

SETTLEMENT AGREEMENT

This Settlement Agreement ("Agreement") is entered into this 7th day of October 1997, by and between the CITY OF REDLANDS, a public entity ("AGENCY"), and KENT RICHARDS doing business as RICHARDS METAL FABRICATION ("RICHARDS"). AGENCY and RICHARDS are hereinafter sometimes referred to collectively as the "Parties."

RECITALS

A. The AGENCY plans to adopt a resolution of necessity on September 16, 1997 to acquire all of the real property located at 516 North Eureka Street in the CITY OF REDLANDS, California (the "Property").

B. At the time the notice of the public hearing was served, RICHARDS was operating a business located on the Property. Kent Richards is also an owner of the property as co-trustee. The purchase of the real property will be covered under a separate agreement.

C. The AGENCY and RICHARDS have reached a settlement as to the amount of compensation to be paid by the AGENCY to RICHARDS. The terms and conditions of the agreement are fully set forth below.

D. RICHARDS represents that he is the sole owner of Richards Metal Fabrication and that there are no UCC liens against the corporation or furniture, fixtures and equipment.

AGREEMENT

NOW, THEREFORE, the Parties agree as follows:

1. COMPENSATION. AGENCY shall pay to RICHARDS the sum of Sixty Thousand Dollars and NO/100 -- (\$57,000.00). Said amount is compensation in full for all compensation to which RICHARDS may be entitled under Eminent Domain Law including but not limited to compensation for temporary and permanent loss of goodwill, relocation assistance, immovable furniture, fixtures and equipment, damages resulting from activities associated with the Project, and any other damages resulting from the take.

2. DISCLAIMER. In consideration for the compensation paid, RICHARDS shall execute and convey to The CITY OF REDLANDS a disclaimer in the form attached hereto as Exhibit "1" and incorporated herein by reference.

3. RELEASE.

(a) This release is intended as a release by RICHARDS of the CITY OF REDLANDS. No part of this paragraph shall release any rights or obligations of the Parties created by this Agreement. RICHARDS for itself, its agents and related entities, fully releases, acquits and discharges AGENCY and its officers, directors, employees, attorneys, accountants, other professionals, insurers and agents and all entities related to AGENCY, from all rights, claims, demands, actions or causes of action which RICHARDS now has or may have against the CITY OF REDLANDS arising from the acquisition of the property interests, or otherwise, including, but not limited to, any claim to relocation assistance, relocation benefits, compensation for fee value, improvements pertaining to realty or goodwill from the CITY OF REDLANDS.

(b) This release is intended as a full and complete release and discharge of any and all such claims that RICHARDS may or might have against AGENCY and its related entities arising from the facts and circumstances arising out of the Action and the acquisition of the property interests. In making this release, RICHARDS intends to release the CITY OF REDLANDS, its related entities and agents from any liability of any nature whatsoever for any claim or injury or for damages or equitable or declaratory relief of any kind, whether the claim, or any facts on which such claim might be based, is known or unknown to the party possessing the claim. RICHARDS expressly waives all rights under section 1542 of the Civil Code of the State of California, which RICHARDS understands provides as follows:

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

(c) RICHARDS acknowledges that it may hereafter discover facts different from or in addition to those which they now believe to be true with respect to the release of claims. RICHARDS agrees that the foregoing releases shall be and remain effective in all respects notwithstanding such different or additional facts or any RICHARDS discover.

(d) The AGENCY or any of its agents or any related entities have made any statement or representation to RICHARDS regarding any fact relied upon in entering into this Agreement, and RICHARDS expressly states that it does not rely upon any statement, representation or promise of AGENCY or its agents or related entities in executing this Agreement, except as is expressly stated in this Agreement. RICHARDS has made such investigation of the facts pertaining to this Agreement, and of all other matters pertaining thereto, as it deems necessary.

4. DUTY TO CLEAN PROPERTY. Thirty (30) days from the execution of this document, RICHARDS shall remove all furniture, fixtures and equipment and all other material and debris so that the property shall be free of material and debris. The sum of

\$5,000 of the \$57,000 shall be withheld from payment to RICHARDS to insure that the property is clean upon transfer. If the property is not clean to the AGENCY's sole satisfaction, the \$5,000 may be used to clean and remove all material, debris, furniture, fixtures and equipment remaining on the property. If upon AGENCY's inspection, the site is clean, AGENCY shall release the remaining \$5,000 to RICHARDS.

GENERAL PROVISIONS

5. **NOTICES.** All notices or other communications required or permitted under this Agreement shall be in writing and shall be personally delivered or sent by registered or certified mail, return receipt requested, or by facsimile transmission followed by delivery of a "hard" copy, and shall be deemed received on the date of receipt thereof to the following addresses:

CITY OF REDLANDS:

c/o Bruce W. Beach, Esq.
Best Best & Krieger, LLP
402 West Broadway, 13th Floor
San Diego, CA 92101

RICHARDS:

Kent Richards
901 Cardinal Avenue
Redlands, CA 92374

Notice of change of address will be given by written notice in the same manner set forth in this paragraph.

6. **MISCELLANEOUS.**

(a) **No Modifications.** No addition or modification of any term or provision of this Agreement shall be effective unless set forth in writing and signed by all the parties.

(b) **Construction of Agreement.** The agreements contained herein shall not be construed in favor of or against any of the parties, but shall be construed as if all the parties prepared this Agreement.

(c) **Further Assurances.** Each Party will execute such other and further documents and instruments as may be necessary or proper in order to consummate the transactions contemplated by this Agreement. Whenever under this Agreement a party may or must approve or disapprove any document, action or other matter prepared or to be taken by the other party, such approval shall not be unreasonably withheld unless otherwise expressly set forth in this Agreement.

(d) Entire Agreement. This Agreement constitutes the entire agreement between the Parties and supersedes all prior oral or written agreements between the Parties with respect to the subject matter of this Agreement. It is understood that there are no oral or written agreements or representations between the Parties hereto affecting this Agreement, and that this Agreement supersedes and cancels any and all previous negotiations, arrangements, representations, estimates, agreements and understandings, if any, made by or between the Parties with respect to the subject matter thereof.

(e) Governing Law. The laws of the State of California shall govern this Agreement and venue shall be in any court of competent jurisdiction in the County of San Diego.

(f) Time of Essence. Time is of the essence of each and every provision of this Agreement.

(g) Survival of Covenants. All covenants, representations, obligations, or agreements contained in this Agreement shall survive the execution and delivery of this Agreement, the Close of Escrow, and the delivery and recordation of all documents or instruments in connection therewith.

(h) Severability. If any portion of this Agreement shall become illegal, null, or void or against public policy for any reason or shall be held by any court of competent jurisdiction to be illegal, null, or void or against public policy, the remaining portions of this Agreement shall not be affected thereby and shall remain in full force and effect to the full extent permissible by law.

(i) Waiver. The waiver by one Party of the performance of any covenants, condition, or promise shall not invalidate this Agreement, nor shall it be considered as a waiver by such Party of any other covenant, condition, or promise hereunder. The waiver of the time for performing any act shall not constitute a waiver of the time for performing any other act or identical act required to be performed at another time. The exercise of any remedy shall not preclude the exercise of any other remedies the parties may have at law or in equity.

(j) Attorneys' Fees. Should any of the Parties institute any action or proceeding to enforce any provision of this Agreement or for damages by reason of any alleged breach of any provisions of this Agreement, the prevailing party shall be entitled to recover such amounts as the court may judge to be reasonable attorneys' fees and costs for services rendered to the prevailing party in such action or proceeding.

(k) Assignment. RICHARDS may not assign or otherwise transfer its interest in this Agreement to any other entity or individual without the prior written approval of the CITY OF REDLANDS.

IN WITNESS WHEREOF, the Parties have executed this Agreement on the date set forth opposite their signatures.

CITY OF REDLANDS

Dated: 10-7, 1997

By:


Swen Larson, Mayor

ATTEST:


Lorrie Poyzer, City Clerk

Richards Metal Fabrication

Dated: 9-19, 1997


Kent Richards

Dated: _____, 1997

PURCHASE AND SALE AGREEMENT

Karen J. Gary and Kent S. Richards, Trustees of the Lorelei H. Richards Trust

("Seller")

and

CITY OF REDLANDS

("Buyer")

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Purchase and Sale Agreement

This Purchase and Sale Agreement ("Agreement") is made as of October __, 1997 ("Effective Date") by and between **Lorelei H. Richards, Karen J. Gary and Kent S. Richards, as Trustees under Declaration of Trust dated July 13, 1989 for the Benefit of Lorelei H. Richards** ("Seller") and the **City of Redlands** ("Buyer"). This Agreement is entered into with reference to the following facts:

Recitals

- A. Seller is the owner of certain improved real property located at 516 North Eureka Street in the City of Redlands, County of San Bernardino, State of California, which is more particularly described in Exhibit 'A' attached hereto ("the Property").
- B. Buyer is vested with the power of eminent domain and Buyer has identified the Property as being necessary for the Eureka Street Widening Project, a public use.
- C. Buyer and Seller entered into this agreement in order to avoid the expenses and delays which would be incurred in connection with a contested condemnation proceeding which would otherwise have been initiated by Buyer if the parties were unable to agree upon the terms set forth in this agreement.

Covenants

Seller and Buyer hereby agree as follows:

- 1 Definitions. The following terms shall have the following definitions in this agreement:
 - 1.1 Business Day(s). Any day other than a Saturday, Sunday or legal holiday recognized in the State of California.
 - 1.2 Buyer's Counsel. Best Best & Krieger, LLP, by Bruce W. Beach, Esq.
 - 1.3 Closing. The time and date when the Deed conveying fee title to the Property is recorded in the County Recorder's Office of the San Bernardino County and payments required by the terms of this Agreement are made to Seller.
 - 1.4 Closing Date. November 10, 1997, or as soon as all necessary documents have been executed.
 - 1.5 Deed. The grant deed to be used to convey title to the Property to Buyer. Such deed shall be in Escrow's standard form.

1.6 Effective Date. The date specified above.

1.7 Escrow. Guardian Escrow.

1.8 Hazardous Materials. For the purpose of this Agreement, Hazardous Materials shall mean (a) "hazardous waste", "extremely hazardous waste" or "restricted hazardous waste" as defined in Chapter 6.5 of Division 20 (Section 25100, et seq.) of the California Health and Safety Code, as amended, or any successor statute, (b) "hazardous substance" as defined in the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. Section 9601, et seq.), as amended, or any successor statute, (c) "hazardous material" as defined in the Hazardous Materials Transportation Act (49 U.S.C. Section 1801, et seq.), as amended, or any successor statute, (d) "hazardous waste", "solid waste", "sludge", "used oil", "recycled oil", "lubricating oil" and "refined oil" as defined in the Resource Conservation and Recovery Act of 1976 (42 U.S.C. Section 6901 et seq.), as amended, or any successor statute, (e) "hazardous substance" as defined in the Carpenter-Presley-Tanner Hazardous Substance Account Act, Chapter 6.8 of Division 20 (Section 25300 et seq.) of the California Health and Safety Code, as amended, or any successor statute, (f) "hazardous substance" as defined in Chapter 6.7 of Division 20 (Section 25280 et seq.) of the California Health and Safety Code as amended, or any successor statute, (g) "hazardous material", "hazardous substance" or "hazardous waster" as defined in Chapter 6.95 of Division 20 (Section 25501 et seq.) of the California Health and Safety Code as amended, or any successor statute, (h) "hazardous substance" as defined in Clean Water Act (33 U.S.C. Section 1251 et seq.), as amended, or any successor statute, (i) asbestos or products containing asbestos or (j) any substances, materials or wastes listed in (1) the United States Department of Transportation Hazardous Materials Table (49 C.F.R. Section 172.101), as amended, (2) the Environmental Protection Agency List (40 C.F.R. Part 302), as amended, or (4) any other list published by any federal or state governmental entity now or in the future.

