

FINANCIAL IMPACT

- Proceeds from the sale of the subject property will be deposited into the City Fund: Measure M - Combined Transportation Funding Program.

RECOMMENDATION

Based on the foregoing, staff recommends that the Agency:

- Approve the disposition of the subject property;
- Authorize the Agency Director to execute the Purchase and Sale Agreement and Grant Deed, and make minor modifications as needed on behalf of the Agency.

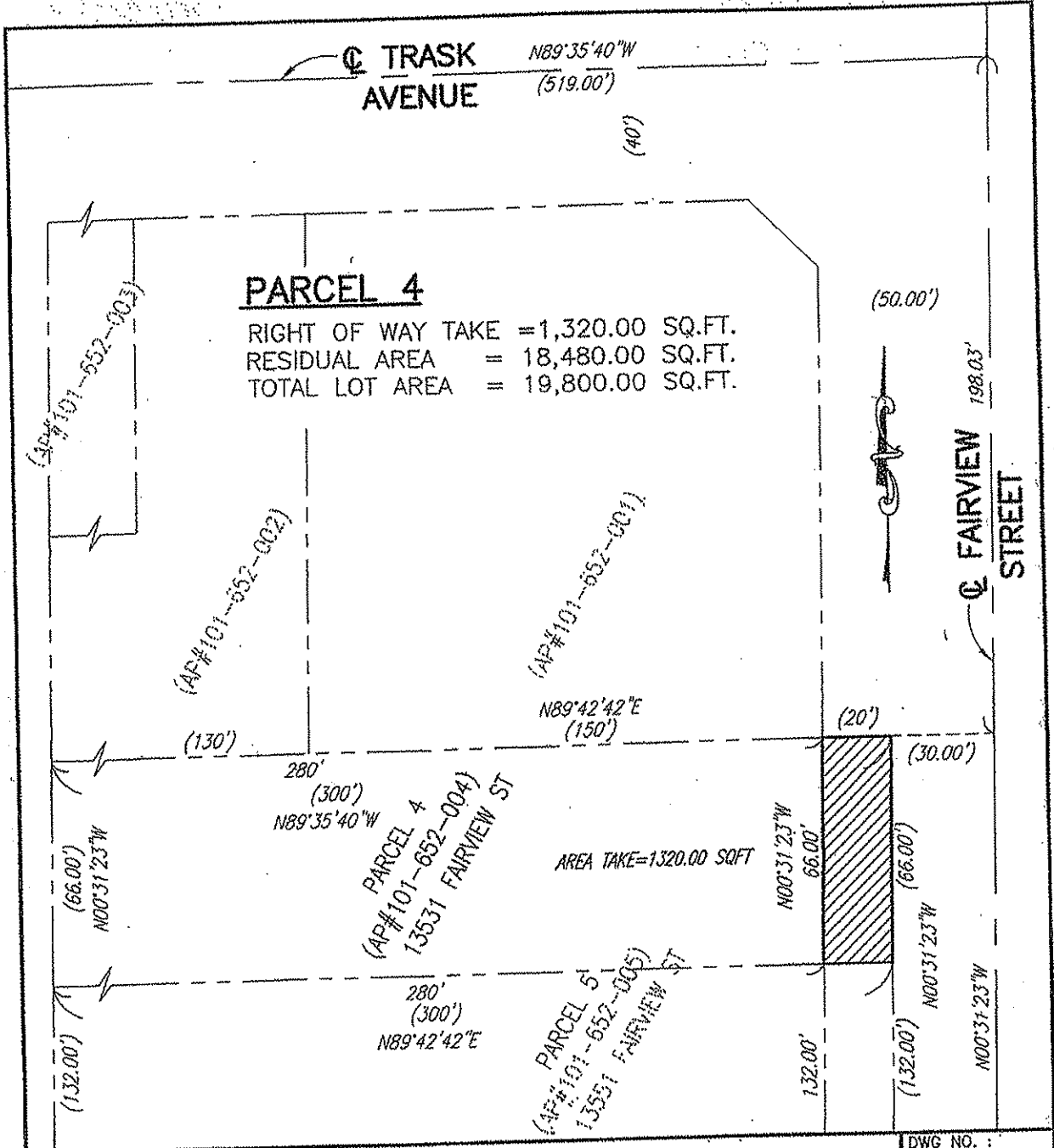
M. Merola for
CHET YOSHIZAKI
Economic Development Director

By: *[Signature]*
Carlos Marqu ez
Real Property Agent

Recommended for Approval

[Signature]
Matthew Fernal
Director

Attachment 1: Site Map
Attachment 2: Purchase and Sale Agreement



City Of Garden Grove
 Department Of Public Works

DWG NO. :	
PREPARED BY :	MCB
DRAWN BY :	MCB
CHECKED BY :	MU

ACQUISITION MAP

R/W NO:	PROJECT NO. :
SCALE: 1"=40'	APPROVED BY : CITY ENGINEER

THIS IS NOT A SURVEY BUT IS COMPILED FROM EXISTING RECORDS

PURCHASE AND SALE AGREEMENT

This **PURCHASE AND SALE AGREEMENT** (the "Agreement") is dated for reference purposes as of the _____ day of April, 2010 (the "Agreement Date"), and is being entered into by and between the **GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT**, a public body, corporate and politic ("Agency"), and **POMELO, LLC**, a California limited liability company ("Buyer"), for the acquisition by Buyer of certain real property described below.

NOW, THEREFORE, Agency and Buyer hereby agree as follows:

1. Agreement to Sell and Purchase. Agency is the owner in fee of that certain real property consisting of approximately 18,400 square feet of land area located at 13531 Fairview Street in the City of Garden Grove, County of Orange, State of California, together with all improvements and fixtures located thereon and all property interests appurtenant thereto (collectively, the "Property"). The Property is more particularly described in Exhibit "A" and is shown on the map in Exhibit "B" attached hereto and fully incorporated herein by reference. Agency agrees to sell the Property to Buyer and Buyer agrees to purchase the Property from Agency upon the terms and for the consideration set forth in this Agreement.

2. Purchase Price. The purchase price of the Property (the "Purchase Price") is Three Hundred Seventy Thousand Dollars (\$370,000.00). The parties agree on the basis of an appraisal of the Property that the Purchase Price is not less than the fair market value of the Property. The Purchase Price shall be paid as follows:

2.1 Concurrently with the opening of "Escrow" as described in Section 5 below, Buyer shall deposit into Escrow a deposit in the amount of Twenty-Five Thousand Dollars (\$25,000.00) (the "Deposit"). Escrow Holder shall place the Deposit in an interest bearing account with interest to accrue to the benefit of Buyer. The Deposit shall be credited against the Purchase Price at Closing. In the event this Agreement is terminated for any reason prior to the Close of Escrow, Escrow Holder shall immediately refund the Deposit to Buyer unless Agency is entitled to receive the Deposit as liquidated damages pursuant to Section 20.2 below as a result of the uncured default of Buyer.

2.2 Prior to the Close of Escrow, Buyer shall deposit into Escrow the balance of the Purchase Price in immediately available funds.

