

City of Garden Grove

INTER-DEPARTMENT MEMORANDUM

Garden Grove Agency for Community Development

To: Matthew Fertal
Dept: Director
Subject: ACQUISITION OF REAL PROPERTY
12252 HARBOR BOULEVARD
APN 231-521-01 AND 231-521-02

From: Chet Yoshizaki
Dept: Economic Development
Date: March 10, 2009

OBJECTIVE

It is requested that the Garden Grove Agency for Community Development (Agency) consider the acquisition of the real property located at 12252 Harbor Boulevard (the "Property") owned by Jerry L. Bowen and Sharon L. Bowen, as Co-Trustees of the Bowen Trust dated January 27, 1993, as amended as to an undivided one-half (1/2) interest, and Thomas D. Bowen, a married man as his sole and separate property, as to an undivided one-half (1/2) interest (the "Sellers").

BACKGROUND

The Property is located on the east side of Harbor Boulevard between Twintree Avenue and Chapman Avenue. The Sellers recently approached the Agency, offering to sell the Property to the Agency.

DISCUSSION

An agreement has been reached with the Sellers to acquire fee title interest of 12252 Harbor Boulevard. The general terms and conditions of the agreement are as follows:

- Property purchase price of Two Million Eight Hundred Fifty Six Thousand Four Hundred Twenty Dollars (\$2,856,420) for a parcel size of approximately 45,340 square feet;
- Initial deposit of Five Hundred Seventy One Thousand Two Hundred Eighty Four Dollars (\$571,284);
- Final payment due at the end of escrow;
- Close of escrow in 90 days.

The Property contains approximately 45,340 square feet of land and approximately 130 lineal feet of Harbor Boulevard frontage. Lastly, the Property is currently

improved with an asphalt parking area striped for recreational vehicle parking, a swimming pool, pool shed, and restroom facilities.

FINANCIAL IMPACT

- Agency will fund the acquisition with Agency funds.
- Agency will expend funds for closing costs and environmental testing which is estimated to be Fifteen Thousand Dollars (\$15,000).

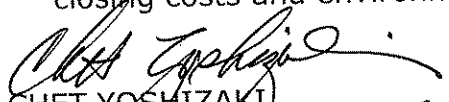
COMMUNITY VISION IMPLEMENTATION

- Acquisition of the property may ultimately improve the City's economic base through the development of tax generating uses where appropriate.

RECOMMENDATION

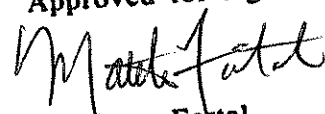
Staff recommends that the Agency:

- Approve the acquisition of the subject property, 12252 Harbor Boulevard (APN 231-521-01 and 231-521-02);
- Authorize the Agency Director and Secretary to execute the pertinent documents on behalf of the City;
- Authorize the Finance Officer to draw a warrant in the amount of Two Million Eight Hundred Fifty Six Thousand Four Hundred Twenty Dollars (\$2,856,420) when appropriate to do so;
- Authorize the Finance Officer to fund Fifteen Thousand Dollars (\$15,000) for closing costs and environmental testing.


CHET YOSHIZAKI
Economic Development Director

By: 
Paul Guerrero
Senior Economic Development Specialist

Approved for Agenda Listing


Matthew Fertal
Director

Attachment 1: Commercial Property Purchase Agreement and Joint Escrow
Instructions

Attachment 2: Site Map

**COMMERCIAL PROPERTY PURCHASE AGREEMENT
AND JOINT ESCROW INSTRUCTIONS
(NON-RESIDENTIAL)**
(C.A.R. Form CPA, Revised 10/03)

Date: February 5, 2009, at 11222 Acacia Parkway, Garden Grove California

Seller's Initials and Signature for:

Thomas D. Bowen, a married man as his sole and separate property, as to an undivided one-half (1/2) interest.

**COMMERCIAL PROPERTY PURCHASE AGREEMENT
AND JOINT ESCROW INSTRUCTIONS
(NON-RESIDENTIAL)
(C.A.R. Form CPA, Revised 10/03)**

Date: February 5, 2009, at 11222 Acacia Parkway, Garden Grove California

1. OFFER:

- A. THIS IS AN OFFER FROM** Jerry L. Bowen and Sharon L. Bowen, as Co-Trustees of the Bowen Trust dated January 27, 1993, as amended as to an undivided one-half (1/2) interest, and Thomas D. Bowen, a married man as his sole and separate property, as to an undivided one-half (1/2) interest (collectively, "Seller")
- ~~**B. THE REAL PROPERTY TO BE ACQUIRED** is described as 12252 Harbor Blvd., Assessor's Parcel Nos. 231-521-01 & 231-521-02, situated in the City of Garden Grove, County of Orange, California ("Property").~~
- C. THE PURCHASE PRICE** offered is Two Million Eight Hundred Fifty Six Thousand Four Hundred Twenty Dollars (\$2,856,420.00).
- D. CLOSE OF ESCROW** shall occur on _____ (date) (or 90 Days After Acceptance.)

2. FINANCE TERMS: Obtaining the loans below is a contingency of this Agreement unless (i) either 2L or 2K is checked below; or (ii) otherwise agreed in writing. Buyer shall act diligently and in good faith to obtain the designated loans. Obtaining deposit, down payment, and closing costs is not a contingency. Buyer represents that funds will be good when deposited with Escrow Holder.

- A. INITIAL DEPOSIT:** Buyer has given a deposit in the amount of \$571,284.00 to the agent submitting the offer (or to), by Personal Check (for _____), made payable to _____, which shall be held uncashed until Acceptance and then deposited within 3 business days after Acceptance or _____, with Escrow Holder, or into Broker's trust account.
- B. INCREASED DEPOSIT:** Buyer shall deposit with Escrow Holder an increased deposit in the amount of _____ \$ N/A within _____ Days After Acceptance, or _____
- C. FIRST LOAN IN THE AMOUNT OF** _____ \$ N/A
New First Deed of Trust in favor of Lender Seller
- OR **ASSUMPTION** of (or "subject to") Existing First Deed of Trust encumbering the Property, securing a note payable at maximum interest of _____%, fixed rate, or _____% initial adjustable rate with a maximum interest rate of _____%, balance due in _____ years, amortized over _____ years (if checked: and with a margin not to exceed _____% tied to the following index _____). Buyer shall pay loan fees/points not to exceed _____.
Additional terms: _____
- D. SECOND LOAN IN THE AMOUNT OF** _____ \$ N/A
NEW Second Deed of Trust in favor of Lender Seller

Buyer's Initials ()
Sellers' Initials (J) (D) (B)

OR ASSUMPTION of (or "subject to") Existing Second Deed of Trust encumbering the Property, securing a note payable at maximum interest of ____% tied to the following index ____). Buyer shall pay loan fees/points not to exceed ____.
Additional terms: _____

E. ADDITIONAL FINANCING TERMS: \$ N/A

F. **BALANCE OF PURCHASE PRICE** (not including costs of obtaining loans and other closing costs) in the amount of \$2,285,136.00
To be deposited with Escrow Holder within sufficient time to close escrow.

G. **PURCHASE PRICE (TOTAL)** \$2,856,420.00

H. **LOAN APPLICATIONS:** Within 7 (or ___) Days After Acceptance, Buyer shall provide Seller a letter from lender or mortgage loan broker stating that, based on a review of Buyer's written application and credit report, Buyer is prequalified or preapproved for any NEW loan specified above.

I. **VERIFICATION OF DOWN PAYMENT AND CLOSING COSTS:** Buyer (or Buyer's lender or loan broker pursuant to 2H) shall, within 7 (or ___) Days After Acceptance, provide Seller written verification of Buyer's down payment and closing costs.

J. **LOAN CONTINGENCY REMOVAL:** (i) Within 17 (or ___) Days After Acceptance Buyer shall, as specified in paragraph 17, remove the loan contingency, or cancel this Agreement: OR (ii) (if checked) loan contingency shall remain in effect until the designated loans are funded.

K. **APPRAISAL CONTINGENCY AND REMOVAL:** This Agreement is (OR, if checked, is NOT) contingent upon the Property appraising at no less than the specified purchase price, if there is a loan contingency, at the time the loan contingency is removed (or, if checked, within 17 (or ___) Days After Acceptance), Buyer shall, as specified in paragraph 17, remove the appraisal contingency or cancel this Agreement. If there is no loan contingency, Buyer shall, as specified in paragraph 17, remove the appraisal contingency within 17 (or ___) Days After Acceptance.

L. **NO LOAN CONTINGENCY:** (If checked): Obtaining any loan in paragraphs 2C, 2D, 2E or elsewhere in the Agreement, is not a contingency of this Agreement. If Buyer does not obtain the loan and as a result Buyer does not purchase the Property, Seller may be entitled to Buyer's other legal remedies.

M. **ALL CASH OFFER:** (If checked): No loan is needed to purchase the Property. Buyer shall, within 7 (or 14) Days After Acceptances, provide Seller written verification of sufficient funds to close this transaction.

N. **SELLER FINANCING:** For any Seller financing designated above, Buyer is to execute a note secured by a deed of trust in favor of Seller in the terms and conditions set forth in the attached addendum (C.A.R. Form SFA).

O. **ASSUMED OR "SUBJECT TO" FINANCING:** Seller represents that Seller is not delinquent on any payments due on any loans. Seller shall, within the time specified in paragraph 17, provide Copies of all applicable notes and deeds of trust, loan balances and current interest rates to Buyer. Buyer shall then, as specified in paragraph 17, remove this contingency or cancel this Agreement. Difference between estimated and actual loan balances shall be adjusted at Close Of Escrow by each down payment, impound accounts. If any, shall be assigned and charged to Buyer and credited to Seller. Seller is advised that Buyer's assumption of an existing loan may not release Seller from liability on that loan. If the Property is acquired subject to an existing loan, Buyer and Seller are advised to consult with legal counsel regarding the ability of an existing lender to call the loan due, and the consequences thereof.

3. **CLOSING AND OCCUPANCY:**

- A. Seller-occupied or Vacant Units: Occupancy shall be delivered to Buyer at ____ AM/PM, [X] on the date of Close of Escrow: [] on ____; or [] no later than ____ Days After Close of Escrow. (C.A.R. Form PAA, paragraph 2) If transfer of title and occupancy do not occur at the same time, Buyer and Seller are advised to (i) enter into a written occupancy agreement; and (ii) consult with their insurance and legal advisors.
- B. Tenant-occupied Units: Possession and occupancy, ~~subject to the rights of tenants under existing ____~~, shall be delivered to Buyer on Close of Escrow.
Sellers' Initials (T) (D) (B)
- C. At Close Of Escrow, Seller assigns to Buyer any assignable warranty rights for items included in the sale and shall provide any available Copies of such warranties. Brokers cannot and will not determine the assignability of any warranties.
- D. At Close Of Escrow, unless otherwise agreed in writing, Seller shall provide keys and/or means to operate all locks, mailboxes, security systems, alarms and garage door openers. If Property is a condominium or located in a condominium or located in a common-interest subdivision, Buyer may be required to pay a deposit to the Owners' Association ("OA") to obtain keys to accessible OA facilities.

4. **SECURITY DEPOSITS:** Security deposits, if any, to the extent they have not been applied by Seller in accordance with any rental agreement and current Law, shall be transferred to Buyer at Close Of Escrow. Seller shall notify each tenant, in compliance with the Civil Code.

5. **ALLOCATION OF COSTS:** (If checked): Unless otherwise specified here, this paragraph only determines who is to pay for the report, inspection, test or service mentioned. If not specified here or elsewhere in this Agreement, the determination of who is to pay for any work recommended or identified by any such report, inspection, test or service shall be by the method specified in paragraph 17.

A. **INSPECTIONS AND REPORTS:**

(1) [] Buyer [] Seller shall pay for sewer connections, if required by Law prior to Close of Escrow

Buyer's Initials ()
Sellers' Initials (T) (D) (B)

- (2) Buyer Seller shall pay to have septic or private sewage disposal system inspected
- (3) Buyer Seller shall pay to have domestic wells drilled for water potability and productivity
- (4) Buyer Seller shall pay for natural hazard zone disclosure report prepared by _____
- (5) Buyer Seller shall pay for the following inspection or report: Phase One Report
- (6) Buyer Seller shall pay for the following inspection or report

B. GOVERNMENT REQUIREMENTS AND RETROFIT:

- (1) Buyer Seller shall pay for smoke detector installation and/or water heater bracing, if required by Law. Prior to Close Of Escrow, Seller shall provide Buyer a written statement of compliance in accordance with state and local Law, unless exempt.
- (2) Buyer Seller shall pay the cost of compliance with any other minimum mandatory government retrofit standards, inspections and reports if required as a condition of closing escrow under any Law.
- (3) Buyer Seller shall pay for installation of approved fire extinguisher(s), sprinkler(s), and hoses, if required by Law, which shall be installed prior to Close Of Escrow. Prior to Close Of Escrow Seller shall provide Buyer a written statement of compliance, if required by Law.
- (4) Buyer Seller shall pay for natural hazard zone disclosure report prepared by _____

C. ESCROW AND TITLE:

- (1) Buyer Seller shall pay escrow fee _____
Escrow Holder shall be Old Republic Title Company
- (2) Buyer Seller shall pay for owner's title insurance policy specified in paragraph 16 ____
Owner's title policy to be issued by _____
(Buyer shall pay for any title insurance policy insuring Buyer's lender, unless otherwise agreed in writing.)

D. OTHER COSTS:

- (1) Buyer Seller shall pay County transfer tax or transfer fee _____
- (2) Buyer Seller shall pay City transfer tax or transfer fee _____
- (3) Buyer Seller shall pay HOA transfer fees _____
- (4) Buyer Seller shall pay HOA document preparation fees _____
- (5) Buyer Seller shall pay for _____
- (6) Buyer Seller shall pay for _____

6. SELLER DISCLOSURES:

- A. NATURAL AND ENVIRONMENTAL DISCLOSURES:** Seller shall, within the time specified in paragraph 17, if required by Law: (i) deliver to Buyer earthquake guides and questionnaire(s) and environmental hazards booklet (ii) even if exempt

from the obligation to provide an NHD, disclose if the Property is located in a Special Flood Hazard Area Potential Flooding (Inundation) Area: Very High Fire Hazard Zone: State Fire Responsibility Area: Earthquake Fault Zone; Seismic Hazard Zone, and (iii) disclose any other zone as required by Law and provide any other information required to those zones.

B. ADDITIONAL DISCLOSURES: Within the time specified in paragraph 17, Seller shall provide to Buyer, in writing, the following disclosures, documentation and information:

(1) **RENTAL SERVICE AGREEMENT(S):** (i) All current leases, rental agreements, service contracts and other agreements pertaining to the operation of the Property; and (ii) a rental statement including names of tenants, rental rates, period of rental, date of last rent increase, security deposits, rental concessions, rebates, or other benefits, if any, and a list of delinquent rents and their duration. Seller represents that no tenant is entitled to any concession, rebate, or other benefit, except as set forth in these documents.

(2) **INCOME AND EXPENSE STATEMENTS:** The books and records, including a statement of income and expense for the 12 months preceding Acceptance. Seller represents that the books and records are those maintained in the ordinary and normal course of business, and used by Seller in the computation of federal and state income tax returns.

(3) **TENANT ESTOPPEL CERTIFICATES:** (If checked) Tenant estoppel certificates (C.A.R. Form TEC) completed by Seller or Seller's agent and signed by each tenant, acknowledging: (i) that tenants' rental or lease agreements are terminated effective prior to the Close of Escrow; (ii) that no lessor defaults exist; and (iii) stating the amount of any prepaid rent or security deposit. Seller shall bear all responsibility for the return of any prepaid rent, security deposit or other monies to tenants as required by law. Seller shall defend, indemnify and hold harmless Buyer and the City of Garden Grove from any such claims, demands, lawsuits and judgments.

Sellers' Initials (T) (D) (B)

(4) **SURVEYS, PLANS AND ENGINEERING DOCUMENTS:** Copies of surveys, plans, specifications and engineering documents, if any, in Seller's possession or control.

(5) **PERMITS:** If in Seller's possession. Copies of all permits and approvals concerning the Property, obtained from any governmental entity, including but not limited to, certificates of occupancy, conditional use permits, development plans, and license and permits pertaining to the operation of the Property.

(6) **STRUCTURAL MODIFICATIONS:** Any known structural additions or alterations to, or the installation, alterations, repair or replacement of, significant components of the structure(s) upon the Property.

(7) **GOVERNMENTAL COMPLIANCE:** Any improvements, additions, alterations, or repairs made by Seller, or known to Seller to have been made without required governmental permits, final inspections, and approvals.

(8) **VIOLATION NOTICES:** Any notice of violations of any Law filed or issued against the Property and actually known to Seller.