1.9 Permitted Encumbrances. The encumbrances to title to the Property approved by Buyer as provided in Section 5 below.

1.10 Property. The real property legally described in Exhibit 'A' attached hereto.

1.11 Purchase Price. The sum of \$78,200.00.

1.12 Seller's Counsel. None.

- 1.13 Tenant Lease. Any Commercial Lease or Rental Agreement between Seller, as landlord, and Richards Metal Fabrication, as tenant.
- 1.14 Title Company. Commonwealth Land Title Insurance Company.
- 1.15 Title Policy. The Title Policy shall be California Land Title Association ("CLTA") owner's policy of title insurance.
- 2 Sale and Purchase of Property. Seller hereby agrees to sell the Property to Buyer and Buyer hereby agrees to purchase the Property from Seller at the price and on the terms, covenants and conditions set forth in this Agreement.
- 3 Payment of Purchase Price. Buyer shall pay to Seller the \$78,200.00 Purchase Price in full at the Closing.
- 4 Escrow. Guardian Escrow shall act as escrow under this Agreement. An executed copy of this Agreement shall be delivered to Escrow by both parties on the Effective Date, and the parties hereby instruct Escrow to act in accordance with the terms of this Agreement. Buyer and Seller shall execute such further escrow instructions as may be required by Escrow to consummate the transactions contemplated by this Agreement, but in the event of any conflict between the provisions of such escrow instructions and this Agreement, the provisions of this Agreement shall control.
- 4.1 Buyer's Deliveries to Escrow. No later than 3:00 p.m. of the last regular Business Day before the Closing Date, Buyer shall deliver to Escrow cash in an amount equal to the sum of (1) the balance of the Purchase Price and (2) Buyer's costs.
- 4.2 Seller's Deliveries to Escrow. No later than 3:00 p.m. of the last regular Business Day before the Closing Date, Seller shall deliver to Escrow:
- 4.2.1 The Seller's Grant Deed. The Deed conveying the Property to Buyer, signed and acknowledged by Seller and such person(s) as Title Company requires in order to issue the Title Policy.
- 4.2.2 Affidavit of Non-Foreign Status. An affidavit in a form satisfactory to Buyer pursuant to (1) Internal Revenue Code section 1445, fully signed and acknowledged, by Seller confirming Seller not a foreign person and (2) California Revenue & Taxation Code section 18662 (California Form 590-RE) fully signed and acknowledged by Seller confirming facts to allow Buyer to determine if this transaction is subject to California "at-source" withholding.

5 Buyer's Special Conditions Precedent.

5.1 Special Conditions. Buyer's obligations under this Agreement (including, without limitation, the obligation to deliver to Escrow the Purchase Price) are subject to the following conditions precedent:

5.1.1 Review of Updated Title Report. Buyer's review and approval of an updated preliminary report of title issued by the Title Company on or after the Effective Date covering the Property together with copies of all instruments described in the title report and evidencing or affecting exceptions to title thereto (the title report and copies of exceptions are referred to herein as the "Title Report"). As soon as practicable following the Effective Date, Buyer shall order the Title Report from Title Company. Buyer shall approve or disapprove the Title Report within two Business Days following Buyer's receipt thereof. Buyer shall not unreasonably withhold Buyer's approval of the Title Report and Buyer shall approve the Title Report if the Title Report does not list any exceptions other than the exceptions listed in the Preliminary Title Report dated as of February 12, 1997, by Commonwealth Land Title Insurance Company, Order No. 3701502-37. The exceptions to the Title Report approved by Buyer shall constitute "Permitted Encumbrances" for all purposes of this Agreement. The definition of Permitted Exception shall not include, under any circumstances, the following which Seller shall cause to be paid and released at the Closing: (1) any delinquent real property or personal property tax and/or assessment liens and/or (2) income tax liens and/or (3) any other liens securing monetary obligations owed by Seller and/or tenant (other than non-delinquent real property taxes and assessments).

5.2 Satisfaction/Waiver. Satisfaction or waiver of the special conditions will be effective only if the same is (i) in writing, (ii) signed by Buyer and (iii) delivered to Escrow no later than the date such condition is to be satisfied.

5.3 Termination of this Agreement. In the event the special conditions precedent above are not timely satisfied or waived within the time period provided above, either party may terminate this Agreement by delivering to Escrow and the other party a notice of termination, provided, however, Seller's notice of termination shall not be effective if, within two Business Days following Seller's delivery to Buyer of the notice of termination, Buyer delivers to Escrow Buyer's written waiver of the conditions. If this Agreement is terminated as provided in the preceding sentence, then (1) all costs incurred by each party shall be borne by such party, (2) all costs incurred by Escrow shall be borne by Buyer provided herein and (3) thereafter, no party shall have any further rights or obligations under this Agreement.

6 The Closing. The parties further agree:

6.1 Conditions to Closing. Escrow will close this escrow on the Closing Date by (i) filing for record the Deed (and such other documents, if any, as may be necessary to procure the Title Policy) and (ii) delivering funds and documents to the parties WHEN AND ONLY WHEN each of the following conditions has been satisfied:

6.1.1 Deliveries. All funds and documents required to be delivered to Escrow have been delivered to Escrow.

6.1.2 The Title Policy. Escrow can procure the Title Policy from Title Company, with liability in the amount of the Purchase Price, insuring that fee title as to the Property vests in Buyer subject to the Permitted Encumbrances and subject to Seller's responsibility for:

- (a) General and special real estate taxes and assessments which are owing as of the Closing and subject to apportionment;
- (b) All delinquent taxes, if any;
- (c) Supplemental taxes, if any, assessed before the Closing and subject to apportionment.

6.2 Delayed Closing. If Escrow cannot close this escrow on or before the Closing Date, it will, nevertheless, close this escrow when all conditions have been satisfied or waived unless, after the Closing Date and prior to the Closing, Escrow receives a written notice to terminate this escrow from a party who, at the time the notice is delivered, is not in default under this Agreement.

7 Closing Costs, Prorations.

7.1 Costs. With the exception of Seller's attorneys' fees, if any, all expenses in connection with the transaction contemplated by this Agreement shall be paid by Buyer.

7.2 Prorations. All non-delinquent real property taxes pertaining to the Property shall be prorated between Seller and Buyer as of the Closing. In the absence of a tax bill for the 1997-1998 fiscal year, the proration shall be based upon the 1996-1997 tax bill.

Representation and Warranties.

8.1 Seller's Representations and Warranties. Seller hereby represents and warrants to Buyer that as of the Effective Date and the Closing:

8.1.1 Organization, Standing and Authority of Seller. Seller is a Trust under a Declaration of Trust dated July 13, 1989, duly organized and validly existing and in good standing under the laws of the State of California and has all requisite power and authority to own the property that it now owns.

8.1.2 Authority to Execute and Deliver this Agreement. Seller has all requisite power, title and authority to execute this Agreement and consummate the transactions contemplated by this Agreement. This Agreement constitutes the legal and binding obligations of Seller enforceable in accordance with its terms.

8.1.3 Litigation. To the best of Seller's actual knowledge without any duty of inquiry, there are no actions, suits or proceedings pending or threatened against or affecting Seller or the Property in any court at law or in equity, or before or by any governmental department, commission, board, bureau, agency or instrumentality, an adverse decision in which might materially affect the Property or Seller's ability to perform Seller's obligations under this Agreement.

8.1.4 Tenant Lease. Richards Metal Fabrication is the only lease or occupancy agreement with respect to the Property.

8.1.5 Creditors. Seller has not (i) made a general assignment for the benefit of creditors, (ii) filed any voluntary petition in bankruptcy or suffered the filing of an involuntary petition by Seller's creditors, (iii) suffered the appointment of a receiver to take possession of all, or substantially all, of Seller's assets, (iv) suffered attachment or other judicial seizure of all, or substantially all, of Seller's assets, or (v) admitted in writing Seller's inability to pay Seller's debts as they become due.

8.1.6 Seller Not a Foreign Person. Seller is not a "foreign person" within the meaning of Section 1445 (f) (3) of the Internal Revenue Code of 1954, as amended, and that Seller will furnish to Buyer, prior to Closing, an affidavit confirming the same.

8.1.7 Hazardous Materials. To the best of Seller's actual knowledge, the Property is not in violation of any federal, state or local law, ordinance or regulation promulgated thereunder including, but not

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limited to, soil and under ground water conditions. Neither Seller (nor, to the best of Seller's actual knowledge, any third party) has used, generated, manufactured, produced, stored or disposed of on, under or about the Property, or transported to or from the Property, any Hazardous Materials. To the best of Seller's actual knowledge, there is no legal or administrative proceeding or inquiry by any person or any governmental authority (including, without limitation, the United States Environmental Protection Agency and the California State Department of Health Services) with respect to the presence of Hazardous Materials on the Property or the migration thereof from or to any other property.

8.1.8 "As-Is" Sale. The sale of the Property hereunder by Seller, and its purchase by Buyer, is on an "AS-IS" basis. Except as expressly set forth in this Agreement, Seller makes no representations or warranties of any kind, express or implied, concerning the Property or its condition, value, compliance with laws, status of permits or approvals, the sufficiency of the Property for Buyer's purposes or any other matter of the similar or dissimilar nature relating in any way to the Property. Buyer hereby represents, warrants, covenants, agrees and acknowledges that it has made, or will make prior to the Closing Date, such investigations as it has deemed or may deem necessary with respect to the Property and Buyer has entered into this Agreement on the basis of its willingness to undertake such investigations and not on the basis of any representation or warranty made by Seller. Buyer agrees that, upon the Closing, Buyer shall conclusively be deemed to have released Seller from all responsibility regarding the condition of the Property (except as to Hazardous Materials existing prior to the Closing) and shall conclusively be deemed to have accepted the same in its then existing condition, "as-is", without representation or warranty of any kind and nature whatsoever, except as expressly set forth in this Agreement that may then exist, whether the same are of a legal nature, a physical nature or otherwise.

8.1.9 Survival of Covenants, Representations and Warranties. All of the covenants, representations and warranties of Seller set forth in any and all provisions of this Agreement shall survive the Closing and the delivery of the Deed. In the event that prior to the Closing, Buyer discovers any material misrepresentation of Seller or any material breach of Seller's representations or warranties hereunder (excluding any misrepresentation amounting to fraud), then, for a period of three Business Days following the discovery, Buyer shall have the right to terminate this Agreement. If, notwithstanding Buyer's discovery of a misrepresentation of Seller or any breach of Seller's representations or warranties hereunder, Buyer elects to affirm this Agreement and

proceed with the Closing, such election shall, upon the Closing, constitute a waiver by Buyer of any and all claims relating to such misrepresentation of Seller or breach of Seller's representations or warranties hereunder.

8.2 Covenants of Seller. Seller hereby covenants and agrees with Buyer, that from and after the date hereof though the Closing but not thereafter:

8.2.1 No Amendment to Tenant Lease. Seller will not alter, amend or modify the terms or provisions of the Tenant Lease, or enter into any new leases pertaining to occupancy of the Property without the prior written approval of Buyer.

8.2.2 No Granting of Interest in Property. Seller will not grant to or purport to create in any third party any interest in the Property or any entity holding title to the Property without the prior written approval of Buyer.

9 Possession. Subject to the rights of the tenants under the Tenant Lease, possession of the Property shall be delivered by Seller to Buyer as of the time of recording the Deed on the day of Closing, provided, however, prior to the Closing, the authorized representatives of Buyer shall have reasonable access to the Property for the purposes of (i) satisfaction of any conditions precedent to the Closing contained herein; and (ii) Buyer becoming familiar with the Property.

10 Duty to Clean. By November 10, 1997, Seller shall remove all furniture, fixtures and equipment so as to leave the Property free of debris, furniture, fixtures and equipment. Escrow shall withhold \$5,000.00 as assurance that the property will be free of debris, furniture, fixtures and equipment. If after November 10, 1997 the Property has not been cleaned, Buyer may use these retained funds to clean the property, with any excess funds payable to Seller.

11 Miscellaneous Provisions.

11.1 Time is of the Essence. Time is hereby expressly declared to be of the essence of this Agreement.

11.2 Interpretation of Agreement. The parties acknowledge that both parties have caused this Agreement to be reviewed and approved by legal counsel of their own choice.

11.3 Sole Agreement. This is the sole and only agreement between the parties. Any and all prior oral or written representations, correspondence, letters of intent and agreements are merged into and superseded by this Agreement and shall be of no force or effect. Any modifications of this Agreement must be in writing and signed by the parties hereto.

11.4 Partial Invalidity. If any provision hereof is held invalid or not enforceable to its fullest extent, such provision shall be enforced to the extent permitted by law, and the validity of the remaining provisions hereof shall not be affected thereby.