3. Conveyance of Title and Possession. Agency agrees to convey by Grant Deed to Buyer fee simple title to the Property, free and clear of all recorded and unrecorded liens, encumbrances, assessments, easements, leases, taxes and other title or survey matters ("Exceptions") except such matters which are acceptable to the Buyer, following Buyer's review of the preliminary title report as provided in this Section 3. Prior to the Agreement Date Agency has caused Fidelity National Title Company (the "Title Company") to deliver to Buyer a preliminary title report or commitment (the "Report") with respect to the title to the Property, together with legible copies of and documents creating the Exceptions set forth in the Report. In addition, prior to the Agreement Date Agency has delivered to the Title Company and Buyer copies of all surveys of the Property which are in the possession of Agency. Buyer shall have five (5) business days from its receipt of the Report within which to give written notice to Agency of Buyer's approval or disapproval of any of such Exceptions. Buyer's failure to give written approval of the Report within such time limit

shall be deemed disapproval of the other Exceptions set forth in the Report. No deeds of trust, mortgages or other liens, except for the lien of property taxes and assessments not yet due, shall be approved Exceptions. If Buyer notifies Agency of its disapproval of any Exceptions in the Report, Agency shall have the right, but not the obligation, to remove any disapproved Exceptions within three (3) business days after receiving written notice of Buyer's disapproval or provide assurances satisfactory to Buyer that such Exception(s) will be removed on or before the Closing. If Agency cannot or does not elect to remove any of the disapproved Exceptions within that period, Buyer shall have until the Closing Date to either give Agency and the Escrow Holder written notice that Buyer elects to proceed with the purchase of the Property subject to the disapproved Exceptions or to give Agency written notice that Buyer elects to terminate this Agreement, in which case Buyer shall receive a refund of the Deposit. Buyer shall have the right to approve or disapprove any Exceptions reported by the Title Company after Buyer has approved the condition of title for the Property. Agency shall not voluntarily create any new exceptions to title following the Agreement Date.

Agency represents and warrants to Buyer that, as of the Agreement Date, there is a single tenant/occupant (the "Existing Tenant") who occupies the Property pursuant to an unrecorded month-to-month rental agreement or lease and that, prior to the Agreement Date, Agency has provided a written notice to the Existing Tenant that the Existing Tenant's leasehold interest and right of occupancy are being terminated and the Existing Tenant is required to relocate from the Property within ninety (90) days from and after the date the Existing Tenant received said notice (the "Relocation Notice"). On the basis of said representations and warranties and Agency's covenants set forth hereinbelow, Buyer agrees to accept Agency's conveyance of the Property at the Closing (which is scheduled to occur prior to the 90-day deadline in the Relocation Notice) subject to the Existing Tenant's possessory interest. From the Agreement Date and continuing after the Closing, Agency covenants (which covenant shall not merge with the Grant Deed) as follows: (i) Agency shall perform all actions that may be required Closing to complete the termination of the Existing Tenant's lease and right to occupy the Property and relocate the Existing Tenant to another location as soon as practicable after the Closing and in accordance with the Relocation Notice and applicable laws and regulations; (ii) Agency shall pay all relocation assistance and provide all relocation benefits to the Existing Tenant as may be required by applicable laws and regulations in order to timely effectuate said relocation, with the understanding that Buyer shall have no liability or responsibility therefor; (iii) if Buyer is required to take any legal action to terminate the Existing Tenant's right of possession and to remove the Existing Tenant from the Property after the Close of Escrow if the Existing Tenant fails or refuses for any reason to vacate the Property within ninety (90) days after the date of Agency's delivery of the Relocation Notice to the Existing Tenant Agency shall promptly pay or reimburse Buyer for all of Buyer's actual and reasonable costs, incurred by Buyer, including without limitation payment or reimbursement of Buyer's costs incurred with respect to prosecuting and enforcing an unlawful detainer action; and (iv) Agency shall indemnify, defend, and hold harmless Buyer from and against any and all claims, liabilities, and losses except lost opportunity costs, arising out of or relating to termination of the Existing Tenant's possessory interest in the Property and the Existing Tenant's relocation from the Property.

4. Title Insurance Policy. Escrow Holder shall, following recording of the Grant Deed, provide Buyer with a standard owner's CLTA (or extended coverage ALTA, at the request of Buyer) policy of title insurance in the amount of the Purchase Price, issued by the Title Company, together with any endorsements and additional coverage reasonably requested by Buyer, showing fee simple title to the Property vested in Buyer, subject only to the Exceptions set forth in Section 3 approved by Buyer and the printed exceptions and stipulations in the policy. Agency shall pay the portion of the premium which would be charged for a CLTA (standard coverage) owners title

insurance policy in the amount of the Purchase Price, and Buyer shall pay the additional cost for an ALTA (extended coverage) title insurance policy if Buyer elects to receive such a policy and for any other additional costs, including the costs of any endorsements and additional coverage.

5. Escrow. Buyer and Agency shall open an escrow (the "Escrow") in accordance with this Agreement with Lawyer's Title Company or another escrow company mutually agreeable to both parties (the "Escrow Holder"). This Agreement, together with the escrow instructions prepared by Escrow Holder and executed by Buyer and Agency, constitutes the joint escrow instructions of Buyer and Agency, and the Escrow Holder to whom these instructions are delivered is hereby empowered to act under this Agreement. The parties hereto agree to do all acts necessary to close this Escrow on or before the Closing Date set forth in Section 7.5 hereof; provided, however, Buyer shall not be obligated to waive any of its rights, conditions or contingencies under this Agreement in order to close the Escrow.

5.1 Grant Deed. Agency shall execute and deliver into the Escrow a Grant Deed (the "Grant Deed") to Buyer, in the form of the Grant Deed which is attached hereto as Exhibit "C" and incorporated herein. Buyer agrees to deposit the Purchase Price upon demand of Escrow Holder, Buyer and Agency agree to deposit with Escrow Holder any additional instruments as may be necessary to complete this transaction.

5.2 Insurance. Insurance policies for fire or casualty are not to be transferred, and Agency will cancel its own policies after close of escrow.

5.3 Escrow Account. All funds received in the Escrow shall be deposited with other escrow funds in a general escrow account(s) and may be transferred to any other escrow trust account in any state or national bank doing business in the State of California. All disbursements shall be made by check from such account.

6. Tax Adjustment Procedure. Escrow Holder shall pay and charge Agency for any unpaid delinquent property taxes and/or penalties and interest thereon, if any, and for any delinquent assessments or bonds against the Property. Escrow Holder shall prorate property taxes and assessments for the current fiscal year, if any, as of the Closing Date.

7. Escrow Holder Authorization. Escrow Holder is authorized to, and shall:

7.1 Buyer. Pay and charge Agency and Buyer for all Escrow fees, charges, and costs payable under Section 5 and 7.7 of this Agreement.

7.2 Disbursement. Disburse funds, record the Grant Deed, and deliver the title policy to Buyer, when conditions of the Escrow have been fulfilled by Buyer and Agency.

7.3 Close of Escrow. The term "Close of Escrow," if and where written in these instructions, shall mean the date the Grant Deed and other necessary instruments of conveyance are recorded in the office of the Orange County Recorder. Recordation of instruments delivered through this Escrow is authorized, if necessary or proper in the issuance of the policy of title insurance pursuant to Section 4 hereof.