Buyer's Initials ()
Sellers' Initials (T) (D) (B)

(9) MISCELLANEOUS ITEMS: Any of the following, if actually known to Seller: (i) any current pending lawsuit(s), investigation(s), inquiry(ies), action(s), or other proceeding(s) affecting the Property or the right to use and occupy it (ii) any unsatisfied mechanic's or materialman's liens affecting the Property; and (ii) that any tenant of the Property is the subject of a bankruptcy.

7. [X] ENVIRONMENTAL SURVEY (if checked): Within 30 Days After Acceptance, Buyer shall be provided a phase one environmental survey report paid for and obtained by [X] Buyer [] Seller. Buyer shall then, as specified in paragraph 17, remove the contingency or cancel the Agreement.

8. CONDOMINIUM/PLANNED UNIT DEVELOPMENT DISCLOSURES:

A. SELLER HAS: 7 (or []) Days After Acceptance to disclose to Buyer whether the Property is a condominium, or is located in a planned unit development or other common interest subdivision

B. If the Property is a condominium or is located in a planned unit development or other common interest subdivision, Seller has 3 (or []) Days After Acceptance to request from the OA (C.A.R. Form HOA): (i) Copies of any documents required by Law; (ii) disclosure of any pending or anticipated claim or litigation by or against the OA; (iii) a statement containing the location and number of designated parking and storage spaces; (iv) Copies of the most recent 12 months of OA minutes for regular and special meetings; and (v) the names and contact information of all OAs governing the Property (collectively, "CI Disclosures"). Seller shall itemize and deliver to Buyer all CI Disclosures received from the OA and any CI Disclosures in Seller's possession. Buyer's approval of CI Disclosures is a contingency of this Agreement as specified in paragraph 17.

9. SUBSEQUENT DISCLOSURES: In the event Seller, prior to Close of Escrow, becomes aware of adverse conditions materially affecting the Property, or any material inaccuracy in disclosures, information or representations previously provided to Buyer of which Buyer is otherwise unaware. Seller shall promptly provide a subsequent or amended disclosure or notice in writing, covering those items. However, a subsequent or amended disclosure shall not be required for conditions and material inaccuracies disclosed in reports ordered and paid for by Buyer.

10. CHANGES DURING ESCROW:

A. ~~Prior to Close of Escrow, Seller may only engage in the following acts. (Proposed Changes). Subject to Buyer's rights in paragraph 17; (i) rent or lease any vacant unit or other part of the premises; (ii) alter, modify, or _____ any existing rental or lease agreement; (iii) enter into, alter, modify or extend any service contract(s); or (iv) change the status of the condition of the Property.~~

Sellers' Initials () () ()

B. ~~At least 7 (or []) days prior to any proposed Changes, Seller shall give written notice to Buyer of any Proposed Changes~~

Sellers' Initials (T) (D) (B)

11. CONDITIONS AFFECTING PROPERTY:

A. Unless otherwise agreed: (1) the Property is sold (a) in its PRESENT physical condition as of the date of Acceptance and (b) subject to Buyer's Investigation rights; (ii) the Property, including pool, spa, landscaping and grounds, is to be maintained in

Buyer's Initials ()
Sellers' Initials (T) (D) (B)

substantially the same condition as on the date of Acceptance; and (iii) all debris and personal property not included in the sale shall be removed by Close Of Escrow.

- B. SELLER SHALL, within the time specified in paragraph 17, DISCLOSE KNOWN MATERIAL FACTS AND DEFECTS affecting the Property, including known insurance claims within the past five years, AND MAKE OTHER DISCLOSURES REQUIRED BY LAW.
- C. NOTE TO BUYER: You are strongly advised to conduct investigations of the entire Property in order to determine its present condition since Seller may not be aware of all defects affecting the Property or other factors that you consider important. Property improvements may not be built according to code, in compliance with current Law, or have had permits issued.
- D. NOTE TO SELLER: Buyer has the right to inspect the Property and, as specified in paragraph 17, based upon information discovered in those inspections: (i) cancel this Agreement; or (ii) request that you make Repairs or take other action.

12. ITEMS INCLUDED AND EXCLUDED:

- A. NOTE TO BUYER AND SELLER: Items listed as included or excluded in the MLS, flyers or marketing materials are not included in the purchase price or excluded from the sale unless specified in 12B or C.
- B. ITEMS INCLUDED IN SALE:
 - (1) All EXISTING fixtures and fittings that are attached to the Property;
 - (2) Existing electrical, mechanical, lighting, plumbing and heating fixtures, ceiling fans, fireplace inserts, gas logs and grates, solar systems, built-in appliances, window and door screens, awnings, shutters, window coverings, attached floor coverings, television antennas, satellite dishes, private integrated telephone systems, air coolers conditioners, pool/spa equipment, garage door openers remote controls, mailbox, in-ground landscaping, trees/shrubs, water softeners, water purifiers, security systems/alarms;
 - (3) A complete inventory of all personal property of Seller currently used in the operation of the Property and included in the purchase price shall be delivered to Buyer within the time specified in paragraph 17.
 - (4) Seller represents that all items included in the purchase price are, unless otherwise specified, owned by Seller. Within the time specified in paragraph 17, Seller shall give Buyer a list of fixtures not owned by Seller.
 - (5) Seller shall deliver title to the personal property by Bill of Sale, free of all liens and encumbrances, and without warranty of condition.
 - (6) As additional security for any note in favor of Seller for any part of the purchase price, Buyer shall execute a UCC-1 Financing Statement to be filed with the Secretary of State, covering the personal property included in the purchase, replacement thereof, and insurance proceeds.
- C. ITEMS EXCLUDED FROM SALE: _____

13. BUYER'S INVESTIGATION OF PROPERTY AND MATTERS AFFECTING PROPERTY:

- A. Buyer's acceptance of the condition of, and any other matter affecting the Property is a contingency of this Agreement, as specified in this paragraph and paragraph 17.

Buyer's Initials ()
Sellers' Initials (T) (D) (B)

Within the time specified in paragraph 17, Buyer shall have the right, at Buyer's expense unless otherwise agreed, to conduct inspections, investigations, tests, surveys and other studies ("Buyer investigations") including, but not limited to, the right to: (i) inspect for lead-based paint and other lead-based paint hazards; (ii) inspect for wood destroying pests and organisms; (iii) confirm the insurability of Buyer and the Property; and (iv) satisfy Buyer as to any matter of concern to Buyer. Without Seller's prior written consent, Buyer shall neither make nor cause to be made; (i) invasive or destructive Buyer investigations or; (ii) inspections by any governmental building or zoning inspector, or government employee, unless required by Law.

- B.** Buyer shall complete Buyer Investigations and, as specified in paragraph 17, remove the contingency or cancel this Agreement. Buyer shall give Seller, at no cost, complete Copies of all Buyer Investigation reports obtained by Buyer. Seller shall make the Property available for all Buyer Investigations. Seller shall have water, gas, electricity and all operable pilot lights on for Buyer's Investigations and through the date possession is made available to Buyer.
- 14. REPAIRS:** Repairs shall be completed prior to final verification of condition unless otherwise agreed in writing. Repairs to be performed at Seller's expense may be performed by Seller or through others, provided that the work complies with applicable Law, including governmental permit, inspection and approval requirements. Repairs shall be performed in a good, skillful manner with materials of quality and appearance comparable to existing materials. It is understood that exact restoration of appearance or cosmetic items following all Repairs may not be possible. Seller shall: (i) obtain receipts Repairs performed by others; (ii) prepare a written statement indicating the Repairs performed by Seller and the date of such Repairs; and (iii) provide Copies of receipts and statements to Buyer prior to final verification of condition.
- 15. BUYER INDEMNITY AND SELLER PROTECTION FOR ENTRY UPON PROPERTY:** Buyer shall; (i) keep the Property free and clear of liens; (ii) Repair all damage arising from Buyer investigations; and (iii) indemnify and hold Seller harmless from all resulting liability, claims, demands, damages and costs. Buyer shall carry, or Buyer shall require anyone acting on Buyer's behalf to carry policies of liability, workers' compensation and other applicable insurance, defending and protecting Seller from liability for any injuries to persons or property occurring during any Buyer Investigations or work done on the Property at Buyer's direction prior to Close Of Escrow. Seller is advised that certain protections may be afforded Seller by recording a "Notice of Non-Responsibility" (C.A.R. Form NNR) for Buyer Investigations and work done on the Property at Buyer's direction. Buyer's obligations under this paragraph shall survive the termination of this Agreement.
- 16. TITLE AND VESTING:**
- A.** Within the time specified in paragraph 17, Buyer shall be provided a current preliminary title report, which is only an offer by the title insurer to issue a policy of title insurance and may not contain every item affecting title. Buyer's review of the preliminary report and any other matters which may affect title are a contingency of this Agreement as specified in paragraph 17.
- B.** Title is taken in its present condition subject to all encumbrances, easements, covenants, conditions, restrictions, rights and other matters, whether of record or not,

as of the date of Acceptance except: (i) monetary liens of record unless Buyer is assuming those obligations or taking the Property subject to those obligations; and (ii) those matters which Seller has agreed to remove in writing.

- C. Within the time specified in paragraph 17, Seller has a duty to disclose to Buyer all matters known to Seller affecting title, whether of record or not.
- D. At Close Of Escrow, Buyer shall receive a grant deed conveying title (or, for stock cooperative or long-term lease, an assignment of stock certificate or of Seller's leasehold interest), including oil, mineral and water rights if currently owned by Seller. Title shall vest as designated in Buyer's supplemental escrow instructions. THE MANNER OF TAKING TITLE MAY HAVE SIGNIFICANT LEGAL AND TAX CONSEQUENCES. CONSULT AN APPROPRIATE PROFESSIONAL.
- E. Buyer shall receive a CLTA policy of title insurance. An ALTA policy or the addition of endorsements may provide greater coverage for Buyer. A title company, at Buyer's request, can provide information about the availability, desirability, coverage, and cost of various title insurance coverages and endorsements. If Buyer desires title coverage other than that required by this paragraph, Buyer shall instruct Escrow Holder in writing and pay any increase in cost.

17. TIME PERIODS; REMOVAL OF CONTINGENCIES; CANCELLATION RIGHTS:
 The following time periods may only be extended, altered, modified or changed by mutual written agreement. Any removal of contingencies or cancellation under this paragraph must be in writing (C.A.R. Form RRCR).

- A. **SELLER HAS:** 7 (or [X] 30) Days After Acceptance to deliver to Buyer all reports, disclosures and information for which Seller is responsible under paragraphs 5, 6A, and B, 8A, 11B, 12B (3) and (4) and 16.
- B. **BUYER HAS:** 17 (or [X] 60) Days After Acceptance, unless otherwise agreed in writing, to:
 - (1) Complete all Buyer Investigations: approve all disclosures, reports and other applicable information, which Buyer receives from Seller; and approve all matters affecting the Property (including lead-based paint and lead-based paint hazards as well as other information specified in paragraph 6 and insurability of Buyer and the Property.
 - (2) Within the time specified in 17B(1). Buyer may request that Seller make repairs or take any other action regarding the Property (C.A.R. Form RR). Seller has no obligation to agree to or respond to Buyer's requests.
 - (3) By the end of the time specified in 17B(1) (or 2J for loan contingency or 2K for appraised contingency), Buyer shall remove, in writing, the applicable contingency (C.A.R. Form RRRCR) or cancel this Agreement. However, if the following inspections, reports or disclosures are not made within the time specified in 17A, then Buyer has 5 (or [X] 10) Days after receipt of any such items, or the time specified in 17B(1) whichever is later, to remove the applicable contingency or cancel this Agreement in writing: (i) government-mandated inspections or reports required as a condition of closing; (ii) Common Interest Disclosures pursuant to paragraph 8B; (iii) a subsequent or amended disclosure pursuant to paragraph 9; (iv) Proposed Changes pursuant to paragraph 10B; and (v) environmental survey pursuant to paragraph 7.

Buyer's Initials ()
 Sellers' Initials (T) (D) (B)

C. CONTINUATION OF CONTINGENCY OR CONTRACTUAL OBLIGATION; SELLER RIGHT TO CANCEL:

(1) Seller right to Cancel; Buyer Contingencies: Seller, after first giving Buyer a Notice to Buyer to Perform (as specified below), may cancel this Agreement in writing and authorize return of Buyer's deposit if, by the time specified in the Agreement, Buyer does not remove in writing the applicable contingency or cancel this Agreement. Once all contingencies have been removed, failure of either Buyer or Seller to close escrow in time may be a breach of this Agreement.

(2) Continuation of Contingency: Even after the expiration of the time specified in 17B(1), Buyer retains the right to make requests to Seller, remove in writing the applicable contingency or cancel this Agreement until Seller cancels pursuant to 17C(1). Once Seller receives Buyer's written removal of all contingencies, Seller may not cancel this Agreement pursuant to 17C(1).

(3) Seller right to Cancel; Buyer Contract Obligations: Seller, after first giving Buyer a Notice to Buyer to Perform (as specified below), may cancel this Agreement in writing and authorize return of Buyer's deposit for any of the following reasons: (i) if Buyer fails to deposit funds as required by 2A or 2B; (ii) if the funds deposited pursuant to 2A or 2B are not good when deposited; (iii) if Buyer fails to provide a letter as required by 2H; (iv) if Buyer fails to provide verification as required by 2I or 2M; (v) if Seller reasonably disapproves of the verification provided by 2I or 2M. Seller is not required to give Buyer a Notice to Perform regarding Close of Escrow.

(4) Notice To Buyer To Perform: The Notice to Buyer to Perform (C.A.R. Form NBP) shall: (i) be in writing; (ii) be signed by Seller; and (iii) give Buyer at least 24 (or [X] 72) hours (or until the time specified in the applicable paragraph, whichever occurs last) to take the applicable action. A Notice of Buyer to Perform may not be given any earlier than 2 days prior to the expiration of the applicable time for Buyer to remove a contingency or cancel the Agreement or meet a 17C(3) obligation.

D. EFFECT OF BUYER'S REMOVAL OF CONTINGENCIES: If Buyer removes, in writing, any contingency or cancellation rights, unless otherwise specified in a separate written agreement between Buyer and Seller, Buyer shall conclusively be deemed to have: (i) completed all Buyer Investigations, and review of reports and other applicable information and disclosures pertaining to that contingency or cancellation right; (ii) elected to proceed with the transaction; and (iii) assumed all liability, responsibility, and expense for Repairs or corrections pertaining to that contingency or cancellation right, or for inability to obtain financing.

E. EFFECT OF CANCELLATION ON DEPOSITS: If Buyer or Seller gives written notice of cancellation pursuant to rights duly exercised under the term of this Agreement, Buyer and Seller agree to Sign mutual instructions to cancel the sale and escrow and release deposits, less fees and costs, to the party entitled to the funds. Fees and costs may be payable to service providers and vendors for services and products provided during escrow. Release of funds will require mutual signed release instructions from Buyer and seller, judicial decision or arbitration award.

18. FINAL VERIFICATION OF CONDITION: Buyer shall have the right to make a final

Buyer's Initials ()
Sellers' Initials (T) (D) (B)

inspection of the Property within 5 (or [] ___) Days Prior to Close Of Escrow, NOT AS A CONTINGENCY OF THE SALE, but solely to confirm: (i) the Property is maintained pursuant to 11A; (ii) Repairs have been completed as agreed; and (iii) Seller has complied with Seller's other obligations under this Agreement.

- 19. **ENVIRONMENTAL HAZARD CONSULTATION:** Buyer and Seller acknowledge (i) Federal, state, and local legislation impose liability upon existing and former owners and users of real property, in applicable situations, for certain legislatively defined, environmentally hazardous substances; (ii) Broker(s) has/have made no representation concerning the applicability of any such Law to this transaction or to Buyer or to Seller, except as otherwise indicated in this Agreement; (iii) Broker(s) have/has made no representation concerning the existence, testing, discovery, location and evaluation of/for, and risks posed by, environmentally hazardous substances, if any, located on or potentially affecting the Property; and (iv) Buyer and Seller are each advised to consult with technical and legal experts concerning the existence, testing, discovery, location and evaluation of/for, and risks posed by, environmentally hazardous substances, if any, located on or potentially affecting the Property.
- 20. **AMERICANS WITH DISABILITIES:** The Americans With Disability Act ("ADA") prohibits discrimination against individuals with disabilities. The ADA affects almost all commercial facilities and public accommodations. The ADA can require, among other things, that buildings be made readily accessible to the disabled. Different requirements apply to new construction, alterations to existing buildings, and removal of barriers in existing buildings. Compliance with the ADA may require significant costs. Monetary and injunctive remedies may be incurred if the Property is not in compliance. A real estate broker does not have the technical expertise to determine whether a building is in compliance with ADA requirements, or to advise a principal on those requirements. Buyer and Seller are advised to contact an attorney, contractor, architect, engineer or other qualified professional of Buyer's or Seller's own choosing to determine to what degree, if any, the ADA impacts that principal or this transaction.
- 21. **LIQUIDATED DAMAGES:** If Buyer fails to complete this purchase because of Buyer's default, Seller shall retain, as liquidated damages, the deposit actually paid. Buyer and Seller agree that this amount is a reasonable sum given that it is impractical or extremely difficult to establish the amount of damages that would actually be suffered by Seller in the event Buyer were to breach this Agreement. Release of funds will require mutual, Signed release instructions from both Buyer and Seller; judicial decision or arbitration award.