11.5 Exhibits. All Exhibits, if any, to this Agreement are incorporated herein by reference.

11.6 Notices. All notices, requests, demands or documents which are required or permitted to be given or served hereunder shall be in writing and personally delivered, or sent by Federal Express (or other similar overnight delivery service furnishing proof of delivery) or registered or certified mail, postage prepaid, addressed as follows:

To Seller at: Karen J. Gary, Trustee
Lorelei H. Richards, Trustee
Kent S. Richards, Trustee
20785 Camino Cielo Azul
Escondido, CA 92029

To Buyer at: City of Redlands
Attn: Dan McHugh, City Attorney
P.O. Box 3005
Redlands, CA 92373

with a copy to: Bruce W. Beach, Esq.
Best Best & Krieger, LLP
402 West Broadway, 13th Floor
San Diego, CA 92101

Such addresses may be changed from time to time by the addressee by serving a notice as heretofore provided. Service of such notice or demand shall be deemed complete on the date of actual delivery as shown by the addressee's registry or certification receipt or at the expiration of the third day after the date of mailing (whether or not actually received by the addressee), whichever is earlier in time.

11.7 Headings of Sections. The headings of Sections and Subsections herein are inserted only for convenience and reference and shall in no way define, limit or describe the scope or intent of any provision of this Agreement.

11.8 Counterparts. This Agreement may be executed in counterparts which together shall constitute the Agreement.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement on the date set forth opposite their signatures. On September 16, 1997, the City Council of the City of Redlands approved the acquisition of the Property as provided herein.

Buyer: CITY OF REDLANDS

Dated: Oct. 30, 1997, 1997

By:

Its:

Sven Larson
General Manager x
Sven Larson, Mayor

ATTEST:

Lorrie Poyzer
Lorrie Poyzer, City Clerk

Seller:

Dated: _____, 1997

Deceased 10/15/89
Lorelei H. Richards, Trustee

Dated: _____, 1997

Karen J. Gary, Trustee

Dated: 10/22, 1997

Kent St. John Richards
Kent St. John Richards, Trustee

EXHIBIT 'A'

Lots 24 and 25 of Tract 2083, in the City of Redlands, County of San Bernardino, State of California, as per map recorded in Book 30, page(s) 26, of Maps, in the office of the County Recorder of said County.

PURCHASE AND SALE AGREEMENT

Karen J. Gary and Kent S. Richards, Trustees of the Lorelei H. Richards Trust

("Seller")

and

CITY OF REDLANDS

("Buyer")

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Purchase and Sale Agreement

This Purchase and Sale Agreement ("Agreement") is made as of October __, 1997 ("Effective Date") by and between **Lorelei H. Richards, Karen J. Gary and Kent S. Richards, as Trustees under Declaration of Trust dated July 13, 1989 for the Benefit of Lorelei H. Richards** ("Seller") and the **City of Redlands** ("Buyer"). This Agreement is entered into with reference to the following facts:

Recitals

- A. Seller is the owner of certain improved real property located at 516 North Eureka Street in the City of Redlands, County of San Bernardino, State of California, which is more particularly described in Exhibit 'A' attached hereto ("the Property").
- B. Buyer is vested with the power of eminent domain and Buyer has identified the Property as being necessary for the Eureka Street Widening Project, a public use.
- C. Buyer and Seller entered into this agreement in order to avoid the expenses and delays which would be incurred in connection with a contested condemnation proceeding which would otherwise have been initiated by Buyer if the parties were unable to agree upon the terms set forth in this agreement.

Covenants

Seller and Buyer hereby agree as follows:

- 1 Definitions. The following terms shall have the following definitions in this agreement:
 - 1.1 Business Day(s). Any day other than a Saturday, Sunday or legal holiday recognized in the State of California.
 - 1.2 Buyer's Counsel. Best Best & Krieger, LLP, by Bruce W. Beach, Esq.
 - 1.3 Closing. The time and date when the Deed conveying fee title to the Property is recorded in the County Recorder's Office of the San Bernardino County and payments required by the terms of this Agreement are made to Seller.
 - 1.4 Closing Date. November 10, 1997, or as soon as all necessary documents have been executed.
 - 1.5 Deed. The grant deed to be used to convey title to the Property to Buyer. Such deed shall be in Escrow's standard form.

1.6 Effective Date. The date specified above.

1.7 Escrow. Guardian Escrow.

1.8 Hazardous Materials. For the purpose of this Agreement, Hazardous Materials shall mean (a) "hazardous waste", "extremely hazardous waste" or "restricted hazardous waste" as defined in Chapter 6.5 of Division 20 (Section 25100, et seq.) of the California Health and Safety Code, as amended, or any successor statute, (b) "hazardous substance" as defined in the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. Section 9601, et seq.), as amended, or any successor statute, (c) "hazardous material" as defined in the Hazardous Materials Transportation Act (49 U.S.C. Section 1801, et seq.), as amended, or any successor statute, (d) "hazardous waste", "solid waste", "sludge", "used oil", "recycled oil", "lubricating oil" and "refined oil" as defined in the Resource Conservation and Recovery Act of 1976 (42 U.S.C. Section 6901 et seq.), as amended, or any successor statute, (e) "hazardous substance" as defined in the Carpenter-Presley-Tanner Hazardous Substance Account Act, Chapter 6.8 of Division 20 (Section 25300 et seq.) of the California Health and Safety Code, as amended, or any successor statute, (f) "hazardous substance" as defined in Chapter 6.7 of Division 20 (Section 25280 et seq.) of the California Health and Safety Code as amended, or any successor statute, (g) "hazardous material", "hazardous substance" or "hazardous waster" as defined in Chapter 6.95 of Division 20 (Section 25501 et seq.) of the California Health and Safety Code as amended, or any successor statute, (h) "hazardous substance" as defined in Clean Water Act (33 U.S.C. Section 1251 et seq.), as amended, or any successor statute, (i) asbestos or products containing asbestos or (j) any substances, materials or wastes listed in (1) the United States Department of Transportation Hazardous Materials Table (49 C.F.R. Section 172.101), as amended, (2) the Environmental Protection Agency List (40 C.F.R. Part 302), as amended, or (4) any other list published by any federal or state governmental entity now or in the future.

1.9 Permitted Encumbrances. The encumbrances to title to the Property approved by Buyer as provided in Section 5 below.

1.10 Property. The real property legally described in Exhibit 'A' attached hereto.

1.11 Purchase Price. The sum of \$78,200.00.

1.12 Seller's Counsel. None.

- 1.13 Tenant Lease. Any Commercial Lease or Rental Agreement between Seller, as landlord, and Richards Metal Fabrication, as tenant.
- 1.14 Title Company. Commonwealth Land Title Insurance Company.
- 1.15 Title Policy. The Title Policy shall be California Land Title Association ("CLTA") owner's policy of title insurance.
- 2 Sale and Purchase of Property. Seller hereby agrees to sell the Property to Buyer and Buyer hereby agrees to purchase the Property from Seller at the price and on the terms, covenants and conditions set forth in this Agreement.
- 3 Payment of Purchase Price. Buyer shall pay to Seller the \$78,200.00 Purchase Price in full at the Closing.
- 4 Escrow. Guardian Escrow shall act as escrow under this Agreement. An executed copy of this Agreement shall be delivered to Escrow by both parties on the Effective Date, and the parties hereby instruct Escrow to act in accordance with the terms of this Agreement. Buyer and Seller shall execute such further escrow instructions as may be required by Escrow to consummate the transactions contemplated by this Agreement, but in the event of any conflict between the provisions of such escrow instructions and this Agreement, the provisions of this Agreement shall control.
- 4.1 Buyer's Deliveries to Escrow. No later than 3:00 p.m. of the last regular Business Day before the Closing Date, Buyer shall deliver to Escrow cash in an amount equal to the sum of (1) the balance of the Purchase Price and (2) Buyer's costs.
- 4.2 Seller's Deliveries to Escrow. No later than 3:00 p.m. of the last regular Business Day before the Closing Date, Seller shall deliver to Escrow:
- 4.2.1 The Seller's Grant Deed. The Deed conveying the Property to Buyer, signed and acknowledged by Seller and such person(s) as Title Company requires in order to issue the Title Policy.
- 4.2.2 Affidavit of Non-Foreign Status. An affidavit in a form satisfactory to Buyer pursuant to (1) Internal Revenue Code section 1445, fully signed and acknowledged, by Seller confirming Seller not a foreign person and (2) California Revenue & Taxation Code section 18662 (California Form 590-RE) fully signed and acknowledged by Seller confirming facts to allow Buyer to determine if this transaction is subject to California "at-source" withholding.

Buyer's Special Conditions Precedent.

5.1 Special Conditions. Buyer's obligations under this Agreement (including, without limitation, the obligation to deliver to Escrow the Purchase Price) are subject to the following conditions precedent:

5.1.1 Review of Updated Title Report. Buyer's review and approval of an updated preliminary report of title issued by the Title Company on or after the Effective Date covering the Property together with copies of all instruments described in the title report and evidencing or affecting exceptions to title thereto (the title report and copies of exceptions are referred to herein as the "Title Report"). As soon as practicable following the Effective Date, Buyer shall order the Title Report from Title Company. Buyer shall approve or disapprove the Title Report within two Business Days following Buyer's receipt thereof. Buyer shall not unreasonably withhold Buyer's approval of the Title Report and Buyer shall approve the Title Report if the Title Report does not list any exceptions other than the exceptions listed in the Preliminary Title Report dated as of February 12, 1997, by Commonwealth Land Title Insurance Company, Order No. 3701502-37. The exceptions to the Title Report approved by Buyer shall constitute "Permitted Encumbrances" for all purposes of this Agreement. The definition of Permitted Exception shall not include, under any circumstances, the following which Seller shall cause to be paid and released at the Closing: (1) any delinquent real property or personal property tax and/or assessment liens and/or (2) income tax liens and/or (3) any other liens securing monetary obligations owed by Seller and/or tenant (other than non-delinquent real property taxes and assessments).

5.2 Satisfaction/Waiver. Satisfaction or waiver of the special conditions will be effective only if the same is (i) in writing, (ii) signed by Buyer and (iii) delivered to Escrow no later than the date such condition is to be satisfied.

5.3 Termination of this Agreement. In the event the special conditions precedent above are not timely satisfied or waived within the time period provided above, either party may terminate this Agreement by delivering to Escrow and the other party a notice of termination, provided, however, Seller's notice of termination shall not be effective if, within two Business Days following Seller's delivery to Buyer of the notice of termination, Buyer delivers to Escrow Buyer's written waiver of the conditions. If this Agreement is terminated as provided in the preceding sentence, then (1) all costs incurred by each party shall be borne by such party, (2) all costs incurred by Escrow shall be borne by Buyer provided herein and (3) thereafter, no party shall have any further rights or obligations under this Agreement.

6 The Closing. The parties further agree:

6.1 Conditions to Closing. Escrow will close this escrow on the Closing Date by (i) filing for record the Deed (and such other documents, if any, as may be necessary to procure the Title Policy) and (ii) delivering funds and documents to the parties WHEN AND ONLY WHEN each of the following conditions has been satisfied:

6.1.1 Deliveries. All funds and documents required to be delivered to Escrow have been delivered to Escrow.

6.1.2 The Title Policy. Escrow can procure the Title Policy from Title Company, with liability in the amount of the Purchase Price, insuring that fee title as to the Property vests in Buyer subject to the Permitted Encumbrances and subject to Seller's responsibility for:

- (a) General and special real estate taxes and assessments which are owing as of the Closing and subject to apportionment;
- (b) All delinquent taxes, if any;
- (c) Supplemental taxes, if any, assessed before the Closing and subject to apportionment.

6.2 Delayed Closing. If Escrow cannot close this escrow on or before the Closing Date, it will, nevertheless, close this escrow when all conditions have been satisfied or waived unless, after the Closing Date and prior to the Closing, Escrow receives a written notice to terminate this escrow from a party who, at the time the notice is delivered, is not in default under this Agreement.

7 Closing Costs, Prorations.

7.1 Costs. With the exception of Seller's attorneys' fees, if any, all expenses in connection with the transaction contemplated by this Agreement shall be paid by Buyer.

7.2 Prorations. All non-delinquent real property taxes pertaining to the Property shall be prorated between Seller and Buyer as of the Closing. In the absence of a tax bill for the 1997-1998 fiscal year, the proration shall be based upon the 1996-1997 tax bill.