7.4 Time Limits. All time limits within which any matter specified is to be performed may be extended by mutual agreement of the parties. Any amendment of, or supplement to, any instructions must be in writing.

7.5 Time of the Essence. Provided that the conditions set forth in Section 8 hereof have been satisfied, Escrow shall close (the "Close of Escrow," "Close," or "Closing") on or before April 27, 2010 (the "Closing Date"). In the event the Closing does not occur on or before the Closing Date, either party that is not in default hereunder shall be entitled to cancel Escrow, terminate this Agreement, and the Escrow Holder shall return to the depositor thereof all documents, instruments, and monies which were deposited hereunder, including, without limitation, the return of the Deposit to Buyer). The foregoing shall not constitute an election of remedies for a non-defaulting party if the other party wrongfully fails to close Escrow.

7.6 Limitations on Escrow Holder Responsibility. Escrow Holder shall have no responsibility for performance or ensuring either party's performance of the provisions set forth in Sections 9, 10, 12, 13, 14, 15, 17, 18, or 19 of this Agreement.

7.7 Escrow Fees, Charges and Costs. Title charges shall be allocated between the parties as set forth in Section 4. Agency agrees to pay for one-half of the escrow fees and other fees, charges, and costs which arise in this Escrow. Buyer agrees to pay for the cost of any documentary transfer taxes, and one-half of the escrow fees and other fees, charges, and costs which arise in this Escrow.

7.8 Tax Requirements. Escrow Holder shall prepare and file with all appropriate governmental or taxing authorities a uniform settlement statement, closing statement, tax withholding forms including an IRS 1099-S form, and be responsible for withholding taxes, if any such forms are provided for or required by law.

8. Conditions Precedent to Close of Escrow.

8.1 Buyer's Conditions Prior to Closing. Buyer's obligation to complete the purchase of the Property is subject to the satisfaction or Buyer's waiver in its sole and absolute discretion of each of the following conditions:

a. Agency shall have delivered through Escrow an executed and recordable Grant Deed sufficient to convey fee title to Buyer as set forth in Section 5.1.

b. Agency shall have delivered through Escrow such other documents as are necessary to comply with Agency's obligations under this Agreement.

c. Buyer shall have approved the condition of title to the Property and the Title Company shall have committed to deliver to Buyer a title insurance policy as required by Section 4 hereof at or immediately after the Closing.

d. The physical, soils, and environmental condition of the Property shall be satisfactory to the Buyer, in the exercise of Buyer's good faith discretion, and in the condition required by this Agreement.

e. The City Council of the City of Garden Grove ("City") shall have approved and City and Buyer shall have entered into a binding written agreement pursuant to which

City has agreed to purchase from Buyer land along the frontage of Fairview Street for street widening purposes, on terms satisfactory to Buyer in its reasonable discretion (and with the understanding that said street widening project predates and is independent of Buyer's Residential Project referred to in Section 15.2 of this Agreement and the parties agree there is no nexus between City's desire/need for said street widening and the impacts of the proposed Residential Project, such that, in the absence of such an agreement with City, either Buyer would be entitled to a reduction in the Purchase Price for the Property from Agency in an amount equal to or greater than the amount of the payment City will be making to Buyer pursuant to the City/Buyer purchase agreement or else City would be required to pay just compensation to Buyer for the right-of-way).

f. The City Council of City shall have approved the rezoning of the Property and the Adjacent Property referred to in Section 15.2 of this Agreement from R-1 to PUD, consistent with the Residential Project referred to therein.

g. The City Council of City shall have approved and City and Buyer shall have entered into Development Agreement No. DA-180-10 for the Residential Project.

h. Buyer shall not have terminated this Agreement as otherwise specifically permitted by the provisions of this Agreement.

i. Agency shall not be in default of any of its obligations under the terms of this Agreement, and all representations of Agency herein shall be true and correct.

8.2 Agency's Conditions Precedent to Closing. Agency's obligation to complete the sale of the Property is subject to the satisfaction or Agency's waiver in its sole and absolute discretion of each of the following conditions:

a. Buyer shall not be in default of any of its obligations under the terms of this Agreement, and all representations of Buyer herein shall be true and correct.

b. Buyer shall have deposited with Escrow Holder immediately available funds in an amount equal to the Purchase Price and Buyer's share of costs described herein.

c. The Agency shall not have terminated this Agreement as otherwise specifically permitted by the provisions of this Agreement.

9. Intentionally Omitted.

10. Permission to Enter on Premises. Pursuant to the terms and conditions of a Right of Entry Agreement by and between Agency and Buyer, Agency agrees to grant to Buyer, or its authorized agents, permission to enter upon the Property at all reasonable times prior to Close of Escrow for the purpose of making necessary or appropriate inspections, tests, surveys, assessments and reports of the Property, at Buyer's expense (the "Tests"). Buyer shall indemnify, defend, and hold harmless Agency and its officers, directors, shareholders, partners, employees, agents, and representatives from and against all claims, liabilities or damages, and including expert witness fees and reasonable attorney's fees and costs, caused by Buyer's activities with respect to or arising out of such testing, inspection, or investigatory activity on the Property.

11. Closing Statement. Agency instructs Escrow Agent to release a copy of Agency's closing statement to Buyer, and Buyer instructs Escrow Agent to release a copy of Buyer's closing statement to Agency.

12. Possession and Disposition of Personal Property. Agency shall, prior to the close of Escrow, remove or otherwise dispose of all personal property which is located on the Property excepting any personal property belonging to the Existing Tenant. All personal property owned by Agency remaining on the Property after the Closing shall become the property of Buyer and Buyer may dispose of same without liability as it alone sees fit, and Agency shall be liable for the costs of removal which are incurred by Buyer. Buyer shall not be liable for any loss of or damage to Agency's personal property remaining on the Property, regardless of when loss or damage occurs.

13. Warranties, Representations, and Covenants of Agency. Except as described in Section 9, Agency hereby warrants, represents, and/or covenants to Buyer that:

13.1 Pending Claims. To the best of Agency's knowledge, there are no actions, suits, claims, legal proceedings, or any other proceedings affecting the Property or any portion thereof, at law, or in equity before any court or governmental agency, domestic or foreign.

13.2 Agency's Title. Until the Close of Escrow, Agency shall not do anything which would impair Agency's title to the Property or Buyer's right of possession, development, or use of the Property after the Close of Escrow consistent with this Agreement.

13.3 Conflict with Other Obligation. To the best of Agency's knowledge, neither the execution of this Agreement nor the performance of the obligations herein will conflict with, or breach any of the provisions of any bond, note, evidence of indebtedness, contract, lease, covenants, conditions and restrictions, or other agreement or instrument to which Agency or the Property may be bound.

13.4 Authority. Agency has the full right, power, and authority to sell, convey, and transfer the Property to Buyer as provided herein and to carry out Agency's obligations hereunder.

13.5 Bankruptcy. Agency is not the subject of a bankruptcy proceeding, and permission of a bankruptcy court is not necessary for Agency to be able to transfer the Property as provided herein.