Buyer's initials ___/___

Sellers' initials T/D/B

22. **DISPUTE RESOLUTION:**

A. **MEDIATION:** Buyer and Seller agree to mediate any dispute or claim arising between them out of this Agreement, or any resulting transaction, before resorting to arbitration or court action. Paragraphs 22B(2) and (3) below apply to mediation whether or not the Arbitration provision is initialed. Mediation fees, if any, shall be divided equally among the parties involved. If, for any dispute or claim to which this paragraph applies, any party commences an action without first attempting to resolve the matter through mediation, or refuses to mediate after a request has been made, then that party shall not be entitled to recover attorney fees, even if they would otherwise be available to that party in any such action. THIS MEDIATION PROVISION APPLIES WHETHER OR NOT THE ARBITRATION PROVISION IS

Buyer's Initials ()
Sellers' Initials (S) (D) (B)

INITIALED.

B. ARBITRATION OF DISPUTES: (1) Buyer and Seller agree that any dispute or claim in Law or equity arising between them out of this Agreement or any resulting transaction, which is not settled through mediation, shall be decided by neutral, binding arbitration, including and subject to paragraphs 22B(2) and (3) below. The arbitrator shall be a retired judge or justice, or an attorney with at least 5 years of real estate transactional law experience, unless the parties mutually agree to a different arbitrator, who shall render an award in accordance with substantive California Law. The parties shall have the right to discovery in accordance with Code of Civil Procedure Section 1283.05. In all other respects, the arbitration shall be conducted in accordance with Title 9 of Part III of the California Code of Civil Procedure. Judgment upon the award of the arbitrator(s) may be entered into any court having jurisdiction. Interpretation of this agreement to arbitrate shall be governed by the Federal Arbitration Act.

(2) EXCLUSIONS FROM MEDIATION AND ARBITRATION: The following matters are excluded from mediation and arbitration: (i) a judicial or non-judicial foreclosure or other action or proceeding to enforce a deed of trust, mortgage or installment land sale contract as defined in California Civil Code Section 2985; (ii) an unlawful detainer action; (iii) the filing or enforcement of a mechanic's lien; and (iv) any matter that is within the jurisdiction of a probate, small claims or bankruptcy court. The filing of a court action to enable the recording of a notice of pending action, for order of attachment, receivership, injunction, or other provisional remedies, shall not constitute a waiver of the mediation and arbitration provisions.

(3) BROKERS: Buyer and Seller agree to mediate and arbitrate disputes or claims involving either or both Brokers, consistent with 22A and B, provided either or both Brokers shall have agreed to such mediation or arbitration prior to, or within a reasonable time after, the dispute or claim is presented to Brokers. Any election by either or both Brokers to participate in mediation or arbitration shall not result in Brokers being deemed parties to the Agreement.

"NOTICE: BY INITIALING IN THE SPACE BELOW, YOU ARE AGREEING TO HAVE ANY DISPUTE ARISING OUT OF THE MATTERS INCLUDED IN THE 'ARBITRATION OF DISPUTES' PROVISION DECIDED BY NEUTRAL ARBITRATION AS PROVIDED BY CALIFORNIA LAW AND YOU ARE GIVING UP ANY RIGHTS YOU MIGHT POSSESS TO HAVE THE DISPUTE LITIGATED IN A COURT OR JURY TRIAL. BY INITIALING IN THE SPACE BELOW YOU ARE GIVING UP YOUR JUDICIAL RIGHTS TO DISCOVERY AND APPEAL, UNLESS THOSE RIGHTS ARE SPECIFICALLY INCLUDED IN THE 'ARBITRATION OF DISPUTES' PROVISION. IF YOU REFUSE TO SUBMIT TO ARBITRATION AFTER AGREEING TO THIS PROVISION, YOU MAY BE COMPELLED TO ARBITRATE UNDER THE AUTHORITY OF THE CALIFORNIA CODE OF CIVIL PROCEDURE. YOUR AGREEMENT TO THIS ARBITRATION PROVISION IS VOLUNTARY."

"WE HAVE READ AND UNDERSTAND THE FOREGOING AND AGREE TO SUBMIT DISPUTES ARISING OUT OF THE MATTERS INCLUDED IN THE 'ARBITRATION OF DISPUTES' PROVISION TO

Buyer's Initials ()
Sellers' Initials (T) (D) (B)

NEUTRAL ARBITRATION."

Buyer's initials ___/___

Sellers' initials T/D/B

- 23. **ASSIGNMENT:** Buyer shall not assign all or any part of Buyer's interest in this Agreement without first having obtained the written consent of Seller. Such consent shall not be unreasonably withheld, unless otherwise agreed to in writing. Any total or partial assignment shall not relieve Buyer of Buyer's obligations pursuant to this Agreement.
- 24. **SUCCESSORS AND ASSIGNS:** This Agreement shall be binding upon, and inure to the benefit of, Buyer and Seller and their respective successors and assigns, except as otherwise provided herein.
- 25. **COPIES:** Seller and Buyer each represent that Copies of all reports, documents, definitions, approvals and other documents that are furnished to the other are true, correct and unaltered Copies of the original documents, if the originals are in the possession of the furnishing party.
- 26. **NOTICES:** Whenever notice is given under this Agreement, each notice shall be in writing, and shall be delivered personally, by facsimile, or by mail, postage prepaid. Notice shall be delivered to the address set forth below the recipient's signature of acceptance. Either party may change its notice address by providing notice to the other party.
- 27. **AUTHORITY:** Any person or persons signing this Agreement represent(s) that such person has full power and authority to bind that person's principal, and that the designated Buyer and Seller has full authority to enter into and perform this Agreement. Entering into this Agreement, and the completion of the obligations pursuant to this contract, does not violate any Articles of Incorporation, Articles of Organization, Bylaws, Operating Agreement, Partnership Agreement or other document governing the activity of either Buyer or Seller.
- 28. **GOVERNING LAW:** This Agreement shall be governed by the Laws of the state of California.
- 29. **PRORATIONS OF PROPERTY TAXES AND OTHER ITEMS:** Unless otherwise agreed in writing, the following items shall be PAID CURRENT and prorated between Buyer and Seller as of Close Of Escrow: real property taxes and assessments, interest, rents, HOA regular, special, and emergency dues and assessments imposed prior to Close Of Escrow, premiums on insurances assumed by Buyer, payments on bonds and assessments assumed by Buyer, and payments on Mello-Roos and other Special Assessment District bonds and assessments that are now a lien. The following items shall be assumed by Buyer WITHOUT CREDIT toward the purchase price: prorated payments on Mello-Roos and other Special Assessment District bonds and assessments and HOA special assessments that are now a lien, but not yet due. Property will be reassessed upon change of ownership. Any supplemental tax bills shall be paid as follows: (i) for periods after Close Of Escrow, by Buyer; and (ii) for periods prior to Close Of Escrow by Seller. TAX BILLS ISSUED AFTER CLOSE OF ESCROW SHALL BE HANDLED DIRECTLY BETWEEN BUYER AND SELLER. Proration shall be made based on 30-day month.
- 30. **WITHHOLDING TAXES:** Seller and Buyer agree to execute any instrument, affidavit, statement or instruction reasonably necessary to comply with federal (FIRPTA) and California withholding Law, if required (C.A.R. Form AS).

Buyer's Initials ()
Sellers' Initials (T) (D) (B)

- 31. **MULTIPLE LISTING SERVICE/PROPERTY DATA SYSTEM:** If Broker is a participant of a Multiple Listing Services ("MLS") or Property Data System ("PDS"), Broker is authorized to report to the MLS or PDS a pending sale and, upon Close Of Escrow, the terms of this transaction to be published and disseminated to persons and entities authorized to use the information on terms approved by the MLS or PDS.
- 32. **EQUAL HOUSING OPPORTUNITY:** The Property is sold in compliance with federal, state and local anti-discrimination Laws.
- 33. **ATTORNEY FEES:** In any action, proceeding, or arbitration between Buyer and Seller arising out of this Agreement, the prevailing Buyer or Seller shall be entitled to reasonable attorney fees and costs from the non-prevailing Buyer or Seller, except as provided in paragraph 22A.
- 34. **SELECTION OF SERVICE PROVIDERS:** If Brokers refer Buyer or Seller to persons, vendors, or service or product providers ("Providers"), Brokers do not guarantee the performance of any Providers. Buyers and Seller may select ANY Providers of their own choosing.
- 35. **TIME OF ESSENCE; ENTIRE CONTRACT; CHANGES:** Time is of the essence. All understandings between the parties are incorporated in this Agreement. Its terms are intended by the parties as a final, complete and exclusive expression of their Agreement with respect to its subject matter, and may not be contradicted by evidence of any prior agreement or contemporaneous oral agreement. If any provision of this Agreement is held to be ineffective or invalid, the remaining provision will nevertheless be given full force and effect. Neither this Agreement nor any provision in it may be extended, amended, modified, altered or changed, except in writing Signed by Buyer and Seller.
- 36. **OTHER TERMS AND CONDITIONS,** including attached supplements:
 - A. Buyer Inspection Advisory (C.A.R. Form BIA)
 - B. Seller Financing Addendum and Disclosure (C.A.R. Form SFA)
 - C. Purchase Agreement Addendum (C.A.R. Form PAA paragraph numbers:
 - D. Buyer Intent To Exchange Supplement (C.A.R. Form BES)
 - E. Seller Intent To Exchange Supplement (C.A.R. Form SES)
 - F. Termination of lease; dated August 26, 1077; recorded on September 8, 1977 in Book 12369
 - G. Letter of Consideration of Eminent Domain
 - H. Buyer will satisfy all conditions before termination of lease
 - I. Sellers will not incur charges related to escrow
 - J. Escrow will close by June 1, 2009.
 - K. See attached Supplement to Commercial Property Purchase Agreement, which Supplement is incorporated herein by this reference.
- 37. **DEFINITIONS:** As used in this Agreement:
 - A. **"Acceptance"** means the time the offer or final counter offer is accepted in writing by a party and is delivered to and personally received by the other party or that party's authorized agent in accordance with this offer or a final counter offer.
 - B. **"Agreement"** means the terms and conditions of this accepted Commercial Property Purchase Agreement and any accepted counter offers and addenda.

- C. "C.A.R. Form" means the specific form referenced, or another comparable form agreed to by the parties.
 - D. "Close Of Escrow" means the date the grant deed, or other evidence of transfer of title, is recorded. If the scheduled close of escrow falls on a Saturday, Sunday or legal holiday, then close of escrow shall be the next business day after the scheduled close of escrow date.
 - E. "Copy" means copy by any means including photocopy, NCR, facsimile and electronic.
 - F. "Days" means calendar days, unless otherwise required by Law.
 - G. "Days After" means the specified number of calendar days after the occurrence of the event specified, not counting the calendar date on which the specified event occurs, and ending at 11:59 PM on the final day.
 - H. "Days Prior" means the specified number of calendar days before the occurrence of the event specified, not counting the calendar date on which the specified event is scheduled to occur.
 - I. "Electronic Copy" or "Electronic Signature" means, as applicable, an electronic copy or signature complying with California Law. Buyer and Seller agree that electronic means will not be used by either one to modify or alter the content or integrity of this Agreement without the knowledge and consent of the other.
 - J. "Law" means any law, code, statute, ordinance, regulation, rule or order, which is adopted by a controlling city, county, state or federal legislative, judicial or executive body or agency.
 - K. "Notice to Buyer to Perform" means a document (C.A.R. Form NBP), which shall be in writing and Signed by Seller and shall give Buyer at least 24 hours (or as otherwise specified in paragraph 17C(4)) to remove a contingency or perform as applicable.
 - L. "Repairs" means any repairs (including pest control), alterations, replacements, modifications or retrofitting of the Property provided for under this Agreement.
 - M. "Signed" means either a handwritten or electronic signature on an original document, Copy or any counterpart.
 - N. Singular and Plural terms each include the other, when appropriate.
38. **BROKERAGE:** Neither Buyer nor Seller has utilized the services of, or for any other reason given compensation to, a licensed real estate broker (individual or corporate), agent, finder, or other entity, other than as specified in this Agreement, in connection with any act relating to the Property, including, but not limited to, inquiries, introductions, consultations and negotiations leading to this Agreement. Buyer and Seller each agree to indemnify, defend, and hold the other, the Brokers specified herein and their agents, harmless from and against any costs, expenses or liability for compensation claimed inconsistent with the warranty and representations in this paragraph.
39. **AGENCY:**
- A. **POTENTIALLY COMPETING BUYERS ND SELLERS:** Buyer and Seller each acknowledge receipt of a disclosure of the possibility of multiple representation by the Broker representing that principal. This disclosure may be part of a listing

agreement, buyer-broker agreement or separate document (C.A.R. Form DA). Buyer understands that Broker representing Buyer may also represent other potential buyers, who may consider, make offers on or ultimately acquire the Property. Seller understands that Broker representing Seller may also represent other sellers with competing properties of interest to this Buyer.

B. CONFIRMATION: The following agency relationships are hereby confirmed for this transaction:

Listing Agent: N/A (Print Firm Name) is the agent of (check only): the Seller exclusively; or both the Buyer and Seller.

Selling Agent N/A (Print Firm Name) (if not same as Listing Agent) is the agent of (check one): the Buyer exclusively; or the Seller exclusively; or both the Buyer and Seller. Real Estate Brokers are not parties to the Agreement between Buyer and Seller.

40. JOINT ESCROW INSTRUCTIONS TO ESCROW HOLDER:

A. The following paragraphs, or applicable portions thereof, of this Agreement constitute the joint escrow instructions of Buyer and Seller to Escrow Holder, which Escrow Holder is to use along with any related counter offers and addenda, and any additional mutual instructions to close the escrow: 1, 2, 4, 5, 16, 17E, 29, 30, 35, 36B-F, 37, 40, 42, 45A, 46, paragraph D of the section titled Real Estate Brokers on page 10 and the Supplement hereto. If a Copy of the separate compensation agreement(s) provided for in paragraph 42 or 45A, or paragraph D of the section titled Real Estate Brokers on page 10 is deposited with Escrow Holder by Broker, Escrow Holder shall accept such agreement(s) and pay out from Buyer's or Seller's funds, or both, as applicable, the Broker's compensation provided for in such agreement(s). The terms and conditions of this Agreement not set forth in the specified paragraphs are additional matters for the information of Escrow Holder, but about which Escrow Holder need not be concerned. Buyer and Seller will receive Escrow Holder's general provisions directly from Escrow Holder and will execute such provisions upon Escrow Holder's request. To the extent the general provisions are inconsistent or conflict with this Agreement, the general provisions will control as to the duties and obligations of Escrow Holder only. Buyer and Seller will execute additional instructions, documents and forms provided by Escrow Holder that are reasonably necessary to close the escrow.

B. A Copy of this Agreement shall be delivered to Escrow Holder within 3 business days after Acceptance (or 5] business days). Buyer and Seller authorize Escrow Holder to accept and rely on Copies and Signatures as defined in this Agreement as originals, to open escrow and for other purposes of escrow. The validity of this Agreement as between Buyer and Seller is not affected by whether or when Escrow Holder Signs this Agreement.

C. Brokers are a party to the Escrow for the sole purpose of compensation pursuant to paragraphs 42, 45A and paragraph D of the section titled Real Estate Brokers on page 10. Buyer and Seller irrevocably assign to Brokers compensation specified in paragraphs 42 and 45A, respectively, and irrevocably instruct Escrow Holder to disburse those funds to Brokers at Close Of Escrow or pursuant to any other mutually executed cancellation agreement.

Buyer's Initials ()
Sellers' Initials (J) (D) (B)

Compensation instructions can be amended or revoked only with the written consent of Brokers. Escrow Holder shall immediately notify Brokers: (i) if Buyer's initial or any additional deposit is not made pursuant to this Agreement, or is not good at time of deposit with Escrow Holder; or (ii) if Buyer and Seller instruct Escrow Holder to cancel escrow.

D. A Copy of any amendment that affects any paragraph for which Escrow Holder is responsible shall be delivered to Escrow Holder within 2 business days after mutual execution of the amendment.