8 Representation and Warranties.

8.1 Seller's Representations and Warranties. Seller hereby represents and warrants to Buyer that as of the Effective Date and the Closing:

8.1.1 Organization, Standing and Authority of Seller. Seller is a Trust under a Declaration of Trust dated July 13, 1989, duly organized and validly existing and in good standing under the laws of the State of California and has all requisite power and authority to own the property that it now owns.

8.1.2 Authority to Execute and Deliver this Agreement. Seller has all requisite power, title and authority to execute this Agreement and consummate the transactions contemplated by this Agreement. This Agreement constitutes the legal and binding obligations of Seller enforceable in accordance with its terms.

8.1.3 Litigation. To the best of Seller's actual knowledge without any duty of inquiry, there are no actions, suits or proceedings pending or threatened against or affecting Seller or the Property in any court at law or in equity, or before or by any governmental department, commission, board, bureau, agency or instrumentality, an adverse decision in which might materially affect the Property or Seller's ability to perform Seller's obligations under this Agreement.

8.1.4 Tenant Lease. Richards Metal Fabrication is the only lease or occupancy agreement with respect to the Property.

8.1.5 Creditors. Seller has not (i) made a general assignment for the benefit of creditors, (ii) filed any voluntary petition in bankruptcy or suffered the filing of an involuntary petition by Seller's creditors, (iii) suffered the appointment of a receiver to take possession of all, or substantially all, of Seller's assets, (iv) suffered attachment or other judicial seizure of all, or substantially all, of Seller's assets, or (v) admitted in writing Seller's inability to pay Seller's debts as they become due.

8.1.6 Seller Not a Foreign Person. Seller is not a "foreign person" within the meaning of Section 1445 (f) (3) of the Internal Revenue Code of 1954, as amended, and that Seller will furnish to Buyer, prior to Closing, an affidavit confirming the same.

8.1.7 Hazardous Materials. To the best of Seller's actual knowledge, the Property is not in violation of any federal, state or local law, ordinance or regulation promulgated thereunder including, but not

limited to, soil and under ground water conditions. Neither Seller (nor, to the best of Seller's actual knowledge, any third party) has used, generated, manufactured, produced, stored or disposed of on, under or about the Property, or transported to or from the Property, any Hazardous Materials. To the best of Seller's actual knowledge, there is no legal or administrative proceeding or inquiry by any person or any governmental authority (including, without limitation, the United States Environmental Protection Agency and the California State Department of Health Services) with respect to the presence of Hazardous Materials on the Property or the migration thereof from or to any other property.

8.1.8 "As-Is" Sale. The sale of the Property hereunder by Seller, and its purchase by Buyer, is on an "AS-IS" basis. Except as expressly set forth in this Agreement, Seller makes no representations or warranties of any kind, express or implied, concerning the Property or its condition, value, compliance with laws, status of permits or approvals, the sufficiency of the Property for Buyer's purposes or any other matter of the similar or dissimilar nature relating in any way to the Property. Buyer hereby represents, warrants, covenants, agrees and acknowledges that it has made, or will make prior to the Closing Date, such investigations as it has deemed or may deem necessary with respect to the Property and Buyer has entered into this Agreement on the basis of its willingness to undertake such investigations and not on the basis of any representation or warranty made by Seller. Buyer agrees that, upon the Closing, Buyer shall conclusively be deemed to have released Seller from all responsibility regarding the condition of the Property (except as to Hazardous Materials existing prior to the Closing) and shall conclusively be deemed to have accepted the same in its then existing condition, "as-is", without representation or warranty of any kind and nature whatsoever, except as expressly set forth in this Agreement that may then exist, whether the same are of a legal nature, a physical nature or otherwise.

8.1.9 Survival of Covenants, Representations and Warranties. All of the covenants, representations and warranties of Seller set forth in any and all provisions of this Agreement shall survive the Closing and the delivery of the Deed. In the event that prior to the Closing, Buyer discovers any material misrepresentation of Seller or any material breach of Seller's representations or warranties hereunder (excluding any misrepresentation amounting to fraud), then, for a period of three Business Days following the discovery, Buyer shall have the right to terminate this Agreement. If, notwithstanding Buyer's discovery of a misrepresentation of Seller or any breach of Seller's representations or warranties hereunder, Buyer elects to affirm this Agreement and

proceed with the Closing, such election shall, upon the Closing, constitute a waiver by Buyer of any and all claims relating to such misrepresentation of Seller or breach of Seller's representations or warranties hereunder.

8.2 Covenants of Seller. Seller hereby covenants and agrees with Buyer, that from and after the date hereof through the Closing but not thereafter:

8.2.1 No Amendment to Tenant Lease. Seller will not alter, amend or modify the terms or provisions of the Tenant Lease, or enter into any new leases pertaining to occupancy of the Property without the prior written approval of Buyer.

8.2.2 No Granting of Interest in Property. Seller will not grant to or purport to create in any third party any interest in the Property or any entity holding title to the Property without the prior written approval of Buyer.

9 Possession. Subject to the rights of the tenants under the Tenant Lease, possession of the Property shall be delivered by Seller to Buyer as of the time of recording the Deed on the day of Closing, provided, however, prior to the Closing, the authorized representatives of Buyer shall have reasonable access to the Property for the purposes of (i) satisfaction of any conditions precedent to the Closing contained herein; and (ii) Buyer becoming familiar with the Property.

10 Duty to Clean. By November 10, 1997, Seller shall remove all furniture, fixtures and equipment so as to leave the Property free of debris, furniture, fixtures and equipment. Escrow shall withhold \$5,000.00 as assurance that the property will be free of debris, furniture, fixtures and equipment. If after November 10, 1997 the Property has not been cleaned, Buyer may use these retained funds to clean the property, with any excess funds payable to Seller.

11 Miscellaneous Provisions.

11.1 Time is of the Essence. Time is hereby expressly declared to be of the essence of this Agreement.

11.2 Interpretation of Agreement. The parties acknowledge that both parties have caused this Agreement to be reviewed and approved by legal counsel of their own choice.

- 11.3 Sole Agreement. This is the sole and only agreement between the parties. Any and all prior oral or written representations, correspondence, letters of intent and agreements are merged into and superseded by this Agreement and shall be of no force or effect. Any modifications of this Agreement must be in writing and signed by the parties hereto.
- 11.4 Partial Invalidity. If any provision hereof is held invalid or not enforceable to its fullest extent, such provision shall be enforced to the extent permitted by law, and the validity of the remaining provisions hereof shall not be affected thereby.
- 11.5 Exhibits. All Exhibits, if any, to this Agreement are incorporated herein by reference.
- 11.6 Notices. All notices, requests, demands or documents which are required or permitted to be given or served hereunder shall be in writing and personally delivered, or sent by Federal Express (or other similar overnight delivery service furnishing proof of delivery) or registered or certified mail, postage prepaid, addressed as follows:

To Seller at: Karen J. Gary, Trustee
Lorelei H. Richards, Trustee
Kent S. Richards, Trustee
20785 Camino Cielo Azul
Escondido, CA 92029

To Buyer at: City of Redlands
Attn: Dan McHugh, City Attorney
P.O. Box 3005
Redlands, CA 92373

with a copy to: Bruce W. Beach, Esq.
Best Best & Krieger, LLP
402 West Broadway, 13th Floor
San Diego, CA 92101

Such addresses may be changed from time to time by the addressee by serving a notice as heretofore provided. Service of such notice or demand shall be deemed complete on the date of actual delivery as shown by the addressee's registry or certification receipt or at the expiration of the third day after the date of mailing (whether or not actually received by the addressee), whichever is earlier in time.

- 11.7 Headings of Sections. The headings of Sections and Subsections herein are inserted only for convenience and reference and shall in no way define, limit or describe the scope or intent of any provision of this Agreement.

11.8 Counterparts. This Agreement may be executed in counterparts which together shall constitute the Agreement.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement on the date set forth opposite their signatures. On September 16, 1997, the City Council of the City of Redlands approved the acquisition of the Property as provided herein.

Buyer: CITY OF REDLANDS

Dated: Oct. 30, 1997, 1997

By:


Its: ~~General Manager~~
Swen Larson, Mayor

ATTEST:


Lorrie Poyzer, City Clerk

Seller:

Dated: 0021, 1997


Lorelei H. Richards, Trustee

Dated: 0021, 1997


Karen J. Gary, Trustee

Dated: _____, 1997

Kent St. John Richards, Trustee

EXHIBIT 'A'

Lots 24 and 25 of Tract 2083, in the City of Redlands, County of San Bernardino, State of California, as per map recorded in Book 30, page(s) 26, of Maps, in the office of the County Recorder of said County.

RECORDING REQUESTED BY
Commonwealth Land Title Company
AND WHEN RECORDED MAIL TO:
CITY OF REDLANDS, a municipal corporation
Attn: Mr. Dan McHugh, City Attorney
P.O. Box 3005
Redlands, CA 92373

A.P.N.: 169-156-20, 169-156-21

Order No.: 3706961-92

Space Above This Line for Recorder's Use Only
Escrow No.: 15890-JB

GRANT DEED

THE UNDERSIGNED GRANTOR(S) DECLARE(S) THAT DOCUMENTARY TRANSFER TAX IS: COUNTY \$86.35
☒ computed on full value of property conveyed, or
☐ computed on full value less value of liens or encumbrances remaining at time of sale,
☐ unincorporated area; ☒ City of Redlands, and

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

KAREN J. GARY and KENT ST. JOHN RICHARDS, Surviving Co-Trustees under Declaration of Trust dated July 13, 1989 for the Benefit of Lorelei H. Richards

hereby GRANT(S) to

CITY OF REDLANDS, a municipal corporation

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

Lot 24 and 25 of Tract 2083, in the City of Redlands, County of San Bernardino, State of California, as per map recorded in Book 30, Page(s) 26, of Maps, in the Office of the County Recorder of said County.

Document Date: October 2, 1997

KAREN J. GARY, Surviving Co-Trustee
under Declaration of Trust dated July
3, 1989 for the Benefit of Lorelei H.
Richards

KENT ST. JOHN RICHARDS, Surviving
Co-Trustee under Declaration of Trust
dated July 13, 1989 for the Benefit of
Lorelei H. Richards

STATE OF CALIFORNIA)
COUNTY OF)

On _____ before me, _____ Notary Public
personally appeared _____

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

WITNESS my hand and official seal.

Signature _____

City of Redlands, a municipal corporation
by: Sven Larson, Mayor
title
by: [Signature]
title

GRANT DEED CONTINUED ON NEXT PAGE

Attest:

[Signature]
City Clerk, City of Redlands

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

SAN BERNARDINO COUNTY ASSESSOR
172 W. THIRD STREET
SAN BERNARDINO, CA 92415-0310

Escrow: 15890-JB

PRELIMINARY CHANGE OF OWNERSHIP REPORT

THIS REPORT IS NOT A PUBLIC DOCUMENT

(To be completed by transferee (buyer prior to transfer of subject property in accordance with Section 480.3 of the Revenue and Taxation Code.)
This report is not a public document.

SELLER/TRANSFEROR: KAREN J. GARY, Trustee KENT ST. JOHN RICHARDS, Trustee

BUYER/TRANSFeree: CITY OF REDLANDS, a municipal corporation

ASSESSOR'S PARCEL NUMBER(S): 169-156-20, 169-156-21 and, (if applicable)

LEGAL DESCRIPTION: UNIT: LOT: 24 and 25 TRACT: 2083

PROPERTY ADDRESS: OR LOCATION: 516 North Eureka Street
Redlands, CA 92374

Mail Tax Information To: (Name): CITY OF REDLANDS, a municipal corporation
(Address): Attn: Mr. Dan McHugh

P.O. Box 3005
Redlands, CA 92373

FOR RECORDER'S USE ONLY

FOR ASSESSOR'S USE ONLY

CLUSTER _____
OC1 _____ OC2 _____
DT _____ INT _____
RC _____ SP\$ _____
DTT\$ _____ #PCL _____

A preliminary Change of Ownership Report must be filed with each conveyance in the County Recorder's office for the county where the property is located; this particular form may be used in all counties of 58 California.

The property which you acquired may be subject to a supplemental assessment in an amount to be determined by the San Bernardino County Assessor. For further information on your supplemental tax roll obligation, please call the San Bernardino County Assessor at (909) 387-6740.