13.6 Governmental Compliance. Agency has not received any notice from any governmental agency or authority alleging that the Property is currently in violation of any law, ordinance, rule, regulation or requirement applicable to its use and operation. If any such notice or notices are received by Agency following the date this Agreement is signed by Buyer, Agency shall, within ten (10) days of receipt of such notice notify Buyer; Agency then, at its option, may either elect to perform the work or take the necessary corrective action prior to the close of Escrow or refuse to do so, in which case Agency shall notify Buyer of such refusal and Buyer shall be entitled to either close Escrow with knowledge of such notice(s) or terminate this Agreement.

13.7 Right to Possession. Except as expressly set forth in Sections 3 and 4 of this Agreement, no person, firm, partnership or corporation has or will have the right to possess the Property or any portion of it as of the Agreement Date or the Close of Escrow.

13.8 Change of Situation. Until the Close of Escrow, Agency shall, upon learning of any fact or condition which would cause any of the warranties and representations in the section not to be true as of the Close of Escrow, immediately give written notice of such fact or condition to Buyer.

14. Warranties, Representations, and Covenants of Buyer. Buyer hereby warrants, represents, and/or covenants to Agency that:

14.1 Authority. Buyer is a California limited liability company duly organized, validly existing and in good standing under the laws of the State of California; this Agreement and all documents executed by Buyer are and at the time of Close of Escrow will be duly authorized, executed and delivered by Buyer, are and at the time of Close of Escrow will be legal, valid and binding obligations of Buyer enforceable against Buyer in accordance with their respective terms.

14.2 Bankruptcy. Buyer is not the subject of a bankruptcy proceeding.

14.3 Change of Situation. Until the Close of Escrow, Buyer shall, upon learning of any fact or condition which would cause any of the warranties and representations in the section not to be true as of the Close of Escrow, immediately give written notice of such fact or condition to Agency.

15. Use and Development Requirements. Buyer hereby covenants to abide by the following restrictions in the use and development of the Property purchased from Agency:

15.1 Compliance with Redevelopment Plan. Buyer shall use, and permit use of, the Property solely for purposes designated in the Garden Grove Community Plan.

15.2 Development of Residential Project. After acquisition of the Property by Buyer and subject to extensions of time that are permitted in accordance with Section 34 of this Agreement, Buyer shall exercise commercially reasonable diligence to perform all of the following:

a. Combine the Property with the adjacent real property which, together with the Property, consists of approximately 2.48 gross acres of land area and is described in Tentative Tract 17353 and Sp-455-10 on file with the City as of the Agreement Date (collectively, the "Residential Project Site")

b. Construct a twenty (20) unit residential project on the Residential Project Site (the "Residential Project").

c. Commence development of the Residential Project by April 15, 2013.

d. After commencement of the development of the Residential Project, not cease development of any individual residential phase for longer than ninety (90) days without Agency's express consent of the Agency (with the understanding that the intervals between the completion of one phase and the commencement of the next phase may exceed 90 days).

e. Complete development of the Residential Project by April 15, 2015.

f. With respect to any separate legal lot within the Residential Project Site from time to time, not voluntarily or involuntarily assign Buyer's development obligations under

this Section 15 or make any total or partial sale, conveyance, assignment, or other transfer of said lot (collectively referred to herein as a "Transfer") without Agency's prior written approval, which approval Agency agrees shall not be unreasonably withheld, delayed or conditioned. Notwithstanding the foregoing, the restrictions in this Section 15.2.f shall terminate and shall be of no further force or effect with respect to each of the lots within the Residential Project Site at the time that Buyer completes the improvements it is required to construct on said lot (and, if a residential dwelling unit is situated on said lot, at such time that the City issues a certificate of occupancy with respect thereto). In addition, and notwithstanding the foregoing, Agency approval shall not be required for any of the following, which shall not be deemed to be a Transfer for purposes of this Section 15.2.f:

(i) Any transfers to an entity or entities in which Buyer, Brandywine Homes, and/or one or more of the individual members of Buyer as of the Agreement Date (A) retains operational control over the management, development and construction of the Residential Project (or the portions of the Residential Project that have not been completed as of the date of the Transfer, and subject to the right of non-managerial members, partners, or shareholders, as applicable, to exercise voting rights with respect to so-called "major decisions") and (B) has not less than a five percent (5%) interest in profit and losses in the Residential Project.

(ii) The conveyance or dedication of any portion of the Residential Project Site to the City or other appropriate governmental agency, or the granting of easements or permits to facilitate construction of the Residential Project.

(iii) Any assignment for financing purposes, including the grant of a deed of trust to a lender ("Lender") to secure the funds necessary for land acquisition and construction of all or any portion of the Residential Project, and any subsequent transfer to the Lender or its nominee or successor or to a third party purchaser at a foreclosure sale, after foreclosure, or by virtue of a deed conveyed in lieu of foreclosure.

(iv) The sale of a completed home or homes to a homebuyer or homebuyers in the ordinary course of business.

(v) A transfer resulting from the death or mental or physical incapacity of an individual.

(vi) Any transfer in trust to a family member for estate planning purposes (provided no change of management control occurs).

(vii) Any of the following, as long as Buyer continues to operate under the name "Pomelo, LLC," "Brandywine Homes," or any successor trade name being used by the ongoing Buyer entity: (A) a dissolution, merger, consolidation, or other reorganization; (B) a sale or transfer of ownership interests in Buyer, directly or indirectly; or (iii) a sale or transfer of assets, directly or indirectly, as long as such sale or transfer is not limited only to Buyer's rights under this Agreement.

16. Intentionally Omitted.

17. Condition of the Property.

17.1 Hazardous Materials. As used in this Agreement, the term “Hazardous Materials” shall mean any substance, material, or waste which is or becomes, regulated by any local governmental authority, the State, or the United States Government, including, but not limited to, any material or substance which is (i) defined as a “hazardous waste,” “extremely hazardous waste,” or “restricted hazardous waste” under Sections 25115, 25117 or 25122.7, or listed pursuant to Section 25140 of the California Health and Safety Code, Division 20, Chapter 6.5 (Hazardous Waste Control Law)), (ii) defined as a “hazardous substance” under Section 25316 of the California Health and Safety Code, Division 20, Chapter 6.8 (Carpenter-Presley-Tanner Hazardous Substance Account Act), (iii) defined as a “hazardous material,” “hazardous substance,” or “hazardous waste” under Section 25501 of the California Health and Safety Code, Division 20, Chapter 6.95 (Hazardous Materials Release Response Plans and Inventory), (iv) defined as a “hazardous substance” under Section 25281 of the California Health and Safety Code, Division 20, Chapter 6.7 (Underground Storage of Hazardous Substances), (v) petroleum, (vi) friable asbestos, (vii) polychlorinated biphenyls, (viii) methyl tertiary butyl ether, (ix) listed under Article 9 or defined as “hazardous” or “extremely hazardous” pursuant to Article 11 of Title 22 of the California Code of Regulations, Division 4, Chapter 20, (x) designated as “hazardous substances” pursuant to Section 311 of the Clean Water Act (33 U.S.C. §1317), (xi) defined as a “hazardous waste” pursuant to Section 1004 of the Resource Conservation and Recovery Act, 42 U.S.C. §§6901, *et seq.* (42 U.S.C. §6903) or (xii) defined as “hazardous substances” pursuant to Section 101 of the Comprehensive Environmental Response, Compensation, and Liability Act, 42 U.S.C. §§9601, *et seq.*

