Seller. For additional information concerning the withholding provisions under the code sections referenced above, please contact the Franchise Tax Board-Withhold-at-Source Unit at (916) 845-4900, P.O. Box 651, Sacramento, CA 95812-0651.

20. ENCUMBRANCES

Escrow Holder is to act upon any statements furnished by a lienholder or his agent without liability or responsibility for the accuracy of such statements. Any adjustments necessary because of a discrepancy between the information furnished Escrow Holder and any amount later determined to be correct shall be settled between the parties direct and outside of escrow.

PLEASE INITIAL ☒ BUYER(S): _____ SELLER(S) PA

ADDITIONAL INSTRUCTIONS

1. PURCHASE AND SALE AND GRANT OF EASEMENTS AGREEMENT AND ESCROW INSTRUCTIONS:

Escrow Holder has been handed: Copy of executed Purchase and Sale and Grant of Easements Agreement and Joint Escrow Instructions dated November 17, 2009, hereinafter collectively referred to as the "Agreement", by and between the undersigned Property One, LLC and NYS, LLC, the "Buyer" and City of Redlands "Seller". The agreement is to serve as your Escrow Instructions, and subject to the Additional Instructions as set forth below and any mutually agreed upon amendments to follow, if any. Escrow Holder is authorized to act thereunder insofar as the processing of the above numbered escrow is concerned. Escrow Holder is given instructions to perform certain acts or with those paragraphs where Escrow Holder would generally and reasonably be expected to act. All other provisions of the Agreement, which the parties consider to be binding upon themselves, are considered to be outside the scope of Escrow Holder's responsibilities. If there is any disagreement between these instructions and the Agreement, (except as may be specifically addressed herein), the Agreement shall prevail.

2. COSTS AND CHARGES:

Escrow, Title and Recording costs are to be charged to the principals account, as you deem customary in this County, unless you are instructed to do otherwise in writing. Additionally, Escrow Holder shall charge Sellers account for any costs associated with the Assurances of Title, Beneficiary Statement(s) and/or Demand(s) together with any amounts necessary to place title in condition called for, unless specifically instructed to do otherwise in writing. LAWYERS TITLE COMPANY may be required to advance funds into this escrow, in order to expedite the processing of this transaction. All funds advanced shall be reimbursed to LAWYERS TITLE COMPANY at the closing of this escrow or upon the cancellation of this escrow, from the appropriate party(ies).

LAWYERS TITLE COMPANY GENERAL PROVISIONS

Please read this important information
(Revised December - 2009)

1. DEPOSIT OF FUNDS

The law dealing with the disbursement of funds requires that all funds be available for withdrawal as a matter of right by the title entity's escrow and/or sub escrow account prior to disbursement of any funds. Only cash or wire-transferred funds can be given immediate availability upon deposit. Cashier's checks, teller's checks and Certified checks may be available one business day after deposit. All other funds such as personal, corporate or partnership checks and drafts are subject to mandatory holding periods which may cause material delays in disbursement of funds in this escrow. In order to avoid delays, all fundings should be wire transfer. Outgoing wire transfers will not be authorized until confirmation of the respective incoming wire transfer or of availability of deposited checks. Parties are aware and understand the California Insurance Code Section 12413.1 (also known as "Good Funds").

Deposit of funds into general escrow trust account unless instructed otherwise. You may instruct Escrow Holder to deposit your funds into an interest bearing account by signing and returning the "Notice of Opportunity to Open Interest Bearing Account", which has been provided to you. If you do not so instruct us, then all funds received in this escrow shall be deposited with other escrow funds in one or more general escrow trust accounts, which include both non-interest bearing demand accounts and other depository accounts of Escrow Holder, in any state or national bank or savings and loan association insured by the Federal Deposit Insurance Corporation (the "depository institutions") and may be transferred to any other such escrow trust accounts of Escrow Holder or one of its affiliates, either within or outside the State of California. A general escrow trust account is restricted and protected against claims by third parties and creditors of Escrow Holder and its affiliates.

Receipt of benefits by Escrow Holder and affiliates. The parties to this escrow acknowledge that the maintenance of such general escrow trust accounts with some depository institutions may result in Escrow Holder or its affiliates being provided with an array of bank services, accommodations or other benefits by the depository institution. Some or all of these benefits may be considered interest due you under California Insurance Code Section 12413.5. Escrow Holder or its affiliates also may elect to enter into other business transactions with or obtain loans for investment or other purposes from the depository institution. All such services, accommodations, and other benefits shall accrue to Escrow Holder or its affiliates and Escrow Holder shall have no obligation to account to the parties to this escrow for the value of such services, accommodations, interest or other benefits.

Said funds will not earn interest unless the instructions otherwise specifically state that funds shall be deposited in an interest-bearing account. All disbursements shall be made by check of **LAWYERS TITLE COMPANY**. The principals to this escrow are hereby notified that the funds deposited herein are insured only to the limit provided by the Federal Deposit Insurance Corporation. Any instruction for bank wire will provide reasonable time or notice for Escrow Holder's compliance with such instruction. Escrow Holder's sole duty and responsibility shall be to place said wire transfer

PLEASE INITIAL ☒ BUYER(S): _____ SELLER(S): PA _____

Escrow No.: 07605631-706-BM6

BUYERS:

Property One, LLC

Laura Dangermond, Member Trustee

NYS, LLC

Laura Dangermond, Member Trustee

SELLER:

The City of Redlands

Pat Gilbreath, Mayor

PLEASE INITIAL & BUYER(S): _____ SELLER(S): ✓ PA ↑

Exhibit A

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

Legal Description to be provided to Escrow Holder.



Lawyers Title
275 West Hospitality Lane, Suite 200
San Bernardino, CA 92408
Phone: (909) 382-5960
Fax:

Bridget Miranda, Escrow Officer
Phone: (909) 382-5980 Fax: (866) 527-3658
e-mail: bmiranda@ltic.com

AMENDED/SUPPLEMENTAL ESCROW INSTRUCTIONS

Escrow Number: 07605631-706-BM6

Property Address: Portion APN #0171-171-007, Redlands, CA

Date: December 29, 2009
Escrow Officer: Bridget Miranda

TO: LAWYERS TITLE COMPANY

My previous instructions in the above numbered escrow are hereby modified and/or supplemented in the following manner:

VESTING:

Buyer's vesting shall read as follows:

Property One, LLC

Each of the undersigned states that he/she/they have read the foregoing instructions and understands and agrees to them in their entirety.

BUYERS:

Property One, LLC

Laura Dangermond, Member Trustee

NYS, LLC

Laura Dangermond, Member Trustee

SELLER:

The City of Redlands

Pat Gilbreath

Pat Gilbreath, Mayor

cc:

BORROWER(S) COPIES OF DOCUMENTS

Escrow Officer: **Bridget Miranda**

Escrow Number: **07605631-706-BM6**

Lender:

Loan Number:

Exhibit A

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

Legal Description to be provided to Escrow Holder.