PART I: TRANSFER INFORMATION Please answer all questions

- [] Yes [] No A. Is this transfer solely between husband and wife? (addition of a spouse, death of a spouse, divorce settlement, etc.)
[] Yes [] No B. Is this transaction only a correction of the name(s) of the person(s) holding title to the property?
(For example, a name change upon marriage.)
[] Yes [] No C. Is this document recorded to create, terminate, or reconvey a lender's interest in the property?
[] Yes [] No D. Is this transaction recorded only to create, terminate, or reconvey a security interest (e.g. consigner)?
[] Yes [] No E. Is this document recorded to substitute a trustee under a deed of trust, mortgage, or similar document?
[] Yes [] No F. Did this transfer result in the creation of a joint tenancy in which the seller (transferor) remains as one of the joint tenants?
[] Yes [] No G. Does this transfer return property to the person who created the joint tenancy (original transferor)?
H. Is this transfer of property:
[] Yes [] No 1. to a trust for the benefit of the grantor, or grantor's spouse?
[] Yes [] No 2. to a trust revocable by the transferor?
[] Yes [] No 3. to a trust from which the property reverts to the grantor within 12 years?
[] Yes [] No I. If this property is subject to a lease, is the remaining lease term 35 years or more including written options?
[] Yes [] No J. Is this a transfer from parents to children or from children to parents?
[] Yes [] No K. Is this transaction to replace a principal residence by a person 55 years of age or older?
[] Yes [] No L. Is this transaction to replace principal residence by a person who is severely disabled as defined by Revenue and Taxation Code Section 69.5?

If you checked yes to J, K, or L, an applicable claim form must be filed with the County Assessor.
Please provide any other information that would help the Assessor to understand the nature of the transfer.

IF YOU HAVE ANSWERED "YES" TO ANY OF THE ABOVE QUESTIONS EXCEPT J, K, OR L, PLEASE SIGN AND DATE, OTHERWISE COMPLETE BALANCE OF THE FORM.

PART II: OTHER TRANSFER INFORMATION

- A. Date of transfer if other than recording date: _____
B. Type of transfer. Please check appropriate item.
[] Purchase [] Foreclosure [] Gift [] Trade or Exchange [] Merger, Stock, or Partnership Acquisition
[] Contract of Sale - Date of Contract _____ [] Other (please explain): _____
[] Inheritance - Date of Death _____
[] Creation of a Lease [] Assignment of a Lease [] Termination of a Lease
Date Lease Began _____
Original term in years (including written options) _____
Remaining term in years (including written options) _____
C. Was only a partial interest in the property transferred? [] Yes [] No If 'Yes' indicate the percentage transferred: _____ %
AS-SV25 SBE-ASD AH 502-A FRONT 1-8-92

PRELIMINARY CHANGE OF OWNERSHIP REPORT

Escrow: 15890-JB

Please answer, to the best of your knowledge, all applicable questions, sign and date. If a question does not apply, indicate with 'N/A'.

PART III: PURCHASE PRICE & TERMS OF SALE

A. CASH DOWN PAYMENT or Value of Trade or Exchange (excluding closing cost) Amount \$ _____

B. FIRST DEED OF TRUST @ _____ % Interest for _____ years. Payments/Mo. = \$ _____ (Prin. & Int.) Amount \$ _____

☐ FHA ☐ Fixed Rate ☐ New Loan
☐ Conventional ☐ Variable Rate ☐ Assumed Existing Loan Balance
☐ VA ☐ All Inclusive D.T. \$ _____ Wrapped) ☐ Bank or Savings & Loan
☐ Cal-Vet ☐ Loan Carried by Seller ☐ Finance Company
Balloon Payment ☐ Yes ☐ No Due Date _____ Amount \$ _____

C. SECOND DEED OF TRUST @ _____ % Interest for _____ years. Payments/Mo. = \$ _____ (Prin. & Int.) Amount \$ _____

☐ Bank or Savings & Loan ☐ Fixed Rate ☐ New Loan
☐ Loan Carried by Seller ☐ Variable Rate ☐ Assumed Existing Loan Balance
Balloon Payment ☐ Yes ☐ No Due Date _____ Amount \$ _____

D. OTHER FINANCING - Is other financing involved not covered in (B) and (C) above? ☐ Yes ☐ No Amount \$ _____

Type @ _____ % Interest for _____ years. Payments/Mo. = \$ _____ (Prin. & Int. only)
☐ Bank or Savings & Loan ☐ Fixed Rate ☐ New Loan
☐ Loan Carried by Seller ☐ Variable Rate ☐ Assumed Existing Loan Balance
Balloon Payment ☐ Yes ☐ No Due Date _____ Amount \$ _____

E. IMPROVEMENT BOND ☐ Yes ☐ No Outstanding Balance: Amount \$ _____

F. TOTAL PURCHASE PRICE (or acquisition price, if traded or exchanged, include real estate commission if paid).
Total Items A through E \$ _____

G. PROPERTY PURCHASED: ☐ Through a broker: ☐ Direct from seller: ☐ Other _____
If purchased through a broker, provide broker's name and phone no.: _____
Please explain any special terms or financing and any other information that would help the assessor understand purchase price and terms of sale.

PART IV: PROPERTY INFORMATION

A. IS PERSONAL PROPERTY INCLUDED IN PURCHASE PRICE (other than a mobilehome subject to local property tax)? ☐ Yes ☐ No
If 'Yes', enter the value of the personal property included in the purchase price \$ _____ (Attach itemized list of personal property).

B. IS THIS PROPERTY INTENDED AS YOUR PRINCIPAL RESIDENCE? ☐ Yes ☐ No
If 'Yes', enter date of occupancy _____ / _____ / 19____ or intended occupancy _____ / _____ / 19____
month day month day

C. TYPE OF PROPERTY TRANSFERRED:
☐ Single-Family Residence ☐ Agricultural ☐ Timeshare
☐ Multiple-family residence (no. of Units: _____) ☐ Co-op/Own-your-own ☐ Mobilehome
☐ Commercial/Industrial ☐ Condominium ☐ Unimproved lot
☐ Other (Description: _____)

D. DOES THE PROPERTY PRODUCE INCOME? () Yes () No

E. IF THE ANSWER TO QUESTION 'D' IS YES, IS THE INCOME FROM:
☐ Lease/Rent ☐ Contract ☐ Mineral Rights ☐ Other-explain _____

F. WHAT WAS THE CONDITION OF PROPERTY AT THE TIME OF SALE? ☐ Good ☐ Average ☐ Fair ☐ Poor
Enter here, or on an attached sheet, any other information that would assist the Assessor in determining value of the property such as the physical condition of the property, restrictions, etc.

I certify that the foregoing is true, correct and complete to the best of my knowledge and belief.

Signed Swen Larson Attest: Lorrie Poyzer Date November 3, 1997
Swen Larson, Mayor Lorrie Poyzer, City Clerk
Please Print Name of New Owner/Corporate Officer _____
Phone Number where you are available from 8:00 a.m. - 5:00 p.m. () _____

(NOTE: The Assessor may contact you for further information)

IF A DOCUMENT EVIDENCING A CHANGE OF OWNERSHIP IS PRESENTED TO THE RECORDER FOR RECORDATION WITHOUT THE CONCURRENT FILING OF A PRELIMINARY CHANGE OF OWNERSHIP REPORT, THE RECORDER MAY CHARGE AN ADDITIONAL RECORDING FEE OF TWENTY DOLLARS (\$20.00).

Request for Taxpayer Identification Number and Certification

Give form to the
requester. Do NOT
send to the IRS.

Please print or type

Name (If joint names, list first and circle the name of the person or entity whose number you enter in Part I below. See instructions on page 2 if your name has changed.)

Business name (Sole proprietors see instructions on page 2.)

Please check appropriate box: ☐ Individual/Sole proprietor ☐ Corporation ☐ Partnership ☐ Other ▶

Address (number, street, and apt. or suite no.)

Requester's name and address (optional)

City, state, and ZIP code

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. For individuals, this is your social security number (SSN). For sole proprietors, see the instructions on page 2. For other entities, it is your employer identification number (EIN). If you do not have a number, see **How To Get a TIN** below.

Note: If the account is in more than one name, see the chart on page 2 for guidelines on whose number to enter.

Social security number

--	--	--	--	--	--	--	--	--	--

OR

Employer identification number

--	--	--	--	--	--	--	--	--	--

List account number(s) here (optional)

Part II For Payees Exempt From Backup Withholding (See Part II instructions on page 2)

Part III Certification

Under penalties of perjury, I certify that:

1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), and
2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding.

Certification instructions.—You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because of underreporting interest or dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, the acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally payments other than interest and dividends, you are not required to sign the Certification, but you must provide your correct TIN. (Also see **Part III instructions** on page 2.)

Sign
Here

Signature *Sven Larson*
Sven Larson, Mayor

Attest:

Lorrie Pozzer
Lorrie Pozzer, City Clerk

Date ▶ November 3, 1997

Section references are to the Internal Revenue Code.

Purpose of Form.—A person who is required to file an information return with the IRS must get your correct TIN to report income paid to you, real estate transactions, mortgage interest you paid, the acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA. Use Form W-9 to give your correct TIN to the requester (the person requesting your TIN) and, when applicable, (1) to certify the TIN you are giving is correct (or you are waiting for a number to be issued), (2) to certify you are not subject to backup withholding, or (3) to claim exemption from backup withholding if you are an exempt payee. Giving your correct TIN and making the appropriate certifications will prevent certain payments from being subject to backup withholding.

Note: If a requester gives you a form other than a W-9 to request your TIN, you must use the requester's form if it is substantially similar to this Form W-9.

What Is Backup Withholding?—Persons making certain payments to you must withhold and pay to the IRS 31% of such

payments under certain conditions. This is called "backup withholding." Payments that could be subject to backup withholding include interest, dividends, broker and barter exchange transactions, rents, royalties, nonemployee pay, and certain payments from fishing boat operators. Real estate transactions are not subject to backup withholding.

If you give the requester your correct TIN, make the proper certifications, and report all your taxable interest and dividends on your tax return, your payments will not be subject to backup withholding. Payments you receive will be subject to backup withholding if:

1. You do not furnish your TIN to the requester, or
2. The IRS tells the requester that you furnished an incorrect TIN, or
3. The IRS tells you that you are subject to backup withholding because you did not report all your interest and dividends on your tax return (for reportable interest and dividends only), or
4. You do not certify to the requester that you are not subject to backup withholding under 3 above (for reportable

interest and dividend accounts opened after 1983 only), or

5. You do not certify your TIN. See the Part II instructions for exceptions.

Certain payees and payments are exempt from backup withholding and information reporting. See the Part II instructions and the separate **Instructions for the Requester of Form W-9**.

How To Get a TIN.—If you do not have a TIN, apply for one immediately. To apply, get **Form SS-5**, Application for a Social Security Number Card (for individuals), from your local office of the Social Security Administration, or **Form SS-4**, Application for Employer Identification Number (for businesses and all other entities), from your local IRS office.

If you do not have a TIN, write "Applied For" in the space for the TIN in Part I, sign and date the form, and give it to the requester. Generally, you will then have 60 days to get a TIN and give it to the requester. If the requester does not receive your TIN within 60 days, backup withholding, if applicable, will begin and continue until you furnish your TIN.



Guardian Escrow, Inc.

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

BUYER'S SEPARATE INSTRUCTIONS

Escrow No. 15890-JB

Date October 2, 1997

Re: 516 North Eureka Street, Redlands, CA 92374

To: **Guardian Escrow, Inc. - Jeri Bray, CSEO**

MY PREVIOUS INSTRUCTIONS IN THE ABOVE NUMBERED ESCROW ARE HEREBY MODIFIED AND/OR SUPPLEMENTED IN THE FOLLOWING PARTICULARS ONLY:

The undersigned Buyer acknowledges having received, read and approved a copy of the amended preliminary report issued by Commonwealth Land Title Co. in its Order No. 3706961-92, dated as of September 3, 1997, covering the subject property. Current taxes and items B, 1, 2 and 3, as set forth in the report, are specifically approved to remain of record and may show in the policy of title insurance to be issued in conjunction with this escrow.

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED. All parties signing this instruction acknowledge receipt of a copy of same.