17.2 Compliance with Environmental Laws. To the best of Agency’s knowledge, Agency has not received any notice from any governmental agency that the Property is not in compliance with any applicable laws and governmental regulations including, without limitation, all applicable federal, state, and local laws pertaining to air and water quality, hazardous waste, waste disposal, and other environmental matters, including, but not limited to, the Clean Water, Clean Air, Federal Water Pollution Control, Solid Waste Disposal, Resource Conservation Recovery and Comprehensive Environmental Response Compensation and Liability Acts, and the California Environmental Quality Act, and the rules, regulations, and ordinances of the City of Monrovia, the California Department of Health Services, the Regional Water Quality Control Board, the State Water Resources Control Board, the Environmental Protection Agency, and all applicable federal, state, and local agencies and bureaus. For the purposes of this Section, “the best of Agency’s knowledge” shall mean the actual knowledge of the employees of Agency who manage the Property, and documents in Agency’s files, and shall not require Agency to obtain any environmental reports, consult with any environmental professionals, or conduct any testing of the soils or groundwater on the Property.

17.3 As Is Sale. Except as otherwise provided herein, the physical condition, possession or title of the Property is and shall be delivered from Agency to Buyer in an “as is” condition, with no warranty expressed or implied by Agency, including without limitation, the presence of Hazardous Materials or the condition of the soil, its geology, the presence of known or unknown seismic faults, or the suitability of the Property for the development purposes intended hereunder.

Buyer hereby waives, releases and discharges forever Agency and its employees, officers, agents and representatives, from all present and future claims, demands, suits, legal and administrative proceedings and from all liability for damages, losses, costs, liabilities, fees and expenses, present and future, arising out of or in any way connected with the condition of the Property, and any Hazardous Materials on the Property, however they came to be placed there,

except that arising out of the negligence or misconduct of Agency or its employees, officers, agents or representatives.

Buyer acknowledges that it is aware of and familiar with the provisions of Section 1542 of the California Civil Code which provides as follows:

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

As such relates to this Section 17.3, Buyer hereby waives and relinquishes all rights and benefits which it may have under Section 1542 of the California Civil Code.

17.4 Additional Environmental Testing by Buyer. Agency shall provide Buyer with a copy of the Phase 1 Environmental Report, which it has in its possession. If Buyer wishes to conduct further testing of the Property Buyer is free to do so, but such additional testing shall be at Buyer's own expense, and shall not be at the expense of, or in any way the responsibility of, Agency.

18. Nondiscrimination Covenants. Buyer covenants by and for itself and any successors in interest that there shall be no discrimination against or segregation of any person or group of persons on account of race, color, creed, religion, sex, marital status, national origin or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property, nor shall Buyer itself or any person claiming under or through it establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees of the Property. The foregoing covenants shall run with the land; provided, however, Buyer shall be responsible and liable only for violations of such covenants which occur while Buyer is the owner of the Property, and each subsequent owner of the Property shall be responsible and liable only for violations of such covenants occurring while such successor owner is the owner of the Property.

19. Broker's Commission. Agency and Buyer each warrants and represents that it has not engaged the services of any real estate broker in connection with the transaction which is the subject of this Agreement, and that it is not liable for any real estate commissions which may accrue by means of the sale of the Property. Agency and Buyer agree to and do hereby indemnify and hold the other harmless from and against any and all costs, liabilities, losses, damages, claims, causes of action or proceedings which may result from any broker, agent or finder, licensed or otherwise, which it has employed in connection with the transaction covered by this Agreement.

20. Waiver, Consent and Remedies.

20.1 General. Each provision of this Agreement to be performed by Buyer and Agency shall be deemed both a covenant and a condition and shall be a material consideration for Agency's and Buyer's performance hereunder, as appropriate, and any breach thereof by Buyer or Agency shall be deemed a material default hereunder by such breaching party. Either party may specifically and expressly waive in writing any portion of this Agreement or any breach thereof, but no such waiver shall constitute a further or continuing waiver of a preceding or succeeding breach of the same or any other provision. A waiving party may at any time thereafter require further compliance by the other party with any breach or provision so waived. The consent by one party to

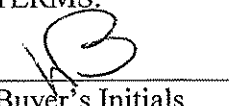
any act by the other for which such consent was required shall not be deemed to imply consent or waiver of the necessity of obtaining such consent for the same or any similar acts in the future. No waiver or consent shall be implied from silence or any failure of a party to act, except as otherwise specified in this Agreement. All rights, remedies, undertakings, obligations, options, covenants, conditions and agreements contained in this Agreement shall be cumulative and no one of them shall be exclusive of any other. Except as otherwise specified herein, either party hereto, after expiration of the cure period specified in Section 23 below without cure thereof, may pursue any one or more of its rights, options or remedies hereunder or may seek damages or specific performance in the event of the other party's breach hereunder, or may pursue any other remedy at law or equity, whether or not stated in this Agreement; provided, however, in the event of a default by Buyer under this Agreement, Agency shall have only the remedy set forth in Section 20.2 below.

20.2 LIQUIDATED DAMAGES. ANYTHING IN SECTION 20.1 ABOVE TO THE CONTRARY NOTWITHSTANDING, IF BUYER COMMITS A DEFAULT UNDER THIS AGREEMENT WHICH IS NOT CURED WITHIN THE TIME PERIOD SET FORTH IN SECTION 23 BELOW, THEN IN ANY SUCH EVENT, THE ESCROW HOLDER MAY BE INSTRUCTED BY AGENCY TO CANCEL THE ESCROW AND AGENCY SHALL THEREUPON BE RELEASED FROM ITS OBLIGATIONS HEREUNDER. BUYER AND AGENCY AGREE THAT BASED UPON THE CIRCUMSTANCES NOW EXISTING, KNOWN AND UNKNOWN, IT WOULD BE IMPRACTICAL OR EXTREMELY DIFFICULT TO ESTABLISH AGENCY'S DAMAGE BY REASON OF BUYER'S DEFAULT UNDER THIS AGREEMENT. ACCORDINGLY, BUYER AND AGENCY AGREE THAT IN THE EVENT OF DEFAULT BY BUYER UNDER THIS AGREEMENT, IT WOULD BE REASONABLE AT SUCH TIME TO AWARD AGENCY "LIQUIDATED DAMAGES" EQUAL TO THE AMOUNT OF THE DEPOSIT.

THEREFORE, IF BUYER COMMITS A DEFAULT UNDER THIS AGREEMENT, AGENCY MAY INSTRUCT ESCROW HOLDER TO CANCEL THE ESCROW WHEREUPON ESCROW HOLDER SHALL IMMEDIATELY PAY OVER TO AGENCY THE DEPOSIT, AND AGENCY SHALL BE RELIEVED FROM ALL OBLIGATIONS AND LIABILITIES HEREUNDER, AND, PROMPTLY FOLLOWING ESCROW HOLDER'S RECEIPT OF SUCH INSTRUCTION, ESCROW HOLDER SHALL CANCEL THE ESCROW.