- 41. **SCOPE OF BROKER DUTY:** Buyer and Seller acknowledge and agree that Brokers: (i) do not decide what price Buyer should pay or Seller should accept; (ii) do not guarantee the condition of the Property; (iii) do not guarantee the performance, adequacy or completeness of inspection, services, products or repairs provided or made by Seller or others; (iv) shall not be responsible for identifying defects that are not known to Broker(s); (v) shall not be responsible for inspecting public records or permits concerning the title or use of the Property; (vi) shall not be responsible for identifying location of boundary lines or other items affecting title; (vii) shall not be responsible for verifying square footage, representations of others or information contained in inspection reports, MLS or PDS, advertisement, flyers or other promotional material, unless otherwise agreed in writing; (viii) shall not be responsible for providing legal or tax advice regarding any aspect of a transaction entered into by Buyer or Seller in the course of this representation; and (ix) shall not be responsible for providing other advice or information that exceeds the knowledge, education and experience required to perform real estate licensed activity. Buyer and Seller agree to seek legal, tax, insurance, title and other desired assistance from appropriate professionals.
- 42. **BROKER COMPENSATION FROM BUYER:** If applicable, upon Close Of Escrow, Buyer agrees to pay compensation to Broker as specified in a separate written agreement between Buyer and Broker.
- 43. **TERMS AND CONDITIONS OF OFFER:** This is an offer to purchase the Property on the above terms and conditions. All paragraphs with spaces for initials by Buyer and Seller are incorporated in this Agreement only if initialed by all parties. If at least one but not all parties initial, a counter offer is required until agreement is reached. Seller has the right to continue to offer the Property for sale and to accept any other offer at any time prior to notification of Acceptance. Buyer has read and acknowledges receipt of Copy of the offer and agrees to the above confirmation of agency relationships. If this offer is accepted and Buyer subsequently defaults, Buyer may be responsible for payment of Brokers' compensation. This Agreement and any supplement, addendum or modification, including any Copy, may be Signed in two or more counterparts, all of which shall constitute one and the same writing.
- 44. **EXPIRATION OF OFFER:** This offer shall be deemed revoked and the deposit shall be returned, unless the offer is Signed by Seller, and a Copy of the Signed offer is personally received by Buyer, or by N/A, who is authorized to receive it by 5:00 PM on the third calendar day after this offer is signed by Buyer (OR, if checked [X] by February 20, 2009, at 5:00 PM.
- 45. **BROKER COMPENSATION FROM SELLER:**
 - A. Upon close of Escrow, Seller agrees to pay compensation to Broker as specified in a separate written agreement between Seller and Broker.

Buyer's Initials ()
Sellers' Initials (ST) (D) (B)

B. If escrow does not close, compensation is payable as specified in that separate written agreement.

46. ACCEPTANCE OF OFFER: Seller warrants that Seller is the owner of the Property, or has the authority to execute this Agreement. Seller accepts the above offer, agrees to sell the Property on the above terms and conditions, and agrees to the above confirmation of agency relationships. Seller has read and acknowledges receipt of a Copy of this Agreement, and authorizes Broker to deliver a Signed Copy to Buyer. [] (If checked) SUBJECT TO ATTACHED COUNTER OFFER DATED _____.

Buyer: Garden Grove Agency for Community Development
By _____ Date _____

Print Name: Matthew J. Fertal
Address: 11222 Acacia Parkway, Garden Grove, CA 92840
Telephone: (714) 741-5100 Fax (714) 741-5044 E-mail _____

Seller: Jerry L. Bowen and Sharon L. Bowen, Co-Trustees of the Bowen Trust, dated 1/27/93, as amended, as to an undivided 1/2 interest

By _____ Date _____
Print Name: Jerry L. Bowen, Co-Trustee

By _____ Date _____
Print Name: Sharon L. Bowen, Co-Trustee
Address: 5432 Catowba Lane, Irvine, CA 92603
Telephone: (949) 854-1045 Fax _____ E-mail _____

Seller: Thomas D. Bowen, a married man as his sole and separate property as to an undivided 1/2 interest
By: _____ Date 2/3/2009

Print Name: Thomas D. Bowen
Address: 446 N. Clark Street, Forest City, Iowa 50436
Telephone 641-582-2381 Fax _____ E-mail _____

() Confirmation of Acceptance: A Copy of Signed Acceptance was personally received by Buyer or Buyer's authorized agent on (date) _____ at _____ [] AM [] PM. A binding Agreement is created when a Copy of Signed Acceptance is personally received by Buyer or Buyer's authorized agent whether or not confirmed in this document. Completion of this confirmation is not legally required in order to create a binding Agreement. It is solely intended for evidence the date that Confirmation of Acceptance has occurred.

REAL ESTATE BROKERS:

- A. Real Estate Brokers are not parties to this Agreement between Buyer and Seller.
B. Agency relationships are confirmed as stated in paragraph 30 above.
C. If specified in paragraph 2A, Agent who submitted offer for Buyer acknowledges receipt of deposit.
D. COOPERATING BROKER COMPENSATION: Listing Broker agrees to pay Cooperating Broker (Selling Firm) and Cooperating Broker agrees to accept, out of Listing Broker's proceeds in escrow: (i) the amount specified in the MLS or PDS, provided Cooperating Broker is a Participant of the MLS or PDS in which the property is offered for sale of a reciprocal MLS or PDS; or (ii) (if checked) the amount specified in a separate written agreement (C.A.R. Form CBC) between Listing Broker and Cooperating Broker.

Real Estate Broker (Selling Firm) _____ DRE Lic. # _____
By _____ DRE Lic. # _____ Date _____

Buyer's Initials ()
Sellers' Initials (T) (D) (B)

Property Address: 12252 Harbor Blvd., Garden Grove, CA

Date: February 5, 2009

Address _____ City _____ State _____ Zip _____
Telephone _____ Fax _____ E-mail _____

Real Estate Broker (Listing Firm) _____ DRE Lic. # _____

By _____ DRE Lic. # _____ Date _____
Address _____ City _____ State _____ Zip _____
Telephone _____ Fax _____ E-mail _____

ESCROW HOLDER ACKNOWLEDGEMENT:

Escrow Holder acknowledges receipt of a Copy of this Agreement, (if checked a deposit in the amount of \$ _____), counter offer numbers _____ and _____, and agrees to act as Escrow Holder subject to paragraph 40 of this Agreement, any supplemental escrow instructions and the terms of Escrow Holder's general provisions.

Escrow Holder is advised that the date of Confirmation of Acceptance of the Agreement as between Buyer and Seller is _____

Escrow Holder _____ Escrow # _____

By _____ Date _____

Address _____

Phone/Fax/E-mail _____

Escrow Holder is licensed by the California Department of [] Corporations [] Insurance [] Real Estate.

License # _____

(____/____) REJECTION OF OFFER: No counter offer is being made. This offer was reviewed and rejected
(Seller's initials) by Seller on _____(Date)

THIS FORM HAS BEEN APPROVED BY THE CALIFORNIA ASSOCIATION OF REALTORS (C.A.R.). NO REPRESENTATION IS MADE AS TO THE LEGAL VALIDITY OR ADEQUACY OF ANY PROVISION IN ANY SPECIFIC TRANSACTION. A REAL ESTATE BROKER IS THE PERSON QUALIFIED TO ADVISE ON REAL ESTATE TRANSACTIONS. IF YOU DESIRE LEGAL OR TAX ADVICE, CONSULT AN APPROPRIATE PROFESSIONAL.

This form is available for use by the article (real estate industry). It is not intended to identify the user as a REALTORS. REALTORS is a registered collective membership ___ which may be used by members of the NATIONAL ASSOCIATION OF REALTORS who subscribed to its Code of Ethics.

Buyer's Initials (____)
Sellers' Initials (____) (____) (____)

**SUPPLEMENT TO COMMERCIAL PROPERTY PURCHASE AGREEMENT
AND JOINT ESCROW INSTRUCTIONS
(Non-Residential)
(C.A.R. Form CPA, Revised 10/03)**

THIS SUPPLEMENT TO COMMERCIAL PROPERTY PURCHASE AGREEMENT AND JOINT ESCROW INSTRUCTIONS ("**Amendment**") is made by and between JERRY L. BOWEN and SHARON L. BOWEN, as Co-Trustees of the Bowen Trust dated January 27, 1993, as amended as to an undivided one-half (1/2) interest, and THOMAS D. BOWEN, a married man as his sole and separate property, as to an undivided one-half (1/2) interest (collectively, "**Seller**"), and GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT, a public body, corporate and politic ("**Buyer**"), as of _____, 2009, and it supplements that certain Commercial Property Purchase Agreement and Joint Escrow Instructions dated as of February 5, 2009, by and between Seller and Buyer ("**Agreement**"). All terms defined in the Agreement shall have the same meaning when used herein.

RECITALS

A. Seller has agreed to sell to Buyer and Buyer has agreed to purchase from Seller the Property which is the subject of the Agreement.

B. Buyer and Seller now mutually desire to supplement the Agreement as set forth below.

C. Seller has offered to sell the Property to Buyer, willingly, voluntarily and by Seller's own actions, pursuant to Section 7277 of the California Government Code.

NOW, THEREFORE, in consideration of the mutual covenants set forth herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Buyer and Seller mutually agree to supplement the Agreement as follows:

SUPPLEMENT TO AGREEMENT

1. Section 36 shall be supplemented to include the following terms and conditions:

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Buyer's Initials ()
Sellers' Initials (J) (S) (B)

K. Termination of Lease. At least three (3) days prior to the Close of Escrow, Seller shall, following issuance by Seller of all proper legal notices, have terminated that certain lease, dated August 26, 1977, affecting the Property, executed by Seller recorded September 8, 1977, in Book 12369, Page 942, of the Official Records of Orange County, California, and that certain First Amendment to Lease, dated June 25, 1992, assigning the lease to Richard Kil and Young Hui Kil (collectively, "Kil"), which lease did expire by its terms on August 27, 2007 (collectively, "Lease"); Seller represents and warrants that thereafter Kil and Kil's sublessees continued in occupancy of the Property on a month to month rental basis. Seller warrants that the termination of the Lease shall comply with all applicable laws, including but not limited to California Civil Code §§ 798 et seq., otherwise known as the Mobilehome Residency Law. Through the termination, Seller shall ensure that all rights to possession under the Lease shall have been extinguished. Seller shall terminate any other similar lease in the same time period, to the extent that such lease may exist. Seller agrees to indemnify, defend, and hold harmless Buyer against any and all claims and or liability related to the termination of the Lease, the assignment and any similar leases.

L. Quit Claim Deeds. At least three (3) days prior to the Close of Escrow, Seller shall cause Kil to have executed and delivered to Escrow Holder, Quit Claim Deeds in recordable form relinquishing all right, title, and interest in and to said Lease (and any similar lease) pursuant to Section 16.4 of the original Lease. Escrow Holder is instructed to cause the recordation of the Quit Claim Deeds against the Property in the Official Records of Orange County, California.

M. Phase One Report. Buyer reserves the right to terminate the Agreement and the Amendment without penalty in the event the Phase One Report reveals the existence of any hazardous materials or environmental issues which the Seller is not able to remediate within a reasonable time period prior to the Close of Escrow. In the event that Buyer exercises this right of termination, Escrow Holder shall disperse the Initial Deposit to Buyer upon written demand therefor.

N. Certification of Trust. Seller shall provide to Escrow Holder prior to the Close of Escrow a Certification of Trust pursuant to the requirements of California Probate Code § 18100.

O. Full and Complete Settlement for Fee Interest. The Seller agrees that the total compensation to be paid by Buyer to Seller, including the Purchase Price, is in consideration for all of Seller's interests in the Property and any rights or obligations which exist or may arise out of the acquisition of the Property for public purposes, including without limitation, Seller's fee interests in the land and any improvements and fixtures and equipment located thereon, improvements pertaining to the realty (if any), severance damages, relocation

assistance or benefits under the Relocation Laws, any alleged pre-condemnation damages, loss of business goodwill, costs, interest, attorney's fees, and any claim whatsoever of Seller which might arise out of or relate in any respect to the acquisition of the Property by the Buyer.

(i) Possession and Disposition of Seller's FF&E. Subject to the Seller's termination of the Lease and quitclaim pursuant thereto and applicable laws as provided herein, as of the date of acceptance of Buyer's offer and continuing through, to and upon the Close of Escrow, possession of the Property is and shall remain solely with Seller, with no other person or entity having or claiming any right to occupy, possess, use, or otherwise enter upon the Property. As of the Closing Date possession of the Property, including land, improvements, furniture, fixtures and equipment owned by Seller, whether immovable or moveable (FF&E), on, upon, or about the Property shall be deemed to be the property of and in the possession of Buyer. Seller shall have the right to and shall remove or otherwise dispose of all moveable FF&E owned by Seller at the Property prior to the Closing Date. After the Closing Date, Seller acknowledges and agrees that Buyer has the right to and may dispose of any FF&E owned by Seller remaining at the Property as Buyer alone sees fit without further notice or any liability whatsoever to Seller.

(ii) Complete Settlement, Release, and Waiver of all Further Compensation as to Seller. This Agreement deals fully and comprehensively with any and all compensation due to Seller, including without limitation relocation benefits or assistance under the Relocation Laws that may be due to Seller from or in connection with the sale of the Property to Buyer and the cessation of Seller's rights to the Property.

(A) Property Offered for Sale by Seller. Seller represents and acknowledges that Seller offered the Property for sale to Buyer, willingly, voluntarily and by Seller's own actions, pursuant to Section 7277 of the California Government Code.

(iii) Release and Waiver. It is hereby intended that the release contained above relates to both known and unknown claims that the Seller may have, or claim to have, against the Buyer with respect to the subject matter contained herein or the events relating thereto. By releasing and forever discharging claims both known and unknown which are related to or which arise under or in connection with, the items set out above, the Seller expressly

waives any rights under California Civil Code Section 1542, which provides:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR."

TDB

Seller's Initials

Seller's Initials

Seller's Initials

P. Seller's Delivery of Property Documents. Within ten (10) days after the Effective Date, Seller shall deliver to Buyer the following items (collectively, "Property Documents"):

(a) Copies of tax bills, including assessments, if any.

(b) Proof of Sellers' authority and authorization to enter into this Agreement and to consummate this transaction as may be reasonably requested by Buyer and the Title Company.

(c) True and correct copies of each and all contract(s), operating agreement(s), lease(s), rental agreement(s), registration agreement(s), ledger(s), log(s), other agreement(s) or any other written instrument(s) relating to the Property.

(d) Seller's written affirmation and re-confirmation that there are no contract(s), lease(s), or agreement(s), either in writing or orally, existing which relate to the Property other than those disclosed and provided to Buyer pursuant to Subdivision (c) above or specifically and expressly disclosed in writing by Buyer as to verbal agreements, if any.

Q. Buyer's Right of Entry. From and after the Effective Date through the earlier to occur of the termination of this Agreement or three (3) months from the Effective Date, Seller hereby grants to and agrees that Buyer and Buyer's employees, agents, consultants and contractors shall have the right to enter upon the Property during normal business hours, provided reasonable prior notice has been given to Seller, for the purpose of undertaking and completing necessary or appropriate inspections, assessments, and tests (collectively, "Tests"), and remediation or corrections of the Property relating to the physical condition of the Property including without limitation the presence,

release, and/or absence of adverse soils conditions, asbestos, lead-based paint, and/or Hazardous Materials.

R. Brokers. Buyer and Seller each represent to the other that no brokerage commission, finder's fee or other compensation of any kind is due or owing to any person or entity in connection with this Agreement. Each party agrees to and does hereby indemnify and hold the other free and harmless from and against any and all costs, liabilities or causes of action or proceedings which may be instituted by any broker, agent or finder, licensed or otherwise, claiming through, under or by reason of the conduct of the indemnifying party in connection with this Agreement.

S. Notices. No notice, request, demand, instruction, or other document to be given hereunder to any Party shall be effective for any purpose unless personally delivered to the person at the appropriate address set forth below (in which event such notice shall be deemed effective only upon such delivery), delivered by air courier next-day delivery (e.g. Federal Express), delivered by mail, sent by registered or certified mail, return receipt requested, or sent via telecopier, as follows:

If to Seller: Jerry L. Bowen
Sharon L. Bowen
5432 Catowba Lane
Irvine, California 92603

Thomas D. Bowen
446 North Clark Street
Forest City, Iowa 50436

If to Buyer: Garden Grove Agency for Community Development
Attn: Real Property Manager
11222 Acacia Parkway
Garden Grove, California 92840

2. In the event there is a conflict between the terms and provisions of this Supplement and the terms and provisions of the Agreement, the terms and provisions of this Supplement shall control.