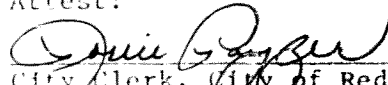
BUYER(S):

CITY OF REDLANDS, a municipal
corporation

By: Swen Larson, Mayor
Print Name and Title

By: 
Print Name and Title

Attest:


City Clerk, City of Redlands
Lorrie Poyzer



Guardian Escrow, Inc.

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

NOTICE TO BUYERS AND SELLERS

Property: 516 North Eureka Street, Redlands, CA 92374

Escrow No.: 15890-JB

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

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

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

City National Bank
5601 East Slauson Avenue
Commerce, CA 90040

Routing Number: 122016066

Account Number: 013007691

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

CREDIT TO ESCROW NO. 15890-JB

(MAKE CERTAIN WIRE TRANSFER REFERENCES NAME OF DEPOSITOR)

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

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

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

KAREN J. GARY, Surviving Co-Trustee
under Declaration of Trust dated July
3, 1989 for the Benefit of Lorelei H.
Richards

KENT ST. JOHN RICHARDS, Surviving
Co-Trustee under Declaration of Trust
dated July 13, 1989 for the Benefit of
Lorelei H. Richards

CITY OF REDLANDS, a municipal
corporation

By: Swen Larson, Mayor
Print Name and Title

By: [Signature]
Print Name and Title

Attest:

[Signature]
City Clerk, City of Redlands
Lorrie Poyzer



Guardian Escrow, Inc.

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

NOTICE AND DISCLOSURE

Property: 516 North Eureka Street, Redlands, CA 92374

Escrow No.: 15890-JB

In accordance with Sections 18805 and 26131 of the Revenue and Taxation Code, a Buyer may be required to withhold an amount equal to 3 1/3% of the sales price, in the case of a disposition of California real property interest by either:

1. A Seller who is an Individual with a last known street address outside of California or when the disbursement instructions authorized the proceeds to be sent to a financial intermediary of the Seller, OR,
2. A Seller is a Corporation, which has no permanent place of business in California.

For failure to withhold, the Buyer may become subject to a penalty in an amount equal to the greater of Ten Percent (10%) of the amount required to be withheld or Five Hundred Dollars (\$500.00).

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 Total Consideration of subject property is \$100,000.00 or less, OR
2. The Seller executes a written certificate, under the penalty of perjury, certifying that the Seller is a resident of California, or if a Corporation, has a permanent place of business in California, OR
3. The Seller, who is an Individual, executes a written certificate, under the penalty of perjury, that the California real property being conveyed is the Seller's principal residence *(as defined in Section 1034 of the Internal Revenue Code.)*

The undersigned parties acknowledge that the Escrow Holder is required to provide to Buyer(s) written notification of California withholding requirements. This notification instructs Buyer(s) to withhold 3 1/3% of the Total Consideration of the California real property herein, when CAL-FIRPTA is applicable.

The Buyer(s) acknowledge that it is his responsibility to instruct the Escrow Holder to withhold 3 1/3% of the Total Consideration from the Seller(s) proceeds when CAL-FIRPTA is applicable.

The Seller(s) acknowledge that if all of the above conditions are met, the Seller(s) may apply for a Withholding Certificate to waive all or a portion of the withhold requirement. The Seller(s) can apply for the Withholding Certificate at the address provided below. If the Withholding Certificate to waive has been received prior to the close of escrow, the withhold amount will be waived at the close of escrow.

FRANCHISE TAX BOARD - WITHHOLDING AT SOURCE UNIT
P.O. BOX 651, SACRAMENTO, CA 95812-0651
(916) 845-4900

If the Withholding Certificate has not been received prior to the close of escrow, the parties shall sign an instruction to escrow to withhold proceeds pending the Seller's receipt of the Certificate. The funds will be held by Escrow Holder for a period of not more than 45 days after the close of escrow. If the Withholding Certificate has not been received within the 45 day time limit, the withhold amount shall be forwarded to the State of California.

If the Withholding Certificate is received either prior to the close of escrow or prior to the expiration of the 45 day holding period, the withhold amount shall be disbursed pursuant to the direction of the Withholding Certificate. If the Certificate waives the whole withhold amount, the Seller will receive the complete withhold amount; if the Certificate waives a portion of the withhold, the Seller will receive a portion of the amount and that portion required by the State will be forwarded to the State of California.

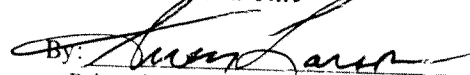
In any event, if all of the above withhold conditions are met and instructions are received from the Buyer to withhold, this escrow will not close unless the instructions to withhold is signed by both Buyer and Seller or a Withholding Certificate waiving the Withhold has been delivered to the Escrow Holder by the Seller prior to the close of escrow.

KAREN J. GARY, Surviving Co-Trustee
under Declaration of Trust dated July
3, 1989 for the Benefit of Lorelei H.
Richards

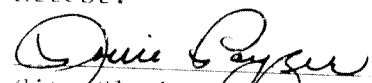
KENT ST. JOHN RICHARDS, Surviving
Co-Trustee under Declaration of Trust
dated July 13, 1989 for the Benefit of
Lorelei H. Richards

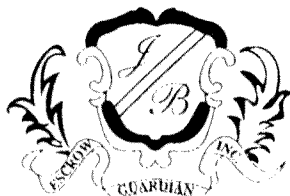
CITY OF REDLANDS, a municipal
corporation

By: Swen Larson, Mayor
Print Name and Title

By: 
Print Name and Title

Attest:


City Clerk, City of Redlands
Lorrie Poyzer



Guardian Escrow, Inc.

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

INSTRUCTIONS FOR TRANSFER OF DEPOSIT TO INTEREST-BEARING ACCOUNT

TO: Guardian Escrow, Inc.

DATE: October 2, 1997
ESCROW NO.: 15890-JB

1. From funds deposited by or for the credit of CITY OF REDLANDS, a municipal corporation, in this escrow, you are instructed to disburse the sum of \$79,550.00, to City National Bank, 5601 East Slauson Avenue, Commerce, CA 90040, and open an interest-bearing escrow account in the name of GUARDIAN ESCROW, INC., as Trustee for Escrow No. 15890-JB; which account is to be a passbook savings account or market interest account with an opening deposit of \$79,550.00, representing funds to be so transferred.
2. All interest earned from said funds deposited in this interest-bearing account shall be paid to City of Redlands, a municipal corporation in the event of either the close of escrow or the cancellation thereof.
3. All parties acknowledge being advised by escrow holder that the transfer of escrow deposit to an interest-bearing account is subject to a \$35.00 service fee payable to escrow holder; which fee will be paid by the City of Redlands, a municipal corporation, and you are authorized to so charge the account thereof.
4. Escrow holder is authorized and instructed to transfer said funds from the interest-bearing account to the regular "trust" or "escrow" account before the close of escrow. Escrow holder is prohibited from withdrawing funds from the interest-bearing account except for redeposit into the "trust" or "escrow" account.
5. City of Redlands, a municipal corporation will hand you I.R.S. Form W-9, setting forth name, address and Social Security Number or Employer Identification Number of appropriate party for tax-reporting purposes; a copy of which form is to be delivered to City National Bank without your further responsibility.

SELLER(s):

KAREN J. GARY, Surviving Co-Trustee under Declaration of Trust dated July 3, 1989 for the Benefit of Lorelei H. Richards

KENT ST. JOHN RICHARDS, Surviving Co-Trustee under Declaration of Trust dated July 13, 1989 for the Benefit of Lorelei H. Richards

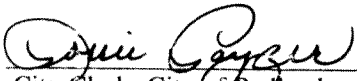
BUYER(S):

CITY OF REDLANDS, a municipal
corporation

By: Swen Larson, Mayor
Print Name and Title

By: 
Print Name and Title

Attest:


City Clerk, City of Redlands
Lorrie Poyzer



Guardian Escrow, Inc.

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

SALE ESCROW INSTRUCTIONS

TO: Guardian Escrow, Inc.

Date: September 19, 1997

Escrow Officer: Jeri Bray, CSEO

Escrow Number: 15890-JB

CITY OF REDLANDS, a municipal corporation, (hereinafter referred to as Buyer) agree to purchase from **KAREN J. GARY and KENT ST. JOHN RICHARDS, Surviving Co-Trustees under Declaration of Trust dated July 13, 1989 for the Benefit of Lorelei H. Richards**, (hereinafter referred to as Seller) the real property set forth herein per the terms, conditions, consideration and instructions hereinafter stated. The Seller and Buyer herein shall deliver these signed escrow instructions to **Guardian Escrow, Inc.**, (hereinafter known as Escrow Holder).

Terms of Transaction

I will Deposit, prior to close of escrow, the sum of	\$ 78,200.00
To Complete the Total Consideration of	\$ 78,200.00

Furthermore, I/We, the undersigned Buyer, will execute and deliver any instruments and/or funds which this escrow requires of the Buyer to show title as called for, all of which you are instructed to use on or before **November 10, 1997**, provided you hold a Policy of Title insurance issued through **Commonwealth Land Title Co.** (the title company selected by the parties), with the usual title company's exceptions, with a liability of not less than **\$78,200.00**, covering property in the County of **San Bernardino**, State of California, described as follows:

Lot 24 and 25 of Tract 2083, in the City of Redlands, County of San Bernardino, State of California, as per map recorded in Book 30, Page(s) 26, of Maps, in the Office of the County Recorder of said County.

COMMONLY KNOWN AS: **516 North Eureka Street, Redlands, CA 92374**

ASSESSOR PARCEL NUMBER(S): **169-156-20, 169-156-21**

SHOWING TITLE VESTED IN: **CITY OF REDLANDS, a municipal corporation**

SUBJECT ONLY TO:

- (1) Current property taxes.
- (2) A lien of supplemental taxes, if any, assessed pursuant to the provisions of Chapter 3.5 (commencing with Section 75) of the Revenue and Taxation Code of the State of California.
- (3) Assessments and Bonds, if any, including all liens of assessment pursuant to the provisions of the Mello-Roos Community Facilities Act, not delinquent, unpaid balance to be assumed by Buyer.
- (4) Any covenants, conditions, restrictions, reservations, rights, rights of way and easements of record, or in deed to file, and any exception of water, minerals, oil, gas, and kindred substances, on or under said land, now of record, or in deed to file.

ESCROW INSTRUCTIONS

1. Regardless of Additional Escrow Instructions set forth hereinafter to the contrary, all fees, costs and charges in this escrow will be paid by Buyer, including but not limited to title policy fee, escrow fee, documentary transfer tax, 1099 reporting fees and costs of preparing, notarizing and recording documents.
2. Escrow is not to be concerned with any fire or other hazard insurance covering subject property.
3. Prior to close of escrow, Buyer will hand you Certificate of Acceptance, which is to be attached to the Grant Deed when delivered for recording.
4. Seller will furnish a copy of Seller's Trust Agreement together with a Trust Certification as to the status of said trust, copies of which are to be delivered to Commonwealth Land Title Co..
5. Unless otherwise instructed by Buyer and Seller prior to close of escrow, you are authorized and instructed to withhold the