AGENCY AND BUYER ACKNOWLEDGE THAT THEY HAVE READ AND UNDERSTAND THE PROVISIONS OF THIS SECTION 20.2 AND BY THEIR INITIALS IMMEDIATELY BELOW AGREE TO BE BOUND BY ITS TERMS.

Agency's Initials


Buyer's Initials

21. Attorney's Fees. In the event any declaratory or other legal or equitable action is instituted between Agency, Buyer and/or Escrow Holder in connection with this Agreement then, as between Buyer and Agency, the prevailing party shall be entitled to recover from the losing party all of its costs and expenses, including court costs and reasonable attorneys' fees, and all fees, costs and expenses incurred on any appeal or in collection of any judgment.

22. Notices. Any notice, request, demand, consent, approval or other communication required or permitted hereunder or by law shall be validly given or made only if in writing and delivered in person to an officer or duly authorized representative of the other party, or deposited in

the United States mail, duly certified or registered (return receipt requested), postage prepaid, or delivered through another reasonably acceptable method, and addressed to the party for whom intended, as follows:

If to Agency: Garden Grove Agency for Community Development
11222 Acacia Parkway
Garden Grove, California 92842
Attention: Director

If to Buyer: Pomelo, LLC, a California limited liability company
c/o Brandywine Homes
16580 Aston
Irvine, CA 92606
Attention: Jim Barisic

With a copy to: Rutan & Tucker, LLP
611 Anton Boulevard, 14th Floor
Costa Mesa, CA 92626
Attention: Jeffrey M. Oderman, Esq.

Any party may from time to time, by written notice to the other, designate a different address which shall be substituted for that specified above. If any notice or other document is sent by mail as aforesaid, the same shall be deemed fully delivered and received forty-eight (48) hours after mailing as provided above.

23. Default. Failure or delay by either party to perform any covenant, obligation or provision of this Agreement within the time provided herein constitutes default under this Agreement. The injured party shall give written notice of default to the party in default, specifying the default complained of. The defaulting party shall immediately commence to cure such default and shall diligently complete such cure within thirty (30) days from the date of the notice or such longer period (not to exceed 90 days) if the nature of the default is such that more than thirty (30) days is reasonably required to cure such default. The injured party shall have the right to terminate this Agreement by written notice to the other party in the event of a default which is not cured within the time set forth herein.

24. Gender and Number. In this Agreement (unless the context requires otherwise), the masculine, feminine and neuter genders and the singular and the plural shall be deemed to include one another, as appropriate.

25. Entire Agreement. This Agreement and its exhibits constitute the entire agreement between the parties hereto pertaining to the subject matter hereof, and the final, complete and exclusive expression of the terms and conditions thereof. All prior agreements, representations, negotiations and understanding of the parties hereto, oral or written, express or implied, are hereby superseded and merged herein. Notwithstanding the foregoing, this Section 25 is not intended to supersede, limit, or modify the agreements between Buyer and City that are referred to in Section 8.1(e) and (g) of this Agreement.

26. Captions. The captions used herein are for convenience only and are not a part of this Agreement and do not in any way limit or amplify the terms and provisions hereof.

27. **Governing Law.** This Agreement and the exhibits attached hereto have been negotiated and executed in the State of California and shall be governed by and construed under the laws of the State of California.

28. **Counterparts.** This Agreement may be executed in counterparts, each of which when executed shall, regardless of the date of its execution and delivery, be deemed an original, and all counterparts together shall constitute one and the same instrument.

29. **Invalidity of Provision.** If any provision of this Agreement as applied to any party or to any circumstance shall be adjudged by a court of competent jurisdiction to be void or unenforceable for any reason, the same shall in no way affect (to the maximum extent permissible by law) any other provision of this Agreement, the application of any such provision under circumstances different from those adjudicated by the court, or the validity or enforceability of this Agreement as a whole.

30. **Amendments.** No addition to or modification of any provision contained in this Agreement shall be effective unless fully set forth in writing by Buyer and Agency.

31. **Time of Essence.** Time is of the essence of each provision of this Agreement.

32. **Binding Upon Successors.** The terms and conditions, covenants, and agreements set forth herein shall apply to and bind the heirs, executors, administrators, assigns and successors of the parties hereof.

33. **Public Works Requirements.** Buyer shall carry out such construction and the development of the Property in conformity with all applicable federal and state labor laws (including, without limitation, if applicable, the requirement under California law to pay prevailing wages and to hire apprentices). Although the parties believe that any development of the Property would not be considered to be a "public work" under California law because the Property is being sold to Buyer at its fair market value, and no Agency assistance is being provided to such development, Buyer shall be solely responsible for determining and effectuating compliance with such laws, and the Agency makes no representation as to the applicability or non-applicability of any of such laws to any such construction and development. Buyer hereby expressly acknowledges and agrees that the Agency has not previously affirmatively represented to the Buyer or its contractor(s) for the construction or development of the Property, in writing or otherwise, in a call for bids or otherwise, that the development of the Property is not a "public work," as defined in Section 1720 of the Labor Code. Buyer hereby agrees that Buyer shall have the obligation to provide any and all disclosures or identifications required by Labor Code Section 1781, as the same may be amended from time to time, or any other similar law. Buyer shall indemnify, protect, defend and hold harmless the Agency and its officers, employees, contractors and agents, with counsel reasonably acceptable to Agency, from and against any and all loss, liability, damage, claim, cost, expense and/or "increased costs" (including reasonable attorneys fees, court and litigation costs, and fees of expert witnesses) which, in connection with the development of the Property, including, without limitation, any and all public works (as defined by applicable law), results or arises in any way from any of the following: (1) the noncompliance by Buyer with any applicable local, state and/or federal law, including, without limitation, any applicable federal and/or state labor laws (including, without limitation, if applicable, the requirement to pay state prevailing wages and to hire apprentices); (2) the implementation of Section 1781 of the Labor Code, as the same may be amended from time to time, or any other similar law; and/or (3) failure by Buyer to provide any required disclosure or identification as required by

Labor Code Section 1781, as the same may be amended from time to time, or any other similar law. It is agreed by the parties that, in connection with the development of the Property, including, without limitation, any and all public works (as defined by applicable law), Buyer shall bear all risks of payment or non-payment of prevailing wages and hiring of apprentices under California law and/or the implementation of Labor Code Section 1781, as the same may be amended from time to time, and/or any other similar law. "Increased costs," as used in this Section 33, shall have the meaning ascribed to it in Labor Code Section 1781, as the same may be amended from time to time. The foregoing indemnity shall survive termination of this Agreement and shall continue after completion of any development of the Property by the Buyer.