3. This Supplement shall be binding upon and inure to the benefit of the Buyer and Seller and their respective successors and assigns. This Supplement may be executed in counterparts, each of which, when taken together, shall constitute one fully executed original. Facsimile signatures shall be binding for all purposes of this Supplement.

4. The Property shall be delivered by Seller at the close of escrow free and clear of any mobile homes, coaches and recreational vehicles. Sellers shall

defend, indemnify and hold harmless Buyer and the City of Garden Grove regarding any claims, actions, demands or judgments relating to such delivery and for any claims, actions, demands or judgments relating to use by Kil and any tenants, lessees or renters on Kil's property (adjacent to the Property) for use of the Property and any facilities located on the Property.

IN WITNESS WHEREOF, Buyer and Seller have executed this Amendment as of the date first written above.

Buyer

GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT, a public body, corporate and politic

Matthew Fertal
Agency Director

Attest:

Agency Secretary

Approved as to form by:

WOODRUFF, SPRADLIN & SMART

Thomas F. Nixon, Esq.
Agency Counsel

Seller

By: _____
Jerry L. Bowee, Co-Trustee
The Bowen Trust dated January 27, 1993, as amended

By: _____
Sharon L. Bowee, Co-Trustee
The Bowen Trust dated January 27, 1993, as amended

By: 
Thomas D. Bowen, an individual

**COMMERCIAL PROPERTY PURCHASE AGREEMENT
AND JOINT ESCROW INSTRUCTIONS
(NON-RESIDENTIAL)**
(C.A.R. Form CPA, Revised 10/03)

Date: February 5, 2009, at 11222 Acacia Parkway, Garden Grove California

Seller's Initials and Signature for:

Jerry L. Bowen and Sharon L. Bowen, as Co-Trustees of the Bowen Trust dated
January 27, 1993, as amended as to an undivided one-half (1/2) interest.

**COMMERCIAL PROPERTY PURCHASE AGREEMENT
AND JOINT ESCROW INSTRUCTIONS
(NON-RESIDENTIAL)**

(C.A.R. Form CPA, Revised 10/03)

Date: February 5, 2009, at 11222 Acacia Parkway, Garden Grove California

1. OFFER:

- A. THIS IS AN OFFER FROM Jerry L. Bowen and Sharon L. Bowen, as Co-Trustees of the Bowen Trust dated January 27, 1993, as amended as to an undivided one-half (1/2) interest, and Thomas D. Bowen, a married man as his sole and separate property, as to an undivided one-half (1/2) interest (collectively, "Seller")**
- B. THE REAL PROPERTY TO BE ACQUIRED** is described as 12252 Harbor Blvd., Assessor's Parcel Nos. 231-521-01 & 231-521-02, situated in the City of Garden Grove, County of Orange, California ("Property").
- C. THE PURCHASE PRICE** offered is Two Million Eight Hundred Fifty Six Thousand Four Hundred Twenty Dollars (\$2,856,420.00).
- D. CLOSE OF ESCROW** shall occur on _____ (date) (or 90 Days After Acceptance.)

2. FINANCE TERMS: Obtaining the loans below is a contingency of this Agreement unless (i) either 2L or 2K is checked below; or (ii) otherwise agreed in writing. Buyer shall act diligently and in good faith to obtain the designated loans. Obtaining deposit, down payment, and closing costs is not a contingency. Buyer represents that funds will be good when deposited with Escrow Holder.

- A. INITIAL DEPOSIT:** Buyer has given a deposit in the amount of \$571,284.00 to the agent submitting the offer (or to), by Personal Check (for _____), made payable to _____, which shall be held uncashed until Acceptance and then deposited within 3 business days after Acceptance or _____, with Escrow Holder, or into Broker's trust account.
- B. INCREASED DEPOSIT:** Buyer shall deposit with Escrow Holder an increased deposit in the amount of \$ N/A within ___ Days After Acceptance, or _____
- C. FIRST LOAN IN THE AMOUNT OF** \$ N/A
New First Deed of Trust in favor of Lender Seller
- OR **ASSUMPTION** of (or "subject to") Existing First Deed of Trust encumbering the Property, securing a note payable at maximum interest of _____%, fixed rate, or _____% initial adjustable rate with a maximum interest rate of _____%, balance due in _____ years, amortized over _____ years (if checked: and with a margin not to exceed _____% tied to the following index _____). Buyer shall pay loan fees/points not to exceed _____.
Additional terms: _____
- D. SECOND LOAN IN THE AMOUNT OF** \$ N/A
NEW Second Deed of Trust in favor of Lender Seller

OR ASSUMPTION of (or "subject to") Existing Second Deed of Trust encumbering the Property, securing a note payable at maximum interest of ____% tied to the following index ____). Buyer shall pay loan fees/points not to exceed ____.
Additional terms: _____

E. ADDITIONAL FINANCING TERMS: \$ N/A

F. **BALANCE OF PURCHASE PRICE** (not including costs of obtaining loans and other closing costs) in the amount of \$2,285,136.00
To be deposited with Escrow Holder within sufficient time to close escrow.

G. **PURCHASE PRICE (TOTAL)** \$2,856,420.00

H. **LOAN APPLICATIONS:** Within 7 (or ____) Days After Acceptance, Buyer shall provide Seller a letter from lender or mortgage loan broker stating that, based on a review of Buyer's written application and credit report, Buyer is prequalified or preapproved for any NEW loan specified above.

I. **VERIFICATION OF DOWN PAYMENT AND CLOSING COSTS:** Buyer (or Buyer's lender or loan broker pursuant to 2H) shall, within 7 (or ____) Days After Acceptance, provide Seller written verification of Buyer's down payment and closing costs.

J. **LOAN CONTINGENCY REMOVAL:** (i) Within 17 (or ____) Days After Acceptance Buyer shall, as specified in paragraph 17, remove the loan contingency, or cancel this Agreement: OR (ii) (if checked) loan contingency shall remain in effect until the designated loans are funded.

K. **APPRAISAL CONTINGENCY AND REMOVAL:** This Agreement is (OR, if checked, is NOT) contingent upon the Property appraising at no less than the specified purchase price, if there is a loan contingency, at the time the loan contingency is removed (or, if checked, within 17 (or ____) Days After Acceptance), Buyer shall, as specified in paragraph 17, remove the appraisal contingency or cancel this Agreement. If there is no loan contingency, Buyer shall, as specified in paragraph 17, remove the appraisal contingency within 17 (or ____) Days After Acceptance.

L. **NO LOAN CONTINGENCY:** (If checked): Obtaining any loan in paragraphs 2C, 2D, 2E or elsewhere in the Agreement, is not a contingency of this Agreement. If Buyer does not obtain the loan and as a result Buyer does not purchase the Property, Seller may be entitled to Buyer's other legal remedies.

M. **ALL CASH OFFER:** (If checked): No loan is needed to purchase the Property. Buyer shall, within 7 (or 14) Days After Acceptances, provide Seller written verification of sufficient funds to close this transaction.

N. **SELLER FINANCING:** For any Seller financing designated above, Buyer is to execute a note secured by a deed of trust in favor of Seller in the terms and conditions set forth in the attached addendum (C.A.R. Form SFA).

Buyer's Initials ()
Sellers' Initials (*AK*) (*SB*) ()

O. ASSUMED OR "SUBJECT TO" FINANCING: Seller represents that Seller is not delinquent on any payments due on any loans. Seller shall, within the time specified in paragraph 17, provide Copies of all applicable notes and deeds of trust, loan balances and current interest rates to Buyer. Buyer shall then, as specified in paragraph 17, remove this contingency or cancel this Agreement. Difference between estimated and actual loan balances shall be adjusted at Close Of Escrow by each down payment, impound accounts. If any, shall be assigned and charged to Buyer and credited to Seller. Seller is advised that Buyer's assumption of an existing loan may not release Seller from liability on that loan. If the Property is acquired subject to an existing loan, Buyer and Seller are advised to consult with legal counsel regarding the ability of an existing lender to call the loan due, and the consequences thereof.

3. CLOSING AND OCCUPANCY:

- A. Seller-occupied or Vacant Units: Occupancy shall be delivered to Buyer at _____ AM/PM, [X] on the date of Close of Escrow: [] on _____; or [] no later than _____ Days After Close of Escrow. (C.A.R. Form PAA, paragraph 2) If transfer of title and occupancy do not occur at the same time, Buyer and Seller are advised to (i) enter into a written occupancy agreement; and (ii) consult with their insurance and legal advisors.
- B. Tenant-occupied Units: Possession and occupancy, ~~subject to the rights of tenants under existing _____,~~ shall be delivered to Buyer on Close of Escrow.
Sellers' Initials (MB) (JB) ()
- C. At Close Of Escrow, Seller assigns to Buyer any assignable warranty rights for items included in the sale and shall provide any available Copies of such warranties. Brokers cannot and will not determine the assignability of any warranties.
- D. At Close Of Escrow, unless otherwise agreed in writing, Seller shall provide keys and/or means to operate all locks, mailboxes, security systems, alarms and garage door openers. If Property is a condominium or located in a condominium or located in a common-interest subdivision, Buyer may be required to pay a deposit to the Owners' Association ("OA") to obtain keys to accessible OA facilities.

4. SECURITY DEPOSITS: Security deposits, if any, to the extent they have not been applied by Seller in accordance with any rental agreement and current Law, shall be transferred to Buyer at Close Of Escrow. Seller shall notify each tenant, in compliance with the Civil Code.

5. ALLOCATION OF COSTS: (If checked): Unless otherwise specified here, this paragraph only determines who is to pay for the report, inspection, test or service mentioned. If not specified here or elsewhere in this Agreement, the determination of who is to pay for any work recommended or identified by any such report, inspection, test or service shall be by the method specified in paragraph 17.

A. INSPECTIONS AND REPORTS:

(1) [] Buyer [] Seller shall pay for sewer connections, if required by Law prior to Close of Escrow

Buyer's Initials ()
Sellers' Initials (MB) (JB) ()

- (2) Buyer Seller shall pay to have septic or private sewage disposal system inspected
- (3) Buyer Seller shall pay to have domestic wells drilled for water potability and productivity
- (4) Buyer Seller shall pay for natural hazard zone disclosure report prepared by _____
- (5) Buyer Seller shall pay for the following inspection or report: Phase One Report
- (6) Buyer Seller shall pay for the following inspection or report

B. GOVERNMENT REQUIREMENTS AND RETROFIT:

- (1) Buyer Seller shall pay for smoke detector installation and/or water heater bracing, if required by Law. Prior to Close Of Escrow, Seller shall provide Buyer a written statement of compliance in accordance with state and local Law, unless exempt.
- (2) Buyer Seller shall pay the cost of compliance with any other minimum mandatory government retrofit standards, inspections and reports if required as a condition of closing escrow under any Law.
- (3) Buyer Seller shall pay for installation of approved fire extinguisher(s), sprinkler(s), and hoses, if required by Law, which shall be installed prior to Close Of Escrow. Prior to Close Of Escrow Seller shall provide Buyer a written statement of compliance, if required by Law.
- (4) Buyer Seller shall pay for natural hazard zone disclosure report prepared by _____

C. ESCROW AND TITLE:

- (1) Buyer Seller shall pay escrow fee _____
Escrow Holder shall be Old Republic Title Company
- (2) Buyer Seller shall pay for owner's title insurance policy specified in paragraph 16 ____
Owner's title policy to be issued by _____
(Buyer shall pay for any title insurance policy insuring Buyer's lender, unless otherwise agreed in writing.)

D. OTHER COSTS:

- (1) Buyer Seller shall pay County transfer tax or transfer fee _____
- (2) Buyer Seller shall pay City transfer tax or transfer fee _____
- (3) Buyer Seller shall pay HOA transfer fees _____
- (4) Buyer Seller shall pay HOA document preparation fees _____
- (5) Buyer Seller shall pay for _____
- (6) Buyer Seller shall pay for _____

6. SELLER DISCLOSURES:

- A. NATURAL AND ENVIRONMENTAL DISCLOSURES:** Seller shall, within the time specified in paragraph 17, if required by Law: (i) deliver to Buyer earthquake guides and questionnaire(s) and environmental hazards booklet (ii) even if exempt

Buyer's Initials ()
 Sellers' Initials (*AS*) (*SB*) ()

from the obligation to provide an NHD, disclose if the Property is located in a Special Flood Hazard Area Potential Flooding (Inundation) Area: Very High Fire Hazard Zone: State Fire Responsibility Area: Earthquake Fault Zone; Seismic Hazard Zone, and (iii) disclose any other zone as required by Law and provide any other information required to those zones.

B. ADDITIONAL DISCLOSURES: Within the time specified in paragraph 17, Seller shall provide to Buyer, in writing, the following disclosures, documentation and information:

(1) **RENTAL SERVICE AGREEMENT(S):** (i) All current leases, rental agreements, service contracts and other agreements pertaining to the operation of the Property; and (ii) a rental statement including names of tenants, rental rates, period of rental, date of last rent increase, security deposits, rental concessions, rebates, or other benefits, if any, and a list of delinquent rents and their duration. Seller represents that no tenant is entitled to any concession, rebate, or other benefit, except as set forth in these documents.

(2) **INCOME AND EXPENSE STATEMENTS:** The books and records, including a statement of income and expense for the 12 months preceding Acceptance. Seller represents that the books and records are those maintained in the ordinary and normal course of business, and used by Seller in the computation of federal and state income tax returns.

(3) [X] **TENANT ESTOPPEL CERTIFICATES:** (If checked) Tenant estoppel certificates (C.A.R. Form TEC) completed by Seller or Seller's agent and signed by each tenant, acknowledging: (i) that tenants' rental or lease agreements are terminated effective prior to the Close of Escrow; (ii) that no lessor defaults exist; and (iii) stating the amount of any prepaid rent or security deposit. Seller shall bear all responsibility for the return of any prepaid rent, security deposit or other monies to tenants as required by law. Seller shall defend, indemnify and hold harmless Buyer and the City of Garden Grove from any such claims, demands, lawsuits and judgments.

Sellers' Initials (M) (SB) ()

(4) **SURVEYS, PLANS AND ENGINEERING DOCUMENTS:** Copies of surveys, plans, specifications and engineering documents, if any, in Seller's possession or control.

(5) **PERMITS:** If in Seller's possession. Copies of all permits and approvals concerning the Property, obtained from any governmental entity, including but not limited to, certificates of occupancy, conditional use permits, development plans, and license and permits pertaining to the operation of the Property.

(6) **STRUCTURAL MODIFICATIONS:** Any known structural additions or alterations to, or the installation, alterations, repair or replacement of, significant components of the structure(s) upon the Property.

(7) **GOVERNMENTAL COMPLIANCE:** Any improvements, additions, alterations, or repairs made by Seller, or known to Seller to have been made without required governmental permits, final inspections, and approvals.

(8) **VIOLATION NOTICES:** Any notice of violations of any Law filed or issued against the Property and actually known to Seller.

Sellers' Initials (M) (SB) ()
Buyer's Initials () () ()

(9) MISCELLANEOUS ITEMS: Any of the following, if actually known to Seller: (i) any current pending lawsuit(s), investigation(s), inquiry(ies), action(s), or other proceeding(s) affecting the Property or the right to use and occupy it (ii) any unsatisfied mechanic's or materialman's liens affecting the Property; and (ii) that any tenant of the Property is the subject of a bankruptcy.

7. [X] ENVIRONMENTAL SURVEY (if checked): Within 30 Days After Acceptance, Buyer shall be provided a phase one environmental survey report paid for and obtained by [X] Buyer [] Seller. Buyer shall then, as specified in paragraph 17, remove the contingency or cancel the Agreement.

8. CONDOMINIUM/PLANNED UNIT DEVELOPMENT DISCLOSURES:

A. SELLER HAS: 7 (or []) Days After Acceptance to disclose to Buyer whether the Property is a condominium, or is located in a planned unit development or other common interest subdivision

B. If the Property is a condominium or is located in a planned unit development or other common interest subdivision, Seller has 3 (or []) Days After Acceptance to request from the OA (C.A.R. Form HOA): (i) Copies of any documents required by Law; (ii) disclosure of any pending or anticipated claim or litigation by or against the OA; (iii) a statement containing the location and number of designated parking and storage spaces; (iv) Copies of the most recent 12 months of OA minutes for regular and special meetings; and (v) the names and contact information of all OAs governing the Property (collectively, "CI Disclosures"). Seller shall itemize and deliver to Buyer all CI Disclosures received from the OA and any CI Disclosures in Seller's possession. Buyer's approval of CI Disclosures is a contingency of this Agreement as specified in paragraph 17.