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

Seller Initials: _____

Buyer Initials: _____

6. If it is necessary, proper or convenient for the consummation of this escrow, you are authorized to deposit or have deposited funds or documents, or both, handed you under these escrow instructions with any duly authorized sub-escrow agent, including, but not limited to, any bank, trust company, title insurance company, title company, savings and loan association, or licensed escrow agent, subject to your order at or before close of escrow in connection with closing this escrow. Any such deposit shall be deemed a deposit under the meaning of these escrow instructions.
7. The parties to this escrow have satisfied themselves outside of escrow that the transaction covered by this escrow is not in violation of the Subdivision Map Act or any law regulation land division, zoning ordinances or building restrictions which may affect the land or improvements that are the subject of this escrow. You, as escrow holder, are relieved of all responsibility and liability in connection with such laws, ordinances, restrictions or regulations and are not to be concerned with any of their enforcement.
8. If any form of Purchase Agreement or amendment or supplement (collectively "Purchase Agreement") is deposited in this escrow, it is understood that such document shall be effective only as between the parties signing the Purchase Agreement. You, as escrow holder, are not to be concerned with the terms of any Purchase Agreement and are relieved of all responsibility for the enforcement of its terms. Your only duty is to comply with the instructions set forth in the escrow instructions. You are not responsible for interpreting or acting on any provision of any Purchase Agreement on which these escrow instructions may be based, and you shall not rely on any knowledge or understanding you may have of any such Purchase Agreement in ascertaining or performing your duties as escrow holder. In connection with any loan transaction, you are authorized to deliver a copy of any Purchase Agreement, supplement or amendment deposited with you, to the lender. You are authorized and instructed to furnish to any broker or lender identified with this transaction, or anyone acting on behalf of such lender, any information concerning this escrow, copies of all instructions, amendments and statements upon request.
9. You shall make no physical inspection of the real property or personal property described in any instruments deposited in, or which is the subject of this escrow. You have made no representations or warranties concerning any such real property or personal property and are not to be concerned with nor liable for the condition of real property or personal property.
10. The parties authorize the recordation of any instrument delivered through this escrow if necessary or proper for the issuance of the required policy of title insurance or for the closing of this escrow. Funds, instructions or instruments received in this escrow may be delivered to, or deposited with, any title insurance company or title company to comply with the terms and conditions of this escrow.
11. If the date by which any party's performances are due shall be other than your regular business day, such performances shall be due on your next succeeding business day.
12. You shall conduct no lien or title search of personal property regarding the sale or transfer of any personal property through this escrow. Should the parties desire that you conduct a lien or title search of personal property, the parties requesting the same shall deliver separate and specific written escrow instructions to you along with an agreement to pay your additional escrow fees.
13. You shall not be responsible in any way whatsoever nor are you to be concerned with any question of usury in any loan or encumbrance, whether new or of record, which may arise during the processing of this escrow.
14. The parties agree to deliver to you all documents, instruments, escrow instructions and funds required to process and close this escrow in accordance with its terms.
15. You are instructed to provide title to the subject real property in the condition identified in the escrow instructions by the parties, which title condition shall be evidenced by that shown in the policy of title insurance secured from the title company selected by the parties, on which you may rely. You are not responsible for the contents or accuracy of any beneficiary demands and/or beneficiary statements delivered to you by the existing lienholders.
- You are not to be responsible in any way whatsoever nor to be concerned with the terms of any new loan or the content of any loan documents obtained by any party in connection with this escrow except to order such loan documents into the escrow file, transmit the loan documents to Buyer for execution and transmit the executed loan documents to lender. The parties understand and agree that you are not involved nor concerned with the approval and/or processing of any loan or the contents and effect of loan documents prepared by a lender.
16. Any pro-ration of rentals is to be based on rental statement handed you by the Seller/Grantor. You are to consider that Seller/Grantor will collect all rents which fall due prior to the close of escrow, unless he instructs you in writing to the contrary. No adjustment against the Buyer/Grantee on uncollected rents is to be made. Any pro-ration of taxes is to be based on latest tax statement available. You are not responsible for any personal property tax and/or supplemental taxes which may be assessed to the Seller/Grantor or any former owner of the property described herein, nor for the corporation or license tax of any corporation as former owner. If this escrow provides for the transfer of water stock at close of escrow, unless otherwise stated herein, all encumbrance holders at close of escrow shall be named as pledgee, as their interests appear, and said stock, upon reissue after close of escrow, is to be delivered to the first pledgee, and if no pledgee to the new record owner.

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

Seller Initials: _____

Buyer Initials: _____

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

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

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

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

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

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

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

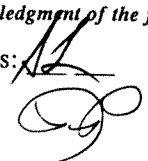
27. All parties to this escrow understand and agree that the title company named in these escrow instructions has been selected by the parties. All parties understand and agree Guardian Escrow, Inc. assumes no responsibility for any loss or delay encountered in the delivery of the loan funds to escrow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

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

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

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

Seller Initials: _____

Buyer Initials: 

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

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

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

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

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

Buyer's Signature:

CITY OF REDLANDS, a municipal corporation

By: Swen Larson, Mayor
Print Name and Title

By: 
Print Name and Title

Attest:


City Clerk, City of Redlands
Lorrie Poyzer

Address: Attn: Mr. Dan McHugh, P.O. Box 3005 Redlands, CA 92373

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

SELLER(s):

KAREN J. GARY, Surviving Co-Trustee under Declaration of Trust dated July 3, 1989 for the Benefit of Lorelei H. Richards

KENT ST. JOHN RICHARDS, Surviving Co-Trustee under Declaration of Trust dated July 13, 1989 for the Benefit of Lorelei H. Richards

Address: 20785 Camino Cielo Azul, Escondido, CA 92029

- - END OF INSTRUCTIONS - -

Commonwealth Land Title Company

275 W. Hospitality Lane, Suite 200
San Bernardino, California 92408
(909) 888-7541 / 983-2519 Fax: (909) 885-2465

Issuing Policies Of



Commonwealth®
Land Title Insurance Company

GUARDIAN ESCROW
101 EAST REDLANDS BOULEVARD, SUITE 180
REDLANDS, CALIFORNIA 92373
Attn: Jeri Bray

Your Ref: Richards & Gary

Our No: 3701502-34
Title Officer: STEVE MOEN

AMENDED PRELIMINARY REPORT

Dated as of September 3, 1997 at 7:30 A.M.

In response to the above referenced application for a policy of title insurance, Commonwealth Land Title Company hereby reports that it is prepared to issue, or cause to be issued, as of the date hereof, a Policy or Policies of Title Insurance describing the land and the estate or interest therein hereinafter set forth, insuring against loss which may be sustained by reason of any defect, lien or encumbrance not shown or referred to as an Exception below or not excluded from coverage pursuant to the printed Schedules, Conditions and Stipulations of said policy forms.

The printed Exceptions and Exclusions from the coverage of said Policy or Policies are set forth in Exhibit A attached. Copies of the Policy forms should be read. They are available from the office which issued this report.

This report (and any supplements or amendments hereto) is issued solely for the purpose of facilitating the issuance of a policy of title insurance and no liability is assumed hereby. If it is desired that liability be assumed prior to the issuance of a policy of title insurance, a Binder or Commitment should be requested.

Please read the exceptions shown or referred to below and the exceptions and exclusions set forth in Exhibit A of this report carefully. The exceptions and exclusions are meant to provide you with notice of matters which are not covered under the terms of the title insurance policy and should be carefully considered.

It is important to note that this preliminary report is not a written representation as to the condition of title and may not list all liens, defects, and encumbrances affecting title to the land.

SCHEDULE A

The form of policy of title insurance contemplated by this report is:

CLTA Form and/or ALTA Form

The estate or interest in the land hereinafter described or referred to covered by this report is:

A Fee

Title to said estate or interest at the date hereof is vested in:

Lorelei H. Richards, Karen J. Gary and Kent St. John Richards as Trustees under Declaration of Trust dated July 13, 1989 for the Benefit of Lorelei H. Richards

The land referred to in this Report is situated in the County of San Bernardino, State of California, and is described as follows:

Lots 24 and 25 of Tract 2083, in the City of Redlands, County of San Bernardino, State of California, as per map recorded in Book 30, page(s) 26, of Maps, in the office of the County Recorder of said County.

SCHEDULE B

At the date hereof Exceptions to coverage in addition to the printed exceptions and exclusions in said policy form would be as follows:

A. General and special taxes, including any assessments collected with taxes, to be levied for the fiscal year 1997-98, which are a lien not yet payable.

B. The lien of supplemental taxes, if any, assessed pursuant to the provisions of Section 75, et seq. of the Revenue and Taxation Code of the State of California.

1. Water rights, claims or title to water, whether or not shown by the public records.

2. An easement for the purpose shown below and rights incidental thereto as set forth in instrument

Granted to: Redlands Water Company

Purpose: pipelines, irrigating ditches

Recorded: February 24, 1882 in Book 28, page 233, and May 2, 1882 in Book 29, page 65, of Deeds

The exact location and extent of said easement is not disclosed of record.

A partial quitclaim deed

Recorded: January 28, 1953 in Book 3556, page 221, Official Records.

Reference is made to said document for full particulars.

3. The fact that said land is included within a project area of the Redevelopment Agency shown below, and that proceedings for the redevelopment of said project has been instituted under the Redevelopment Law (such redevelopment to proceed only after the adoption of the redevelopment plan) as disclosed by a document

Recorded: November 9, 1972, in Book 8057, page 789, Official Records

Redevelopment

Agency: City of Redlands

Project Name: Redevelopment Plan for Redlands Redevelopment Project

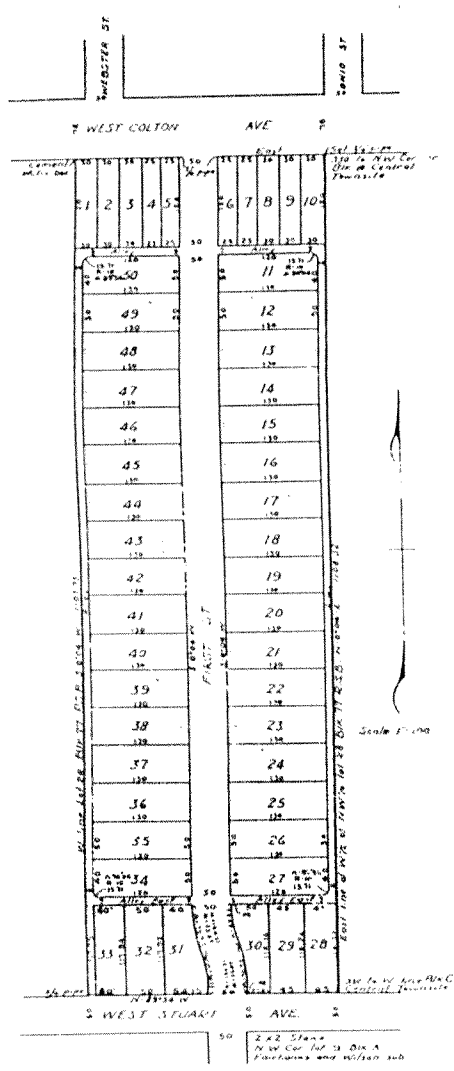
Ordinance No: 1500

Said document was amended by document

Recorded: March 8, 1976, in Book 8878, page 695, Official Records

4. Any invalidity or defect in the title of the Vestees in the event such trust is invalid or fails to confer sufficient powers in the trustees or in the event there is lack of compliance with the terms and provisions of the trust instrument.

eb



ROGERS TERRACE
TRACT 2083

Being a subdivision of a portion of the
NW 1/4 of Lot 12, Sec 77, Range 2, B.

OWNERS CERTIFICATE

We the undersigned hereby certify that we are the owners of the land included within the subdivision shown on the annexed map and that we are the only persons whose consent is necessary to convey a clear title to said land and we hereby consent to the making of said map and subdivision and hereby dedicate to public use all streets and alleys shown on said map within said subdivision.

H. E. P. Amelia Rogers J. Karl Gravel Trustee
Human Commercial Trust and Savings Bank
W. C. Beck President, By L. H. [Signature] Secretary

SURVEYOR AND ASSESSORS CERTIFICATE

I, the undersigned County Surveyor and County Assessor, in and for the County of San Bernardino, State of California, do hereby certify that we have examined each and every lot delineated on this map as to its value for residential or commercial uses, and do hereby recommend its acceptance and approval by the Board of Supervisors.

J. P. Kemmerer by W. H. Way County Clerk, urve,
A. E. Allen
B. Mildred E. Johnson County Asessor
Representing

ENGINEER'S CERTIFICATE

I, Edgar T. Hinn, hereby certify that I am a Licensed Land Surveyor of the State of California and that this map consisting of one sheet correctly represents a survey made by me in December 1925, and that all monuments shown actually exist and their positions are correctly shown.

Edgar T. Hume
Licensed Land Surveyor

COUNTY AUDITOR
I hereby certify that all taxes on the property delineated on the annex map
appearing on record in the books of the office of the County Auditor are paid
except taxes not yet payable

Theresa E. Co.
County Auditor

CORPORATION ACKNOWLEDGMENT
State of California JUNE 1 1966

On the 11th day of January, 1936, before me, M. J. McCoy, a Notary Public in and for the State of California, residing in the County of Los Angeles, State of California, personally appeared C. R. BELL, known to me to be the President, and PEARL W. BELL, known to me to be the Secretary, both of whom are known to me to be the persons who executed the within and foregoing instrument, known to me to be the persons who executed the within instrument, and such corporation executed the same.

In witness whereof, I have hereunto set my hand and affixed my official seal, this tenth day of January, 1936.