34. Enforced Delay. In addition to specific provisions of this Agreement, performance by either party hereunder with respect to the Closing shall not be deemed to be a breach, and all performance and other dates specified in this Agreement shall be extended where delays of Closing are due to litigation challenging the validity of this transaction or any element thereof or the rights of either party to engage in the acts and transactions contemplated by this Agreement, including without limitation, the right of the Agency to terminate the tenancy described in Section 9 hereof or acts or omissions of the other party; acts or failure to act of the City or any public or governmental agency or entity (other than acts or failures to act of the Agency which shall not excuse performance by the Agency) ("Enforced Delay"). Notwithstanding anything to the contrary in this Agreement, an extension of time for any such cause shall be for a period reasonably attributable to the Enforced Delay and shall commence to run from the time of commencement of the cause, if notice by the party claiming such extension is sent to the other party within thirty (30) days of the commencement of the cause. Times and performance under this Agreement may also be extended in writing by the mutual agreement of the parties.

35. Estoppel Certificates. At the request of Buyer or any then-existing or prospective holder of a security interest in all or any portion of the Residential Project Site (herein, a "Holder"), Agency agrees to execute and deliver an estoppel certificate in a form to be prepared by Buyer or the Holder attesting, to the best knowledge of Agency at said time: (i) whether this Agreement is in full force and effect; (ii) whether there have been any amendments or modifications to this Agreement and, if so, what those amendments or modifications may be; (iii) whether Buyer is in Default of any of its obligations set forth in this Agreement or whether any such Default would exist with the passage of time or the giving of notice or both; and (iv) any other matters relating to the existence and status of Buyer's rights and obligations hereunder as to which Buyer or a Holder may reasonably inquire. Buyer and Holder and their respective permitted successors and assigns shall be entitled to rely upon the facts as stated or confirmed in any such estoppel certificate. Agency shall not unreasonably withhold or delay its issuance of any such estoppel certificate; provided, however, that as a condition to issuance of an estoppel certificate Agency shall be entitled to payment of its actual and reasonable costs therefor.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement the day and year set forth herein above.

AGENCY:

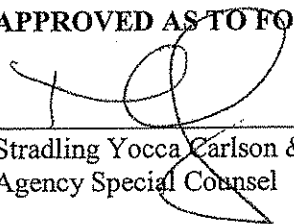
**GARDEN GROVE AGENCY FOR
COMMUNITY DEVELOPMENT,**
a public body, corporate and politic

By: _____

ATTEST:

Agency Secretary

APPROVED AS TO FORM:



Stradling Yocca Carlson & Rauth,
Agency Special Counsel

BUYER:

POMELO, LLC,
a California limited liability company

By: _____

Its: _____

IN WITNESS WHEREOF, the parties hereto have executed this Agreement the day and year set forth herein above.

AGENCY:

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

By: _____

ATTEST:

Agency Secretary

APPROVED AS TO FORM:

Stradling Yocca Carlson & Rauth,
Agency Special Counsel

BUYER:

POMELO, LLC,
a California limited liability company

Brandywine Homes, Manager

By: *WB*
Jim Berlsie

Its: *Chairman*

EXHIBIT "A"

LEGAL DESCRIPTION

That real property located in the City of Garden Grove, County of Orange, State of California, and described as follows:

BEGINNING AT THE NORTHWEST CORNER OF LAND CONVEYED TO VINCENT F. BOLES AND HIS WIFE BY DEED RECORDED JANUARY 28, 1952, IN BOOK 2279, PAGE 288 OF OFFICIAL RECORDS; THENCE WEST ALONG THE NORTH LINE OF SAID LAND CONVEYED TO BOLES 330.00 FEET TO A POINT IN THE WEST LINE OF THE EAST 3 ACRES OF THE NORTH 6 ACRES OF THE NORTHEAST QUARTER OF THE SOUTHEAST QUARTER OF SAID SECTION 3; THENCE NORTH ALONG THE WEST LINE OF SAID EAST 3 ACRES 132.00 FEET; THENCE EAST PARALLEL TO THE NORTH LINE OF THE LAND CONVEYED TO BOLES 330.00 FEET TO A POINT IN THE EAST LINE OF THE NORTHEAST QUARTER OF THE SOUTHEAST QUARTER OF SAID SECTION 3; THENCE SOUTH ALONG SAID EAST LINE 132.00 FEET TO THE POINT OF BEGINNING.

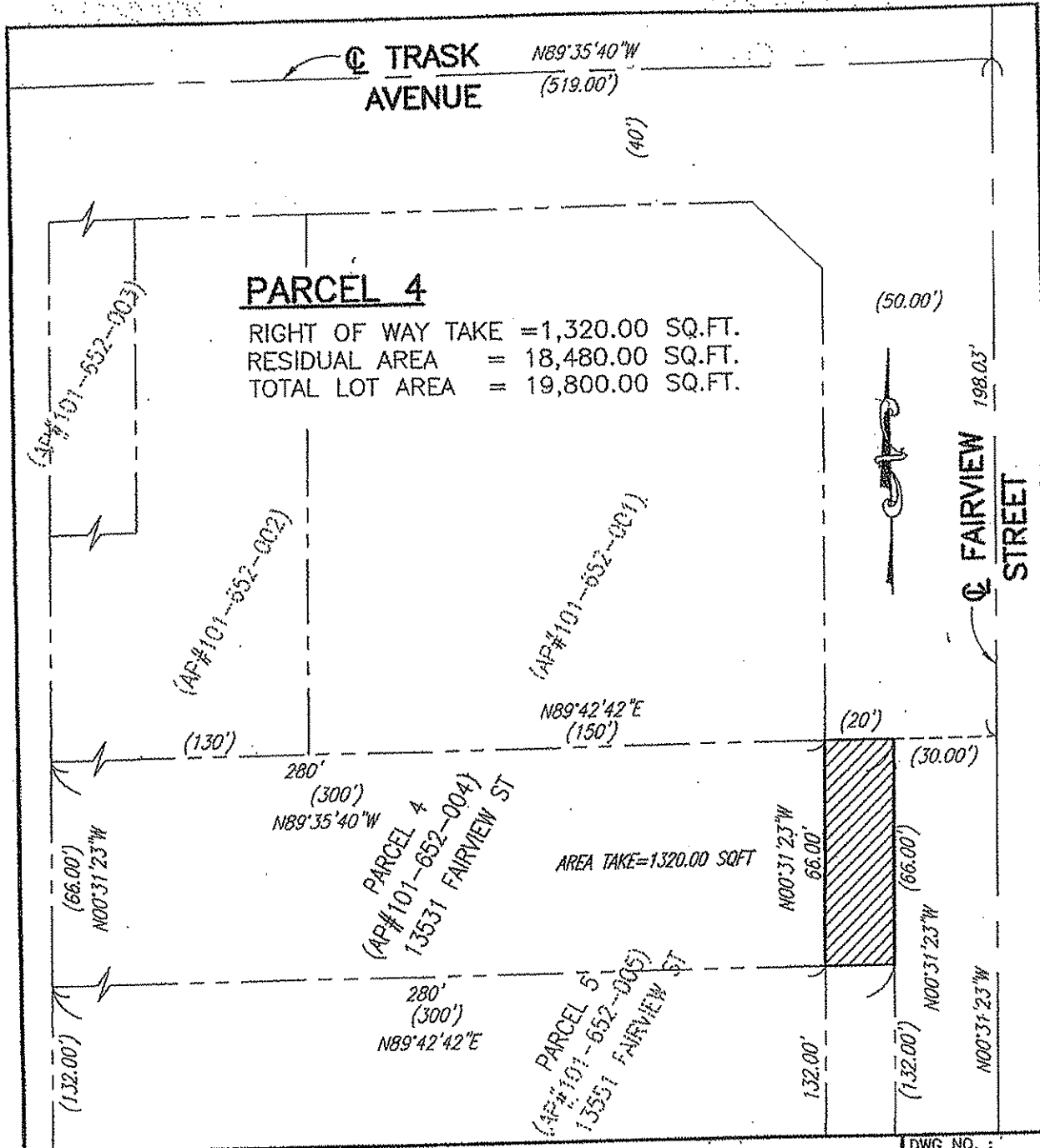
EXCEPT THE WEST 20.00 FEET OF THE EAST 50.00 FEET OF THE SOUTH HALF THAT PORTION OF THE NORTHEAST QUARTER OF THE SOUTHEAST QUARTER OF THE OF SECTION 3, TOWNSHIP 5 SOUTH, RANGE 10 WEST, SAN BERNARDINO BASE AND MERIDIAN, IN THE CITY OF GARDEN GROVE, COUNTY OF ORANGE, STATE OF CALIFORNIA.