9. SUBSEQUENT DISCLOSURES: In the event Seller, prior to Close of Escrow, becomes aware of adverse conditions materially affecting the Property, or any material inaccuracy in disclosures, information or representations previously provided to Buyer of which Buyer is otherwise unaware. Seller shall promptly provide a subsequent or amended disclosure or notice in writing, covering those items. However, a subsequent or amended disclosure shall not be required for conditions and material inaccuracies disclosed in reports ordered and paid for by Buyer.

10. CHANGES DURING ESCROW:

A. ~~Prior to Close of Escrow, Seller may only engage in the following acts: (Proposed Changes). Subject to Buyer's rights in paragraph 17; (i) rent or lease any vacant unit or other part of the premises; (ii) alter, modify, or _____ any existing rental or lease agreement; (iii) enter into, alter, modify or extend any service contract(s); or (iv) change the status of the condition of the Property.~~

Sellers' Initials (X) (SB) ()

B. ~~At least 7 (or []) days prior to any proposed Changes, Seller shall give written notice to Buyer of any Proposed Changes~~

Sellers' Initials () () ()

11. CONDITIONS AFFECTING PROPERTY:

A. Unless otherwise agreed: (1) the Property is sold (a) in its PRESENT physical condition as of the date of Acceptance and (b) subject to Buyer's Investigation rights; (ii) the Property, including pool, spa, landscaping and grounds, is to be maintained in

Buyer's Initials ()
Sellers' Initials (X) (SB) ()

substantially the same condition as on the date of Acceptance; and (iii) all debris and personal property not included in the sale shall be removed by Close Of Escrow.

- B. SELLER SHALL, within the time specified in paragraph 17, DISCLOSE KNOWN MATERIAL FACTS AND DEFECTS affecting the Property, including known insurance claims within the past five years, AND MAKE OTHER DISCLOSURES REQUIRED BY LAW.
- C. NOTE TO BUYER: You are strongly advised to conduct investigations of the entire Property in order to determine its present condition since Seller may not be aware of all defects affecting the Property or other factors that you consider important. Property improvements may not be built according to code, in compliance with current Law, or have had permits issued.
- D. NOTE TO SELLER: Buyer has the right to inspect the Property and, as specified in paragraph 17, based upon information discovered in those inspections: (i) cancel this Agreement; or (ii) request that you make Repairs or take other action.

12. ITEMS INCLUDED AND EXCLUDED:

- A. **NOTE TO BUYER AND SELLER:** Items listed as included or excluded in the MLS, flyers or marketing materials are not included in the purchase price or excluded from the sale unless specified in 12B or C.
- B. **ITEMS INCLUDED IN SALE:**
 - (1) All EXISTING fixtures and fittings that are attached to the Property;
 - (2) Existing electrical, mechanical, lighting, plumbing and heating fixtures, ceiling fans, fireplace inserts, gas logs and grates, solar systems, built-in appliances, window and door screens, awnings, shutters, window coverings, attached floor coverings, television antennas, satellite dishes, private integrated telephone systems, air coolers conditioners, pool/spa equipment, garage door openers remote controls, mailbox, in-ground landscaping, trees/shrubs, water softeners, water purifiers, security systems/alarms;
 - (3) A complete inventory of all personal property of Seller currently used in the operation of the Property and included in the purchase price shall be delivered to Buyer within the time specified in paragraph 17.
 - (4) Seller represents that all items included in the purchase price are, unless otherwise specified, owned by Seller. Within the time specified in paragraph 17, Seller shall give Buyer a list of fixtures not owned by Seller.
 - (5) Seller shall deliver title to the personal property by Bill of Sale, free of all liens and encumbrances, and without warranty of condition.
 - (6) As additional security for any note in favor of Seller for any part of the purchase price, Buyer shall execute a UCC-1 Financing Statement to be filed with the Secretary of State, covering the personal property included in the purchase, replacement thereof, and insurance proceeds.
- C. **ITEMS EXCLUDED FROM SALE:** _____

13. BUYER'S INVESTIGATION OF PROPERTY AND MATTERS AFFECTING PROPERTY:

- A. Buyer's acceptance of the condition of, and any other matter affecting the Property is a contingency of this Agreement, as specified in this paragraph and paragraph 17.

Buyer's Initials ()
 Sellers' Initials (AB) ()

Within the time specified in paragraph 17, Buyer shall have the right, at Buyer's expense unless otherwise agreed, to conduct inspections, investigations, tests, surveys and other studies ("Buyer investigations") including, but not limited to, the right to: (i) inspect for lead-based paint and other lead-based paint hazards; (ii) inspect for wood destroying pests and organisms; (iii) confirm the insurability of Buyer and the Property; and (iv) satisfy Buyer as to any matter of concern to Buyer, Without Seller's prior written consent, Buyer shall neither make nor cause to be made; (i) invasive or destructive Buyer investigations or; (ii) inspections by any governmental building or zoning inspector, or government employee, unless required by Law.

B. Buyer shall complete Buyer Investigations and, as specified in paragraph 17, remove the contingency or cancel this Agreement. Buyer shall give Seller, at no cost, complete Copies of all Buyer Investigation reports obtained by Buyer. Seller shall make the Property available for all Buyer Investigations. Seller shall have water, gas, electricity and all operable pilot lights on for Buyer's Investigations and through the date possession is made available to Buyer.

14. **REPAIRS:** Repairs shall be completed prior to final verification of condition unless otherwise agreed in writing. Repairs to be performed at Seller's expense may be performed by Seller or through others, provided that the work complies with applicable Law, including governmental permit, inspection and approval requirements. Repairs shall be performed in a good, skillful manner with materials of quality and appearance comparable to existing materials. It is understood that exact restoration of appearance or cosmetic items following all Repairs may not be possible. Seller shall: (i) obtain receipts Repairs performed by others; (ii) prepare a written statement indicating the Repairs performed by Seller and the date of such Repairs; and (iii) provide Copies of receipts and statements to Buyer prior to final verification of condition.

15. **BUYER INDEMNITY AND SELLER PROTECTION FOR ENTRY UPON PROPERTY:** Buyer shall; (i) keep the Property free and clear of liens; (ii) Repair all damage arising from Buyer investigations; and (iii) indemnify and hold Seller harmless from all resulting liability, claims, demands, damages and costs. Buyer shall carry, or Buyer shall require anyone acting on Buyer's behalf to carry policies of liability, workers' compensation and other applicable insurance, defending and protecting Seller from liability for any injuries to persons or property occurring during any Buyer Investigations or work done on the Property at Buyer's direction prior to Close Of Escrow. Seller is advised that certain protections may be afforded Seller by recording a "Notice of Non-Responsibility" (C.A.R. Form NNR) for Buyer Investigations and work done on the Property at Buyer's direction. Buyer's obligations under this paragraph shall survive the termination of this Agreement.

16. **TITLE AND VESTING:**

A. Within the time specified in paragraph 17, Buyer shall be provided a current preliminary title report, which is only an offer by the title insurer to issue a policy of title insurance and may not contain every item affecting title. Buyer's review of the preliminary report and any other matters which may affect title are a contingency of this Agreement as specified in paragraph 17.

B. Title is taken in its present condition subject to all encumbrances, easements, covenants, conditions, restrictions, rights and other matters, whether of record or not,

as of the date of Acceptance except: (i) monetary liens of record unless Buyer is assuming those obligations or taking the Property subject to those obligations; and (ii) those matters which Seller has agreed to remove in writing.

- C. Within the time specified in paragraph 17, Seller has a duty to disclose to Buyer all matters known to Seller affecting title, whether of record or not.
- D. At Close Of Escrow, Buyer shall receive a grant deed conveying title (or, for stock cooperative or long-term lease, an assignment of stock certificate or of Seller's leasehold interest), including oil, mineral and water rights if currently owned by Seller. Title shall vest as designated in Buyer's supplemental escrow instructions. THE MANNER OF TAKING TITLE MAY HAVE SIGNIFICANT LEGAL AND TAX CONSEQUENCES. CONSULT AN APPROPRIATE PROFESSIONAL.
- E. Buyer shall receive a CLTA policy of title insurance. An ALTA policy or the addition of endorsements may provide greater coverage for Buyer. A title company, at Buyer's request, can provide information about the availability, desirability, coverage, and cost of various title insurance coverages and endorsements. If Buyer desires title coverage other than that required by this paragraph, Buyer shall instruct Escrow Holder in writing and pay any increase in cost.

17. TIME PERIODS; REMOVAL OF CONTINGENCIES; CANCELLATION RIGHTS:

The following time periods may only be extended, altered, modified or changed by mutual written agreement. Any removal of contingencies or cancellation under this paragraph must be in writing (C.A.R. Form RRCR).

A. **SELLER HAS:** 7 (or [X] 30) Days After Acceptance to deliver to Buyer all reports, disclosures and information for which Seller is responsible under paragraphs 5, 6A, and B, 8A, 11B, 12B (3) and (4) and 16.

B. **BUYER HAS:** 17 (or [X] 60) Days After Acceptance, unless otherwise agreed in writing, to:

(1) Complete all Buyer Investigations: approve all disclosures, reports and other applicable information, which Buyer receives from Seller; and approve all matters affecting the Property (including lead-based paint and lead-based paint hazards as well as other information specified in paragraph 6 and insurability of Buyer and the Property.

(2) Within the time specified in 17B(1). Buyer may request that Seller make repairs or take any other action regarding the Property (C.A.R. Form RR). Seller has no obligation to agree to or respond to Buyer's requests.

(3) By the end of the time specified in 17B(1) (or 2J for loan contingency or 2K for appraised contingency), Buyer shall remove, in writing, the applicable contingency (C.A.R. Form RRRCR) or cancel this Agreement. However, if the following inspections, reports or disclosures are not made within the time specified in 17A, then Buyer has 5 (or [X] 10) Days after receipt of any such items, or the time specified in 17B(1) whichever is later, to remove the applicable contingency or cancel this Agreement in writing: (i) government-mandated inspections or reports required as a condition of closing; (ii) Common Interest Disclosures pursuant to paragraph 8B; (iii) a subsequent or amended disclosure pursuant to paragraph 9; (iv) Proposed Changes pursuant to paragraph 10B; and (v) environmental survey pursuant to paragraph 7.

Buyer's Initials ()
Sellers' Initials () () ()

C. CONTINUATION OF CONTINGENCY OR CONTRACTUAL OBLIGATION; SELLER RIGHT TO CANCEL:

(1) **Seller right to Cancel; Buyer Contingencies:** Seller, after first giving Buyer a Notice to Buyer to Perform (as specified below), may cancel this Agreement in writing and authorize return of Buyer's deposit if, by the time specified in the Agreement, Buyer does not remove in writing the applicable contingency or cancel this Agreement. Once all contingencies have been removed, failure of either Buyer or Seller to close escrow in time may be a breach of this Agreement.

(2) **Continuation of Contingency:** Even after the expiration of the time specified in 17B(1), Buyer retains the right to make requests to Seller, remove in writing the applicable contingency or cancel this Agreement until Seller cancels pursuant to 17C(1). Once Seller receives Buyer's written removal of all contingencies, Seller may not cancel this Agreement pursuant to 17C(1).

(3) **Seller right to Cancel; Buyer Contract Obligations:** Seller, after first giving Buyer a Notice to Buyer to Perform (as specified below), may cancel this Agreement in writing and authorize return of Buyer's deposit for any of the following reasons: (i) if Buyer fails to deposit funds as required by 2A or 2B; (ii) if the funds deposited pursuant to 2A or 2B are not good when deposited; (iii) if Buyer fails to provide a letter as required by 2H; (iv) if Buyer fails to provide verification as required by 2I or 2M; (v) if Seller reasonably disapproves of the verification provided by 2I or 2M. Seller is not required to give Buyer a Notice to Perform regarding Close of Escrow.

(4) **Notice To Buyer To Perform:** The Notice to Buyer to Perform (C.A.R. Form NBP) shall: (i) be in writing; (ii) be signed by Seller; and (iii) give Buyer at least 24 (or [X] 72) hours (or until the time specified in the applicable paragraph, whichever occurs last) to take the applicable action. A Notice of Buyer to Perform may not be given any earlier than 2 days prior to the expiration of the applicable time for Buyer to remove a contingency or cancel the Agreement or meet a 17C(3) obligation.

D. EFFECT OF BUYER'S REMOVAL OF CONTINGENCIES: If Buyer removes, in writing, any contingency or cancellation rights, unless otherwise specified in a separate written agreement between Buyer and Seller, Buyer shall conclusively be deemed to have: (i) completed all Buyer Investigations, and review of reports and other applicable information and disclosures pertaining to that contingency or cancellation right; (ii) elected to proceed with the transaction; and (iii) assumed all liability, responsibility, and expense for Repairs or corrections pertaining to that contingency or cancellation right, or for inability to obtain financing.

E. EFFECT OF CANCELLATION ON DEPOSITS: If Buyer or Seller gives written notice of cancellation pursuant to rights duly exercised under the term of this Agreement, Buyer and Seller agree to Sign mutual instructions to cancel the sale and escrow and release deposits, less fees and costs, to the party entitled to the funds. Fees and costs may be payable to service providers and vendors for services and products provided during escrow. Release of funds will require mutual signed release instructions from Buyer and seller, judicial decision or arbitration award.

18. FINAL VERIFICATION OF CONDITION: Buyer shall have the right to make a final

Buyer's Initials ()
Sellers' Initials () () ()

inspection of the Property within 5 (or [] ___) Days Prior to Close Of Escrow, NOT AS A CONTINGENCY OF THE SALE, but solely to confirm: (i) the Property is maintained pursuant to 11A; (ii) Repairs have been completed as agreed; and (iii) Seller has complied with Seller's other obligations under this Agreement.

19. **ENVIRONMENTAL HAZARD CONSULTATION:** Buyer and Seller acknowledge (i) Federal, state, and local legislation impose liability upon existing and former owners and users of real property, in applicable situations, for certain legislatively defined, environmentally hazardous substances; (ii) Broker(s) has/have made no representation concerning the applicability of any such Law to this transaction or to Buyer or to Seller, except as otherwise indicated in this Agreement; (iii) Broker(s) have/has made no representation concerning the existence, testing, discovery, location and evaluation of/for, and risks posed by, environmentally hazardous substances, if any, located on or potentially affecting the Property; and (iv) Buyer and Seller are each advised to consult with technical and legal experts concerning the existence, testing, discovery, location and evaluation of/for, and risks posed by, environmentally hazardous substances, if any, located on or potentially affecting the Property.

20. **AMERICANS WITH DISABILITIES:** The Americans With Disability Act ("ADA") prohibits discrimination against individuals with disabilities. The ADA affects almost all commercial facilities and public accommodations. The ADA can require, among other things, that buildings be made readily accessible to the disabled. Different requirements apply to new construction, alterations to existing buildings, and removal of barriers in existing buildings. Compliance with the ADA may require significant costs. Monetary and injunctive remedies may be incurred if the Property is not in compliance. A real estate broker does not have the technical expertise to determine whether a building is in compliance with ADA requirements, or to advise a principal on those requirements. Buyer and Seller are advised to contact an attorney, contractor, architect, engineer or other qualified professional of Buyer's or Seller's own choosing to determine to what degree, if any, the ADA impacts that principal or this transaction.

21. **LIQUIDATED DAMAGES:** If Buyer fails to complete this purchase because of Buyer's default, Seller shall retain, as liquidated damages, the deposit actually paid. Buyer and Seller agree that this amount is a reasonable sum given that it is impractical or extremely difficult to establish the amount of damages that would actually be suffered by Seller in the event Buyer were to breach this Agreement. Release of funds will require mutual, Signed release instructions from both Buyer and Seller; judicial decision or arbitration award.

Buyer's initials ___/___

Sellers' initials VB / ___

22. **DISPUTE RESOLUTION:**

A. **MEDIATION:** Buyer and Seller agree to mediate any dispute or claim arising between them out of this Agreement, or any resulting transaction, before resorting to arbitration or court action. Paragraphs 22B(2) and (3) below apply to mediation whether or not the Arbitration provision is initialed. Mediation fees, if any, shall be divided equally among the parties involved. If, for any dispute or claim to which this paragraph applies, any party commences an action without first attempting to resolve the matter through mediation, or refuses to mediate after a request has been made, then that party shall not be entitled to recover attorney fees, even if they would otherwise be available to that party in any such action. THIS MEDIATION PROVISION APPLIES WHETHER OR NOT THE ARBITRATION PROVISION IS

INITIALED.

B. ARBITRATION OF DISPUTES: (1) Buyer and Seller agree that any dispute or claim in Law or equity arising between them out of this Agreement or any resulting transaction, which is not settled through mediation, shall be decided by neutral, binding arbitration, including and subject to paragraphs 22B(2) and (3) below. The arbitrator shall be a retired judge or justice, or an attorney with at least 5 years of real estate transactional law experience, unless the parties mutually agree to a different arbitrator, who shall render an award in accordance with substantive California Law. The parties shall have the right to discovery in accordance with Code of Civil Procedure Section 1283.05. In all other respects, the arbitration shall be conducted in accordance with Title 9 of Part III of the California Code of Civil Procedure. Judgment upon the award of the arbitrator(s) may be entered into any court having jurisdiction. Interpretation of this agreement to arbitrate shall be governed by the Federal Arbitration Act.