My commission expires Feb 18th 1929

NOTARYS CERTIFICATE

State of California)
County of San Bernardino)
On this 14th day of January, 1936, before me, Al F. Rogers, a Notary Public
in and for the County of San Bernardino, State of California, residing therein,
duly commissioned and sworn, personally appearing
Mr. T. Rogers and Conrada Rogers, and Robert A. Shadle, known to me
to be the persons whose names are subscribed to the annexed instrument
and acknowledged to me that they executed the same.

In witness whereof, I have hereunto set my hand and affixed my
official seal the day and year in this certificate first above mentioned.

Notary Public in and for said County and State
My commission expires, April 7-1929

SUPERVISORS CERTIFICATE 1953 was presented by Supervisor W. J. Year
on motion of Supervisor W. J. Year seconded by Supervisor W. J. Year
and carried 10 yeas and 0 nays. The map of Tract 3583 was shown and the same
was approved and the bond filed in the office of the Board of Supervisors
as security for the payment of taxes in the future. The said map was
filed at the office of the Board of Supervisors on 10 day of March, 1953.
By the time of filing of said map a man against said tract, W. J. Year, of Tract
thereof, did not yet pay taxes, as hereby approved, and the Clerk of the Board
of Supervisors is hereby directed to cause the same to be paid by the said man
and the said bond has been filed as required by law and that the foregoing
was adopted by the Board of Supervisors at a meeting held on 10 day of March, 1953.

County Clerk and Ex Officio Clerk of the Board of Supervisors, San Mateo County,
By J. H. Allison Deputy

Map approved, J. P. Kemmerer County Surveyor
By H. L. Wray, Clerk
S. Hinrichs,
Map approved City Engineer

CITY OFFICIALS' CERTIFICATE
 Resolved by the Board of Trustees of the City of Redlands, County of San Bernar-
 dina, State of California, that the map of Tract 2003, 60, and the same is
 hereby accepted. The foregoing Resolution was adopted by the Board of
 Trustees this 20th day of January 1926, by the following vote: to wit:
 YEAS four
 NOES none
 Absent one
W. H. H. H. City Clerk, City of Redlands

I hereby approve the foregoing ~~resolutions~~
 Chairman, Board of Trustees

SUPERINTENDANT OF STREETS
I hereby certify that all street and sewer assessments on the map
only shown on the annexed map are paid

— James D. McLaughlin,
Superintendent of Schools.

concerned the adoption of a 100% rule for the 1997 and 1998 elections, in order to make the food in relation to adapting to the new situation, and to give the people a better understanding of the situation.

Note: 2nd stop set at int lot corners.

EXHIBIT "A"
LIST OF PREPRINTED POLICY EXCLUSIONS AND EXCEPTIONS
CALIFORNIA LAND TITLE ASSOCIATION STANDARD COVERAGE POLICY --1990
EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of :

1. (a) Any law, ordinance or governmental regulation (including but not limited to building and zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating to (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
(b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens, encumbrances, adverse claims or other matters:
 - (a) whether or not recorded in the public records at Date of Policy, but created, suffered, assumed or agreed to by the insured claimant;
 - (b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;
 - (c) resulting in no loss or damage to the insured claimant;
 - (d) attaching or created subsequent to Date of Policy or;
 - (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the insured mortgage or for the estate or interest insured by this policy.
4. Unenforceability of the lien of the insured mortgage because of the inability or failure of the insured at Date of Policy, or the inability or failure of any subsequent owner of the indebtedness, to comply with the applicable doing business laws of the state in which the land is situated.
5. Invalidity or unenforceability of the lien of the insured mortgage, or claim thereof, which arises out of the transaction evidenced by the insured mortgage and is based upon usury or any consumer credit protection or truth in lending law.
6. Any claim, which arises out of the transaction vesting in the insured the estate or interest insured by this policy or the transaction creating the interest of the insured lender, by reason of the operation of federal bankruptcy, state insolvency or similar creditors' rights laws.

EXCEPTIONS FROM COVERAGE (SCHEDULE B - PART I)

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) which arise by reason of :

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records.
Proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the public records.
2. Any facts, rights, interests or claims which are not shown by the public records but which could be ascertained by an inspection of the land or which may be asserted by persons in possession thereof.
3. Easements, liens or encumbrances, or claims thereof, which are not shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by the public records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b) or (c) are shown by the public records.

AMERICAN LAND TITLE ASSOCIATION OWNER'S POLICY (10-17-92)
AND AMERICAN LAND TITLE ASSOCIATION LEASEHOLD OWNER'S POLICY (10-17-92)
EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of :

1. (a) Any law, ordinance or governmental regulation (including but not limited to building and zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating to (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
(b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens, encumbrances, adverse claims or other matters:
 - (a) created, suffered, assumed or agreed to by the insured claimant;
 - (b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy.
 - (c) resulting in no loss or damage to the insured claimant;
 - (d) attaching or created subsequent to Date of Policy; or
 - (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the estate or interest insured by this policy.
4. Any claim which arises out of the transaction vesting in the Insured the estate or interest insured by this policy, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that is based on:
 - (a) the transaction creating the estate or interest insured by this policy being deemed a fraudulent conveyance or fraudulent transfer; or
 - (b) the transaction creating the estate or interest insured by the policy being deemed a preferential transfer except where the preferential transfer results from the failure:
 - (i) to timely record the instrument of transfer; or
 - (ii) of such recordation to impart notice to a purchaser for value or a judgment or lien creditor.

**AMERICAN LAND TITLE ASSOCIATION LOAN POLICY
WITH A.L.T.A. ENDORSEMENT FORM 1 COVERAGE (10-17-92)
AND A.L.T.A. LEASEHOLD LOAN POLICY (10-17-92)**

EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of :

1. (a) Any law, ordinance or governmental regulation (including but not limited to building and zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating to (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
(b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens, encumbrances, adverse claims or other matters:
 - (a) created, suffered, assumed or agreed to by the insured claimant;
 - (b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;
 - (c) resulting in no loss or damage to the insured claimant;
 - (d) attaching or created subsequent to Date of Policy (except to the extent that this policy insures the priority of the lien of the insured mortgage over any statutory lien for services, labor or material *for to the extent insurance is afforded herein as to assessments for street improvements under construction or completed at Date of Policy)); or
 - (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the insured mortgage.
4. Unenforceability of the lien of the insured mortgage because of the inability or failure of the insured at Date of Policy, or the inability or failure of any subsequent owner of the indebtedness, to comply with the applicable doing business laws of the state in which the land is situated.
5. Invalidity or unenforceability of the lien of the insured mortgage, or claim thereof, which arises out of the transaction evidenced by the insured mortgage and is based upon usury or any consumer credit protection or truth in lending law.
6. Any statutory lien for services, labor or materials (or the claim of priority of any statutory lien for services, labor or materials over the lien of the insured mortgage) arising from an improvement or work related to the land which is contracted for and commenced subsequent to Date of Policy and is not financed in whole or in part by proceeds of the indebtedness secured by the insured mortgage which at Date of Policy the insured has advanced or is obligated to advance.
7. Any claim which arises out of the transaction creating the interest of the mortgagee insured by this policy, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that is based on:
 - (a) the transaction creating the interest of the insured mortgagee being deemed a fraudulent conveyance or fraudulent transfer; or
 - (b) the subordination of the interest of the insured mortgagee as a result of the application of the doctrine of equitable subordination; or
 - (c) the transaction creating the interest of the insured mortgagee being deemed a preferential transfer except where the preferential transfer results from the failure:
 - (i) to timely record the instrument of transfer; or
 - (ii) of such recordation to impart notice to a purchaser for value or a judgment or lien creditor.

* Inner Brackets denote coverage not contained in Leasehold Loan Policy.

AMERICAN LAND TITLE ASSOCIATION RESIDENTIAL TITLE INSURANCE POLICY (6-1-87)

PRINTED POLICY EXCEPTIONS AND EXCLUSIONS

The Exclusions and the Exceptions of the ALTA Residential Policy Form recite that you are not insured against loss or damage, costs, attorneys' fees and expenses resulting from:

Exclusions

1. Governmental police power, and the existence or violation of any law or government regulation. This includes building and zoning ordinances and also laws and regulations concerning:
 - land use
 - improvements on the land
 - land division
 - environmental protectionThis exclusion does not apply to violations or the enforcement of these matters which appear in the public records at Policy Date.
This exclusion does not limit the zoning coverage described in Items 12 and 13 of Covered Title Risks.
2. The right to take the land by condemning it, unless:
 - a notice of exercising the right appears in the public records on the Policy Date.
 - the taking happened prior to the Policy Date and is binding on you if you bought the land without knowing of the taking.
3. Title Risks:
 - that are created, allowed, or agreed to by you
 - that are known to you, but not to us, on the Policy Date — unless they appeared in the public records
 - that result in no loss to you
 - that first affect your title after the Policy Date — this does not limit the labor and material lien coverage in Item 8 of Covered Title Risks
4. Failure to pay value for your title.
5. Lack of a right:
 - to any land outside the area specifically described and referred to in Item 3 of Schedule Aor
 - in streets, alleys, or waterways that touch your landThis exclusion does not limit the access coverage in Item 5 of Covered Title Risks.

Standard Exceptions

- (a) Any rights, interests or claims of parties in possession of the land not shown by the public records.
- (b) Any easements or liens not shown by the public records.
This does not limit the lien coverage in Item 8 of the Covered Title Risks.
- (c) Any facts about the land which a correct survey would disclose and which are not shown by the public records.
This does not limit the forced removal coverage in Item 12 of Covered Title Risks.
- (d) Any water rights, claims or title to water on or under the land.



Guardian Escrow, Inc.

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

AMENDED ESCROW INSTRUCTIONS

Escrow No. 15890-JB

Date October 7, 1997

Re: 516 North Eureka Street, Redlands, CA 92374

To: **Guardian Escrow, Inc. - Jeri Bray, CSEO**

MY PREVIOUS INSTRUCTIONS IN THE ABOVE NUMBERED ESCROW ARE HEREBY MODIFIED AND/OR SUPPLEMENTED IN THE FOLLOWING PARTICULARS ONLY:

There are to be no adjustments or prorations between the parties in this escrow.

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

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED. All parties signing this instruction acknowledge receipt of a copy of same.

SELLER(S):

KAREN J. GARY, Surviving Co-Trustee
under Declaration of Trust dated July
3, 1989 for the Benefit of Lorelei H.
Richards

KENT ST. JOHN RICHARDS, Surviving
Co-Trustee under Declaration of Trust
dated July 13, 1989 for the Benefit of
Lorelei H. Richards

BUYER(S):

CITY OF REDLANDS, a municipal
corporation

By: Swen Larson
Print Name and Title Swen Larson, Mayor

By: Beatrice Sanchez
Print Name and Title Beatrice Sanchez
Deputy City Clerk



Guardian Escrow, Inc.

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

RECEIVED

OCT 6 1997

CITY ATTORNEY

CITY OF REDLANDS, a municipal corporation
Attn: Mr. Dan McHugh, City Attorney
P.O. Box 3005
Redlands, CA 92373

Date : October 2, 1997
Escrow No. : 15890-JB

RE: **516 North Eureka Street, Redlands, CA 92374**

Dear Gentlemen:

Thank you for selecting Guardian Escrow, Inc., to process your escrow. The enclosed items are required in your escrow and are forwarded for your review. Providing, of course, these items met with your approval:

Sign and Return:

Escrow Instructions
Instructions for Transfer of Deposit to Interest Bearing Account
Amendment Regarding: **preliminary report approval**
Notice and Disclosure
Notice to Buyers and Sellers
Copy of Grant Deed for approval as to content and form

Complete in full, sign and return::

Preliminary Change of Ownership Report
W-9 form

Please Furnish the Following:

Certificate of Acceptance

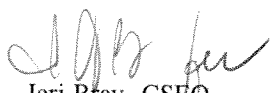
For your information and review:

Commonwealth Title's Preliminary Report

Your prompt response will be appreciated. All documents should be signed EXACTLY as your name(s) appear. Should your name(s) be misspelled, sign them correctly and advise us in writing when you return these papers.

We appreciate the opportunity to be of service to you in this transaction. Please do not hesitate to call should you have any questions.

Guardian Escrow, Inc.


Jeri Bray, CSEO
General Manager

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