End of Legal Description

EXHIBIT "B"

SITE MAP

[To Be Inserted]



PARCEL 4

RIGHT OF WAY TAKE = 1,320.00 SQ.FT.
 RESIDUAL AREA = 18,480.00 SQ.FT.
 TOTAL LOT AREA = 19,800.00 SQ.FT.

PARCEL 4
 (AP# 101-652-004)
 13531 FAIRVIEW ST

PARCEL 5
 (AP# 101-652-005)
 13551 FAIRVIEW ST



City Of Garden Grove
 Department Of Public Works

ACQUISITION MAP

R/W NO:
 SCALE: 1"=40'

PROJECT NO. :
 APPROVED BY :
 CITY ENGINEER

DWG NO. :
 PREPARED BY :
 MCB
 DRAWN BY :
 MCB
 CHECKED BY :
 MU

THIS IS NOT A SURVEY BUT IS COMPILED FROM EXISTING RECORDS

EXHIBIT "C"

RECORDING REQUESTED BY)
AND WHEN RECORDED MAIL TO:)
Pomelo, LLC)
Attention:)

This document is exempt from payment of a recording fee pursuant to Government Code Section 27383.

Documentary Transfer Tax: \$
Based on full value of property conveyed

GRANT DEED

For valuable consideration, receipt of which is hereby acknowledged,

The GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT, a public body, corporate and politic (the "Agency"), hereby grants to POMELO, LLC, a California limited liability company ("Buyer"), the real property hereinafter referred to as the "Property," described in Attachment No. 1 attached hereto and incorporated herein.

The Buyer herein covenants by and for itself, its successors and assigns, that there shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the premises herein conveyed, nor shall the grantee or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the premises herein conveyed. The foregoing covenants shall run with the land.

Notwithstanding the immediately preceding paragraph, with respect to familial status, the immediately preceding paragraph shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in the immediately preceding paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the Civil Code and subdivisions (n), (o), and (p) of Section 12955 of the Government Code shall apply to the immediately preceding paragraph.

(a) In deeds: "The grantee herein covenants by and for himself or herself, his or her heirs, executors, administrators, and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases

are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the premises herein conveyed, nor shall the grantee or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the premises herein conveyed. The foregoing covenants shall run with the land.”

“Notwithstanding the immediately preceding paragraph, with respect to familial status, the immediately preceding paragraph shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in the immediately preceding paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the Civil Code and subdivisions (n), (o), and (p) of Section 12955 of the Government Code shall apply to the immediately preceding paragraph.”

(b) **In Leases:** In leases the following language shall appear--”The lessee herein covenants by and for himself or herself, his or her heirs, executors, administrators, and assigns, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions:

“That there shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the premises herein leased nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees in the premises herein leased.”

“Notwithstanding the immediately preceding paragraph, with respect to familial status, the immediately preceding paragraph shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in the immediately preceding paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the Civil Code and subdivisions (n), (o), and (p) of Section 12955 of the Government Code shall apply to the immediately preceding paragraph.”

(c) **In Contracts:** “There shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the premises which are the subject of this Agreement, nor shall the grantee or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the premises herein conveyed. The foregoing covenants shall run with the land

IN WITNESS WHEREOF, Agency and Buyer have executed this Grant Deed the day and year set forth herein above.

AGENCY:

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

By: _____

ATTEST:

Agency Secretary

APPROVED AS TO FORM:

Stradling Yocca Carlson & Rauth
Agency Special Counsel

BUYER:

POMELO, LLC,
a California limited liability company

By: _____

ATTACHMENT NO. 1

PROPERTY DESCRIPTION

That real property located in the City of Garden Grove, County of Orange, State of California, and described as follows:

BEGINNING AT THE NORTHWEST CORNER OF LAND CONVEYED TO VINCENT F. BOLES AND HIS WIFE BY DEED RECORDED JANUARY 28, 1952, IN BOOK 2279, PAGE 288 OF OFFICIAL RECORDS; THENCE WEST ALONG THE NORTH LINE OF SAID LAND CONVEYED TO BOLES 330.00 FEET TO A POINT IN THE WEST LINE OF THE EAST 3 ACRES OF THE NORTH 6 ACRES OF THE NORTHEAST QUARTER OF THE SOUTHEAST QUARTER OF SAID SECTION 3; THENCE NORTH ALONG THE WEST LINE OF SAID EAST 3 ACRES 132.00 FEET; THENCE EAST PARALLEL TO THE NORTH LINE OF THE LAND CONVEYED TO BOLES 330.00 FEET TO A POINT IN THE EAST LINE OF THE NORTHEAST QUARTER OF THE SOUTHEAST QUARTER OF SAID SECTION 3; THENCE SOUTH ALONG SAID EAST LINE 132.00 FEET TO THE POINT OF BEGINNING.

EXCEPT THE WEST 20.00 FEET OF THE EAST 50.00 FEET OF THE SOUTH HALF THAT PORTION OF THE NORTHEAST QUARTER OF THE SOUTHEAST QUARTER OF THE OF SECTION 3, TOWNSHIP 5 SOUTH, RANGE 10 WEST, SAN BERNARDINO BASE AND MERIDIAN, IN THE CITY OF GARDEN GROVE, COUNTY OF ORANGE, STATE OF CALIFORNIA.

End of Legal Description

STATE OF CALIFORNIA)
) ss.
COUNTY OF _____)

On _____, before me, _____, Notary Public,
(Print Name of Notary Public)

personally appeared _____

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

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature of Notary Public

OPTIONAL

Though the data below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent reattachment of this form.

CAPACITY CLAIMED BY SIGNER

DESCRIPTION OF ATTACHED DOCUMENT

- Individual
 Corporate Officer

Title(s)

Title Or Type Of Document

- Partner(s) Limited
 General
 Attorney-In-Fact
 Trustee(s)
 Guardian/Conservator
 Other: _____

Number Of Pages

Signer is representing:
Name Of Person(s) Or Entity(ies)

Date Of Documents

Signer(s) Other Than Named Above