(2) EXCLUSIONS FROM MEDIATION AND ARBITRATION: The following matters are excluded from mediation and arbitration: (i) a judicial or non-judicial foreclosure or other action or proceeding to enforce a deed of trust, mortgage or installment land sale contract as defined in California Civil Code Section 2985; (ii) an unlawful detainer action; (iii) the filing or enforcement of a mechanic's lien; and (iv) any matter that is within the jurisdiction of a probate, small claims or bankruptcy court. The filing of a court action to enable the recording of a notice of pending action, for order of attachment, receivership, injunction, or other provisional remedies, shall not constitute a waiver of the mediation and arbitration provisions.

(3) BROKERS: Buyer and Seller agree to mediate and arbitrate disputes or claims involving either or both Brokers, consistent with 22A and B, provided either or both Brokers shall have agreed to such mediation or arbitration prior to, or within a reasonable time after, the dispute or claim is presented to Brokers. Any election by either or both Brokers to participate in mediation or arbitration shall not result in Brokers being deemed parties to the Agreement.

"NOTICE: BY INITIALING IN THE SPACE BELOW, YOU ARE AGREEING TO HAVE ANY DISPUTE ARISING OUT OF THE MATTERS INCLUDED IN THE 'ARBITRATION OF DISPUTES' PROVISION DECIDED BY NEUTRAL ARBITRATION AS PROVIDED BY CALIFORNIA LAW AND YOU ARE GIVING UP ANY RIGHTS YOU MIGHT POSSESS TO HAVE THE DISPUTE LITIGATED IN A COURT OR JURY TRIAL. BY INITIALING IN THE SPACE BELOW YOU ARE GIVING UP YOUR JUDICIAL RIGHTS TO DISCOVERY AND APPEAL, UNLESS THOSE RIGHTS ARE SPECIFICALLY INCLUDED IN THE 'ARBITRATION OF DISPUTES' PROVISION. IF YOU REFUSE TO SUBMIT TO ARBITRATION AFTER AGREEING TO THIS PROVISION, YOU MAY BE COMPELLED TO ARBITRATE UNDER THE AUTHORITY OF THE CALIFORNIA CODE OF CIVIL PROCEDURE. YOUR AGREEMENT TO THIS ARBITRATION PROVISION IS VOLUNTARY."

"WE HAVE READ AND UNDERSTAND THE FOREGOING AND AGREE TO SUBMIT DISPUTES ARISING OUT OF THE MATTERS INCLUDED IN THE 'ARBITRATION OF DISPUTES' PROVISION TO

Buyer's Initials ()
Sellers' Initials () () ()

NEUTRAL ARBITRATION."

Buyer's initials ___/___

Sellers' initials X/DB /

- 23. **ASSIGNMENT:** Buyer shall not assign all or any part of Buyer's interest in this Agreement without first having obtained the written consent of Seller. Such consent shall not be unreasonably withheld, unless otherwise agreed to in writing. Any total or partial assignment shall not relieve Buyer of Buyer's obligations pursuant to this Agreement.
- 24. **SUCCESSORS AND ASSIGNS:** This Agreement shall be binding upon, and inure to the benefit of, Buyer and Seller and their respective successors and assigns, except as otherwise provided herein.
- 25. **COPIES:** Seller and Buyer each represent that Copies of all reports, documents, definitions, approvals and other documents that are furnished to the other are true, correct and unaltered Copies of the original documents, if the originals are in the possession of the furnishing party.
- 26. **NOTICES:** Whenever notice is given under this Agreement, each notice shall be in writing, and shall be delivered personally, by facsimile, or by mail, postage prepaid. Notice shall be delivered to the address set forth below the recipient's signature of acceptance. Either party may change its notice address by providing notice to the other party.
- 27. **AUTHORITY:** Any person or persons signing this Agreement represent(s) that such person has full power and authority to bind that person's principal, and that the designated Buyer and Seller has full authority to enter into and perform this Agreement. Entering into this Agreement, and the completion of the obligations pursuant to this contract, does not violate any Articles of Incorporation, Articles of Organization, Bylaws, Operating Agreement, Partnership Agreement or other document governing the activity of either Buyer or Seller.
- 28. **GOVERNING LAW:** This Agreement shall be governed by the Laws of the state of California.
- 29. **PRORATIONS OF PROPERTY TAXES AND OTHER ITEMS:** Unless otherwise agreed in writing, the following items shall be PAID CURRENT and prorated between Buyer and Seller as of Close Of Escrow: real property taxes and assessments, interest, rents, HOA regular, special, and emergency dues and assessments imposed prior to Close Of Escrow, premiums on insurances assumed by Buyer, payments on bonds and assessments assumed by Buyer, and payments on Mello-Roos and other Special Assessment District bonds and assessments that are now a lien. The following items shall be assumed by Buyer WITHOUT CREDIT toward the purchase price: prorated payments on Mello-Roos and other Special Assessment District bonds and assessments and HOA special assessments that are now a lien, but not yet due. Property will be reassessed upon change of ownership. Any supplemental tax bills shall be paid as follows: (i) for periods after Close Of Escrow, by Buyer; and (ii) for periods prior to Close Of Escrow by Seller, TAX BILLS ISSUED AFTER CLOSE OF ESCROW SHALL BE HANDLED DIRECTLY BETWEEN BUYER AND SELLER. Proration shall be made based on 30-day month.
- 30. **WITHHOLDING TAXES:** Seller and Buyer agree to execute any instrument, affidavit, statement or instruction reasonably necessary to comply with federal (FIRPTA) and California withholding Law, if required (C.A.R. Form AS).

Buyer's Initials ()
Sellers' Initials X (DB) () ()

- 31. **MULTIPLE LISTING SERVICE/PROPERTY DATA SYSTEM:** If Broker is a participant of a Multiple Listing Services ("MLS") or Property Data System ("PDS"), Broker is authorized to report to the MLS or PDS a pending sale and, upon Close Of Escrow, the terms of this transaction to be published and disseminated to persons and entities authorized to use the information on terms approved by the MLS or PDS.
- 32. **EQUAL HOUSING OPPORTUNITY:** The Property is sold in compliance with federal, state and local anti-discrimination Laws.
- 33. **ATTORNEY FEES:** In any action, proceeding, or arbitration between Buyer and Seller arising out of this Agreement, the prevailing Buyer or Seller shall be entitled to reasonable attorney fees and costs from the non-prevailing Buyer or Seller, except as provided in paragraph 22A.
- 34. **SELECTION OF SERVICE PROVIDERS:** If Brokers refer Buyer or Seller to persons, vendors, or service or product providers ("Providers"), Brokers do not guarantee the performance of any Providers. Buyers and Seller may select ANY Providers of their own choosing.
- 35. **TIME OF ESSENCE; ENTIRE CONTRACT; CHANGES:** Time is of the essence. All understandings between the parties are incorporated in this Agreement. Its terms are intended by the parties as a final, complete and exclusive expression of their Agreement with respect to its subject matter, and may not be contradicted by evidence of any prior agreement or contemporaneous oral agreement. If any provision of this Agreement is held to be ineffective or invalid, the remaining provision will nevertheless be given full force and effect. Neither this Agreement nor any provision in it may be extended, amended, modified, altered or changed, except in writing Signed by Buyer and Seller.
- 36. **OTHER TERMS AND CONDITIONS,** including attached supplements:
 - A. Buyer Inspection Advisory (C.A.R. Form BIA)
 - B. Seller Financing Addendum and Disclosure (C.A.R. Form SFA)
 - C. Purchase Agreement Addendum (C.A.R. Form PAA paragraph numbers:
 - D. Buyer Intent To Exchange Supplement (C.A.R. Form BES)
 - E. Seller Intent To Exchange Supplement (C.A.R. Form SES)
 - F. Termination of lease; dated August 26, 1077; recorded on September 8, 1977 in Book 12369
 - G. Letter of Consideration of Eminent Domain
 - H. Buyer will satisfy all conditions before termination of lease
 - I. Sellers will not incur charges related to escrow
 - J. Escrow will close by June 1, 2009.
 - K. See attached Supplement to Commercial Property Purchase Agreement, which Supplement is incorporated herein by this reference.
- 37. **DEFINITIONS:** As used in this Agreement:
 - A. **"Acceptance"** means the time the offer or final counter offer is accepted in writing by a party and is delivered to and personally received by the other party or that party's authorized agent in accordance with this offer or a final counter offer.
 - B. **"Agreement"** means the terms and conditions of this accepted Commercial Property Purchase Agreement and any accepted counter offers and addenda.

Buyer's Initials ()
 Sellers' Initials () () ()

- C. "C.A.R. Form" means the specific form referenced, or another comparable form agreed to by the parties.
- D. "Close Of Escrow" means the date the grant deed, or other evidence of transfer of title, is recorded. If the scheduled close of escrow falls on a Saturday, Sunday or legal holiday, then close of escrow shall be the next business day after the scheduled close of escrow date.
- E. "Copy" means copy by any means including photocopy, NCR, facsimile and electronic.
- F. "Days" means calendar days, unless otherwise required by Law.
- G. "Days After" means the specified number of calendar days after the occurrence of the event specified, not counting the calendar date on which the specified event occurs, and ending at 11:59 PM on the final day.

- H. "Days Prior" means the specified number of calendar days before the occurrence of the event specified, not counting the calendar date on which the specified event is scheduled to occur.
- I. "Electronic Copy" or "Electronic Signature" means, as applicable, an electronic copy or signature complying with California Law. Buyer and Seller agree that electronic means will not be used by either one to modify or alter the content or integrity of this Agreement without the knowledge and consent of the other.
- J. "Law" means any law, code, statute, ordinance, regulation, rule or order, which is adopted by a controlling city, county, state or federal legislative, judicial or executive body or agency.
- K. "Notice to Buyer to Perform" means a document (C.A.R. Form NBP), which shall be in writing and Signed by Seller and shall give Buyer at least 24 hours (or as otherwise specified in paragraph 17C(4)) to remove a contingency or perform as applicable.
- L. "Repairs" means any repairs (including pest control), alterations, replacements, modifications or retrofitting of the Property provided for under this Agreement.
- M. "Signed" means either a handwritten or electronic signature on an original document, Copy or any counterpart.
- N. Singular and Plural terms each include the other, when appropriate.
- 38. **BROKERAGE:** Neither Buyer nor Seller has utilized the services of, or for any other reason given compensation to, a licensed real estate broker (individual or corporate), agent, finder, or other entity, other than as specified in this Agreement, in connection with any act relating to the Property, including, but not limited to, inquiries, introductions, consultations and negotiations leading to this Agreement. Buyer and Seller each agree to indemnify, defend, and hold the other, the Brokers specified herein and their agents, harmless from and against any costs, expenses or liability for compensation claimed inconsistent with the warranty and representations in this paragraph.
- 39. **AGENCY:**
 - A. **POTENTIALLY COMPETING BUYERS ND SELLERS:** Buyer and Seller each acknowledge receipt of a disclosure of the possibility of multiple representation by the Broker representing that principal. This disclosure may be part of a listing

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 Sellers' Initials () () ()

agreement, buyer-broker agreement or separate document (C.A.R. Form DA). Buyer understands that Broker representing Buyer may also represent other potential buyers, who may consider, make offers on or ultimately acquire the Property. Seller understands that Broker representing Seller may also represent other sellers with competing properties of interest to this Buyer.

B. CONFIRMATION: The following agency relationships are hereby confirmed for this transaction:

Listing Agent: N/A (Print Firm Name) is the agent of (check only): the Seller exclusively; or both the Buyer and Seller.

Selling Agent N/A (Print Firm Name) (if not same as Listing Agent) is the agent of (check one): the Buyer exclusively; or the Seller exclusively; or both the Buyer and Seller. Real Estate Brokers are not parties to the Agreement between Buyer and Seller.

40. JOINT ESCROW INSTRUCTIONS TO ESCROW HOLDER:

A. The following paragraphs, or applicable portions thereof, of this Agreement constitute the joint escrow instructions of Buyer and Seller to Escrow Holder, which Escrow Holder is to use along with any related counter offers and addenda, and any additional mutual instructions to close the escrow: 1, 2, 4, 5, 16, 17E, 29, 30, 35, 36B-F, 37, 40, 42, 45A, 46, paragraph D of the section titled Real Estate Brokers on page 10 and the Supplement hereto. If a Copy of the separate compensation agreement(s) provided for in paragraph 42 or 45A, or paragraph D of the section titled Real Estate Brokers on page 10 is deposited with Escrow Holder by Broker, Escrow Holder shall accept such agreement(s) and pay out from Buyer's or Seller's funds, or both, as applicable, the Broker's compensation provided for in such agreement(s). The terms and conditions of this Agreement not set forth in the specified paragraphs are additional matters for the information of Escrow Holder, but about which Escrow Holder need not be concerned. Buyer and Seller will receive Escrow Holder's general provisions directly from Escrow Holder and will execute such provisions upon Escrow Holder's request. To the extent the general provisions are inconsistent or conflict with this Agreement, the general provisions will control as to the duties and obligations of Escrow Holder only. Buyer and Seller will execute additional instructions, documents and forms provided by Escrow Holder that are reasonably necessary to close the escrow.

B. A Copy of this Agreement shall be delivered to Escrow Holder within 3 business days after Acceptance (or 5 business days). Buyer and Seller authorize Escrow Holder to accept and rely on Copies and Signatures as defined in this Agreement as originals, to open escrow and for other purposes of escrow. The validity of this Agreement as between Buyer and Seller is not affected by whether or when Escrow Holder Signs this Agreement.

C. Brokers are a party to the Escrow for the sole purpose of compensation pursuant to paragraphs 42, 45A and paragraph D of the section titled Real Estate Brokers on page 10. Buyer and Seller irrevocably assign to Brokers compensation specified in paragraphs 42 and 45A, respectively, and irrevocably instruct Escrow Holder to disburse those funds to Brokers at Close Of Escrow or pursuant to any other mutually executed cancellation agreement.

Sellers' Initials Buyer's Initials

Compensation instructions can be amended or revoked only with the written consent of Brokers. Escrow Holder shall immediately notify Brokers: (i) if Buyer's initial or any additional deposit is not made pursuant to this Agreement, or is not good at time of deposit with Escrow Holder; or (ii) if Buyer and Seller instruct Escrow Holder to cancel escrow.

D. A Copy of any amendment that affects any paragraph for which Escrow Holder is responsible shall be delivered to Escrow Holder within 2 business days after mutual execution of the amendment.

41. **SCOPE OF BROKER DUTY:** Buyer and Seller acknowledge and agree that Brokers: (i) do not decide what price Buyer should pay or Seller should accept; (ii) do not guarantee the condition of the Property; (iii) do not guarantee the performance, adequacy or completeness of inspection, services, products or repairs provided or made by Seller or others; (iv) shall not be responsible for identifying defects that are not known to Broker(s); (v) shall not be responsible for inspecting public records or permits concerning the title or use of the Property; (vi) shall not be responsible for identifying location of boundary lines or other items affecting title; (vii) shall not be responsible for verifying square footage, representations of others or information contained in inspection reports, MLS or PDS, advertisement, flyers or other promotional material, unless otherwise agreed in writing; (viii) shall not be responsible for providing legal or tax advice regarding any aspect of a transaction entered into by Buyer or Seller in the course of this representation; and (ix) shall not be responsible for providing other advice or information that exceeds the knowledge, education and experience required to perform real estate licensed activity. Buyer and Seller agree to seek legal, tax, insurance, title and other desired assistance from appropriate professionals.

42. **BROKER COMPENSATION FROM BUYER:** If applicable, upon Close Of Escrow, Buyer agrees to pay compensation to Broker as specified in a separate written agreement between Buyer and Broker.

43. **TERMS AND CONDITIONS OF OFFER:** This is an offer to purchase the Property on the above terms and conditions. All paragraphs with spaces for initials by Buyer and Seller are incorporated in this Agreement only if initialed by all parties. If at least one but not all parties initial, a counter offer is required until agreement is reached. Seller has the right to continue to offer the Property for sale and to accept any other offer at any time prior to notification of Acceptance. Buyer has read and acknowledges receipt of Copy of the offer and agrees to the above confirmation of agency relationships. If this offer is accepted and Buyer subsequently defaults, Buyer may be responsible for payment of Brokers' compensation. This Agreement and any supplement, addendum or modification, including any Copy, may be Signed in two or more counterparts, all of which shall constitute one and the same writing.

44. **EXPIRATION OF OFFER:** This offer shall be deemed revoked and the deposit shall be returned, unless the offer is Signed by Seller, and a Copy of the Signed offer is personally received by Buyer, or by N/A, who is authorized to receive it by 5:00 PM on the third calendar day after this offer is signed by Buyer (OR, if checked [X] by February 20, 2009, at 5:00 PM.

45. **BROKER COMPENSATION FROM SELLER:**

A. Upon close of Escrow, Seller agrees to pay compensation to Broker as specified in a separate written agreement between Seller and Broker.

Buyer's Initials ()
Sellers' Initials () () ()

B. If escrow does not close, compensation is payable as specified in that separate written agreement.

46. ACCEPTANCE OF OFFER: Seller warrants that Seller is the owner of the Property, or has the authority to execute this Agreement. Seller accepts the above offer, agrees to sell the Property on the above terms and conditions, and agrees to the above confirmation of agency relationships. Seller has read and acknowledges receipt of a Copy of this Agreement, and authorizes Broker to deliver a Signed Copy to Buyer.

[] (If checked) SUBJECT TO ATTACHED COUNTER OFFER DATED _____.

Buyer: Garden Grove Agency for Community Development

By _____ Date _____

Print Name: Matthew J. Fertal

Address: 11222 Acacia Parkway, Garden Grove, CA 92840

Telephone: (714) 741-5100 Fax (714) 741-5044 E-mail _____

Seller: Jerry L. Bowen and Sharon L. Bowen, Co-Trustees of the Bowen Trust, dated 1/27/93, as amended, as to an undivided 1/2 interest

By Jerry L. Bowen Date 2/8/09

Print Name: Jerry L. Bowen, Co-Trustee

By Sharon L. Bowen Date 2/8/09

Print Name: Sharon L. Bowen, Co-Trustee

Address: 5432 Catowba Lane, Irvine, CA 92603

Telephone: (949) 854-1045 Fax _____ E-mail _____

Seller: Thomas D. Bowen, a married man as his sole and separate property as to an undivided 1/2 interest

By: _____ Date _____

Print Name: Thomas D. Bowen

Address: 446 N. Clark Street, Forest City, Iowa 50436

Telephone _____ Fax _____ E-mail _____

MB
(initials)

Confirmation of Acceptance: A Copy of Signed Acceptance was personally received by Buyer or Buyer's authorized agent on (date) _____ at _____ [] AM [] PM. A binding Agreement is created when a Copy of Signed Acceptance is personally received by Buyer or Buyer's authorized agent whether or not confirmed in this document. Completion of this confirmation is not legally required in order to create a binding Agreement. It is solely intended for evidence the date that Confirmation of Acceptance has occurred.

REAL ESTATE BROKERS:

- A. Real Estate Brokers are not parties to this Agreement between Buyer and Seller.
- B. Agency relationships are confirmed as stated in paragraph 30 above.
- C. If specified in paragraph 2A, Agent who submitted offer for Buyer acknowledges receipt of deposit.
- D. COOPERATING BROKER COMPENSATION: Listing Broker agrees to pay Cooperating Broker (Selling Firm) and Cooperating Broker agrees to accept, out of Listing Broker's proceeds in escrow: (i) the amount specified in the MLS or PDS, provided Cooperating Broker is a Participant of the MLS or PDS in which the property is offered for sale of a reciprocal MLS or PDS; or (ii) (if checked) the amount specified in a separate written agreement (C.A.R. Form CBC) between Listing Broker and Cooperating Broker.

Real Estate Broker (Selling Firm) _____ DRE Lic. # _____

By _____ DRE Lic. # _____ Date _____

Buyer's Initials ()
Sellers' Initials (MB) () ()

Property Address: 12252 Harbor Blvd., Garden Grove, CA

Date: February 5, 2009

Address _____ City _____ State _____ Zip _____
Telephone _____ Fax _____ E-mail _____

Real Estate Broker (Listing Firm) _____ DRE Lic. # _____

By _____ DRE Lic. # _____ Date _____
Address _____ City _____ State _____ Zip _____
Telephone _____ Fax _____ E-mail _____

ESCROW HOLDER ACKNOWLEDGEMENT:

Escrow Holder acknowledges receipt of a Copy of this Agreement, (if checked a deposit in the amount of \$ _____), counter offer numbers _____ and _____, and agrees to act as Escrow Holder subject to paragraph 40 of this Agreement, any supplemental escrow instructions and the terms of Escrow Holder's general provisions.

Escrow Holder is advised that the date of Confirmation of Acceptance of the Agreement as between Buyer and Seller is _____

Escrow Holder _____ Escrow # _____

By _____ Date _____

Address _____

Phone/Fax/E-mail _____

Escrow Holder is licensed by the California Department of [] Corporations [] Insurance [] Real Estate.

License # _____

(____/____) REJECTION OF OFFER: No counter offer is being made. This offer was reviewed and rejected
(Seller's initials) by Seller on _____(Date)

THIS FORM HAS BEEN APPROVED BY THE CALIFORNIA ASSOCIATION OF REALTORS (C.A.R.). NO REPRESENTATION IS MADE AS TO THE LEGAL VALIDITY OR ADEQUACY OF ANY PROVISION IN ANY SPECIFIC TRANSACTION. A REAL ESTATE BROKER IS THE PERSON QUALIFIED TO ADVISE ON REAL ESTATE TRANSACTIONS. IF YOU DESIRE LEGAL OR TAX ADVICE, CONSULT AN APPROPRIATE PROFESSIONAL.

This form is available for use by the article (real estate industry). It is not intended to identify the user as a REALTORS. REALTORS is a registered collective membership ___ which may be used by members of the NATIONAL ASSOCIATION OF REALTORS who subscribed to its Code of Ethics.

Buyer's Initials (____)
Sellers' Initials (____) (____) (____)

**SUPPLEMENT TO COMMERCIAL PROPERTY PURCHASE AGREEMENT
AND JOINT ESCROW INSTRUCTIONS
(Non-Residential)
(C.A.R. Form CPA, Revised 10/03)**

THIS SUPPLEMENT TO COMMERCIAL PROPERTY PURCHASE AGREEMENT AND JOINT ESCROW INSTRUCTIONS ("**Amendment**") is made by and between JERRY L. BOWEN and SHARON L. BOWEN, as Co-Trustees of the Bowen Trust dated January 27, 1993, as amended as to an undivided one-half (1/2) interest, and THOMAS D. BOWEN, a married man as his sole and separate property, as to an undivided one-half (1/2) interest (collectively, "**Seller**"), and GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT, a public body, corporate and politic ("**Buyer**"), as of _____, 2009, and it supplements that certain Commercial Property Purchase Agreement and Joint Escrow Instructions dated as of February 5, 2009, by and between Seller and Buyer ("**Agreement**"). All terms defined in the Agreement shall have the same meaning when used herein.

RECITALS

A. Seller has agreed to sell to Buyer and Buyer has agreed to purchase from Seller the Property which is the subject of the Agreement.

B. Buyer and Seller now mutually desire to supplement the Agreement as set forth below.

C. Seller has offered to sell the Property to Buyer, willingly, voluntarily and by Seller's own actions, pursuant to Section 7277 of the California Government Code.

NOW, THEREFORE, in consideration of the mutual covenants set forth herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Buyer and Seller mutually agree to supplement the Agreement as follows:

SUPPLEMENT TO AGREEMENT

1. Section 36 shall be supplemented to include the following terms and conditions:

///

///

///

Buyer's Initials ()
Sellers' Initials () () ()

K. Termination of Lease. At least three (3) days prior to the Close of Escrow, Seller shall, following issuance by Seller of all proper legal notices, have terminated that certain lease, dated August 26, 1977, affecting the Property, executed by Seller recorded September 8, 1977, in Book 12369, Page 942, of the Official Records of Orange County, California, and that certain First Amendment to Lease, dated June 25, 1992, assigning the lease to Richard Kil and Young Hui Kil (collectively, "Kil"), which lease did expire by its terms on August 27, 2007 (collectively, "Lease"); Seller represents and warrants that thereafter Kil and Kil's sublessees continued in occupancy of the Property on a month to month rental basis. Seller warrants that the termination of the Lease shall comply with all applicable laws, including but not limited to California Civil Code §§ 798 et seq., otherwise known as the Mobilehome Residency Law. Through the termination, Seller shall ensure that all rights to possession under the Lease shall have been extinguished. Seller shall terminate any other similar lease in the same time period, to the extent that such lease may exist. Seller agrees to indemnify, defend, and hold harmless Buyer against any and all claims and or liability related to the termination of the Lease, the assignment and any similar leases.

L. Quit Claim Deeds. At least three (3) days prior to the Close of Escrow, Seller shall cause Kil to have executed and delivered to Escrow Holder, Quit Claim Deeds in recordable form relinquishing all right, title, and interest in and to said Lease (and any similar lease) pursuant to Section 16.4 of the original Lease. Escrow Holder is instructed to cause the recordation of the Quit Claim Deeds against the Property in the Official Records of Orange County, California.

M. Phase One Report. Buyer reserves the right to terminate the Agreement and the Amendment without penalty in the event the Phase One Report reveals the existence of any hazardous materials or environmental issues which the Seller is not able to remediate within a reasonable time period prior to the Close of Escrow. In the event that Buyer exercises this right of termination, Escrow Holder shall disperse the Initial Deposit to Buyer upon written demand therefor.

N. Certification of Trust. Seller shall provide to Escrow Holder prior to the Close of Escrow a Certification of Trust pursuant to the requirements of California Probate Code § 18100.

O. Full and Complete Settlement for Fee Interest. The Seller agrees that the total compensation to be paid by Buyer to Seller, including the Purchase Price, is in consideration for all of Seller's interests in the Property and any rights or obligations which exist or may arise out of the acquisition of the Property for public purposes, including without limitation, Seller's fee interests in the land and any improvements and fixtures and equipment located thereon, improvements pertaining to the realty (if any), severance damages, relocation

assistance or benefits under the Relocation Laws, any alleged pre-condemnation damages, loss of business goodwill, costs, interest, attorney's fees, and any claim whatsoever of Seller which might arise out of or relate in any respect to the acquisition of the Property by the Buyer.

(i) Possession and Disposition of Seller's FF&E. Subject to the Seller's termination of the Lease and quitclaim pursuant thereto and applicable laws as provided herein, as of the date of acceptance of Buyer's offer and continuing through, to and upon the Close of Escrow, possession of the Property is and shall remain solely with Seller, with no other person or entity having or claiming any right to occupy, possess, use, or otherwise enter upon the Property. ~~As of the Closing Date possession of the Property,~~ including land, improvements, furniture, fixtures and equipment owned by Seller, whether immovable or moveable (FF&E), on, upon, or about the Property shall be deemed to be the property of and in the possession of Buyer. Seller shall have the right to and shall remove or otherwise dispose of all moveable FF&E owned by Seller at the Property prior to the Closing Date. After the Closing Date, Seller acknowledges and agrees that Buyer has the right to and may dispose of any FF&E owned by Seller remaining at the Property as Buyer alone sees fit without further notice or any liability whatsoever to Seller.

(ii) Complete Settlement, Release, and Waiver of all Further Compensation as to Seller. This Agreement deals fully and comprehensively with any and all compensation due to Seller, including without limitation relocation benefits or assistance under the Relocation Laws that may be due to Seller from or in connection with the sale of the Property to Buyer and the cessation of Seller's rights to the Property.

(A) Property Offered for Sale by Seller. Seller represents and acknowledges that Seller offered the Property for sale to Buyer, willingly, voluntarily and by Seller's own actions, pursuant to Section 7277 of the California Government Code.

(iii) Release and Waiver. It is hereby intended that the release contained above relates to both known and unknown claims that the Seller may have, or claim to have, against the Buyer with respect to the subject matter contained herein or the events relating thereto. By releasing and forever discharging claims both known and unknown which are related to or which arise under or in connection with, the items set out above, the Seller expressly

waives any rights under California Civil Code Section 1542, which provides:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR."

 Seller's Initials  Seller's Initials _____ Seller's Initials

P. Seller's Delivery of Property Documents. Within ten (10) days after the Effective Date, Seller shall deliver to Buyer the following items (collectively, "Property Documents"):

(a) Copies of tax bills, including assessments, if any.

(b) Proof of Sellers' authority and authorization to enter into this Agreement and to consummate this transaction as may be reasonably requested by Buyer and the Title Company.

(c) True and correct copies of each and all contract(s), operating agreement(s), lease(s), rental agreement(s), registration agreement(s), ledger(s), log(s), other agreement(s) or any other written instrument(s) relating to the Property.

(d) Seller's written affirmation and re-confirmation that there are no contract(s), lease(s), or agreement(s), either in writing or orally, existing which relate to the Property other than those disclosed and provided to Buyer pursuant to Subdivision (c) above or specifically and expressly disclosed in writing by Buyer as to verbal agreements, if any.

Q. Buyer's Right of Entry. From and after the Effective Date through the earlier to occur of the termination of this Agreement or three (3) months from the Effective Date, Seller hereby grants to and agrees that Buyer and Buyer's employees, agents, consultants and contractors shall have the right to enter upon the Property during normal business hours, provided reasonable prior notice has been given to Seller, for the purpose of undertaking and completing necessary or appropriate inspections, assessments, and tests (collectively, "Tests"), and remediation or corrections of the Property relating to the physical condition of the Property including without limitation the presence,

release, and/or absence of adverse soils conditions, asbestos, lead-based paint, and/or Hazardous Materials.

R. Brokers. Buyer and Seller each represent to the other that no brokerage commission, finder's fee or other compensation of any kind is due or owing to any person or entity in connection with this Agreement. Each party agrees to and does hereby indemnify and hold the other free and harmless from and against any and all costs, liabilities or causes of action or proceedings which may be instituted by any broker, agent or finder, licensed or otherwise, claiming through, under or by reason of the conduct of the indemnifying party in connection with this Agreement.

~~S. Notices. No notice, request, demand, instruction, or other document to be given hereunder to any Party shall be effective for any purpose unless personally delivered to the person at the appropriate address set forth below (in which event such notice shall be deemed effective only upon such delivery), delivered by air courier next-day delivery (e.g. Federal Express), delivered by mail, sent by registered or certified mail, return receipt requested, or sent via telecopier, as follows:~~

If to Seller: Jerry L. Bowen
Sharon L. Bowen
5432 Catowba Lane
Irvine, California 92603

Thomas D. Bowen
446 North Clark Street
Forest City, Iowa 50436

If to Buyer: Garden Grove Agency for Community Development
Attn: Real Property Manager
11222 Acacia Parkway
Garden Grove, California 92840

2. In the event there is a conflict between the terms and provisions of this Supplement and the terms and provisions of the Agreement, the terms and provisions of this Supplement shall control.

3. This Supplement shall be binding upon and inure to the benefit of the Buyer and Seller and their respective successors and assigns. This Supplement may be executed in counterparts, each of which, when taken together, shall constitute one fully executed original. Facsimile signatures shall be binding for all purposes of this Supplement.

4. The Property shall be delivered by Seller at the close of escrow free and clear of any mobile homes, coaches and recreational vehicles. Sellers shall

defend, indemnify and hold harmless Buyer and the City of Garden Grove regarding any claims, actions, demands or judgments relating to such delivery and for any claims, actions, demands or judgments relating to use by Kil and any tenants, lessees or renters on Kil's property (adjacent to the Property) for use of the Property and any facilities located on the Property.

IN WITNESS WHEREOF, Buyer and Seller have executed this Amendment as of the date first written above.

Buyer

GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT, a public body,
corporate and politic

Matthew Fertal
Agency Director

Attest:

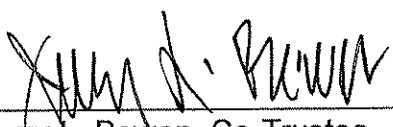
Agency Secretary

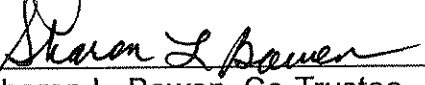
Approved as to form by:

WOODRUFF, SPRADLIN & SMART

Thomas F. Nixon, Esq.
Agency Counsel

Seller

By: 
Jerry L. Bowen, Co-Trustee
The Bowen Trust dated January 27, 1993, as amended

By: 
Sharon L. Bowen, Co-Trustee
The Bowen Trust dated January 27, 1993, as amended

By: _____
Thomas D. Bowen, an individual

SITE MAP

"12252 HARBOR BLVD"

OPEN SESSION

Attachment 2



March 10, 2009



SITE

Parcel Under Agency Contract (LIN)

02 01

- █ Redevelopment Project Area
- ▬ Site area to acquire
- ▬ Site "C" area
- # Parcels (231-521-01 and 231-521-02)

CHOICES

