

CITY OF GARDEN GROVE

INTER-DEPARTMENT MEMORANDUM

Garden Grove Agency for Community Development

To: Matthew Fertal
Dept: Director
Subject: ACQUISITION OF REAL PROPERTY
AT 12272 & 12292 HARBOR
BOULEVARD

From: Economic Development
Dept:
Date: August 24, 2010

OBJECTIVE

It is requested that the Garden Grove Agency for Community Development ("Agency") consider the acquisition of real property located at 12272 & 12292 Harbor Boulevard owned by Richard Kil and Yong Hui Kil, husband and wife as joint tenants ("Owners").

BACKGROUND

The subject property is located within a redevelopment site commonly referred to as Site C, located along the east side of Harbor Boulevard bounded by Twintree Avenue to the south and the Target retail store to the north (Attachment 1). Staff received a proposal from the Owners offering to sell the property to the Agency. The subject property is improved with an RV park operated as C.C. Camperland and a small retail building occupied by three commercial tenants, on three parcels totaling 1.56 acres. The acquisition of the subject property falls within the objectives of the Garden Grove Community Project Area.

DISCUSSION

An agreement has been reached with the Owners to purchase the subject property (Attachment 2). The general terms and conditions of the agreement are as follows:

- Purchase Price: Five million dollars (\$5,000,000)
- Non-refundable deposit: One hundred fifty thousand dollars (\$150,000) due ten (10) days after the opening of escrow
- Final deposit: Two million, three hundred fifty thousand dollars (\$2,350,000) due before the close of escrow
- Close of escrow: On or before October 1, 2010
- Contingency period: Terminates 10 days after the opening of escrow

- Terms: The Owners have agreed to finance the principal balance of the acquisition in the amount of two million five hundred thousand dollars (\$2,500,000) over a period of twenty one (21) months at six and one half percent (6.5%) simple interest, for a total of two million seven hundred eighty four thousand three hundred eighty two dollars (\$2,784,382), as outlined in the Promissory Note which is secured by a Deed of Trust.

The Agency has a 10-day period to identify objectionable contingencies pertaining to title or the condition of the subject property. The Agency, at its discretion, may inform the Owners of items that are not approved and request that the Owner remove them at their expense. The residential and commercial tenants are eligible for relocation assistance pursuant to California Relocation Law when the Agency issues notices to vacate.

FINANCIAL IMPACT

Agency funds will be used for the purchase of the subject property.

RECOMMENDATION

Based on the foregoing, staff recommends that the Agency:

- Approve the acquisition of the subject property;
- Authorize the Agency Director to execute the Agreement and any other necessary documents to complete the transaction, on behalf of the Agency;
- Authorize the Secretary to accept the Grant Deed on behalf of the Agency;
- Authorize the Finance Officer to draw a warrant in the amount of two million five hundred thousand dollars (\$2,500,000) and funds necessary for closing costs; and
- Authorize the Finance Officer to draw warrants in the appropriate amounts as set forth in the Promissory Note;


By: Carlos Marquez
Real Property Agent

Recommended for Approval


Matthew Fertal
Director


Attachments - Site Map

Purchase and Sale Agreement and Joint Escrow Instructions

SITE MAP

"12272 & 12292 HARBOR BLVD"

Attachment 2



August 18, 2010

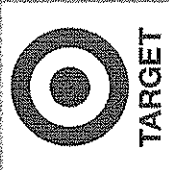


Redevelopment Project Area

Site area to acquire

Site "C" area

Parcels (231-521-03, 04, and 05)



[DRAFT]

**PURCHASE AND SALE AGREEMENT
AND
JOINT ESCROW INSTRUCTIONS**

SELLER: Richard Kil and Yong Hui Kil

BUYER: Garden Grove Agency for
Community Development

DATED: _____, 2010

BASIC TERMS

Effective Date: The effective date shall be deemed to be [_____, 2010.]

Property: Real property generally known as:
12272 & 12292 Harbor Blvd.,
Garden Grove, California 92840;
APN: 231-521-03, 231-521-04 & 05

Seller: Richard Kil and Yong Hui Kil,
husband and wife as joint tenants

Seller's Address: 3850 Tiffany Lane
Torrance, CA 90505
Telephone No. (310) 995-9720 cell
Telephone No. (310) 378-5743 home

Seller's Attorney:
(as elected by Seller) [firm]
[address line 1]
[address line 2]
Attn: [attorney name], Esq.

Buyer: **Garden Grove Agency for Community Development,**
a public body, corporate and politic

Buyer's Address: 11222 Acacia Parkway
Garden Grove, California 92840
Attention: Matthew Fertal, Agency Director
Tel. (714) 741-5100; Fax No.: (714) 741-5044

Buyer's Attorney: Stradling Yocca Carlson & Rauth
660 Newport Center Drive, Suite 1600
Newport Beach, California 92660
Attention: Celeste Stahl Brady, Esq.

Purchase Price: \$5,000,000.00. See Section 2(a) herein.

Outside Closing Date (or Closing) October 1, 2010.

Title Company: Western Resources Title
625 The City Drive, Suite 150
Orange, CA 92868
Contact: David Noble
Telephone No. (714) 481-4970 office
Telephone No. (949) 910-2127 cell

Escrow Holder:

West Coast Escrow
2112 E. 4th Street Suite 100
Santa Ana, CA 92705
Telephone No. (714) 777-4600
Fax No. (714) 777-5600
Contact: Paula Vinnedge

**PURCHASE AND SALE AGREEMENT
AND
JOINT ESCROW INSTRUCTIONS**

This **PURCHASE AND SALE AGREEMENT AND JOINT ESCROW INSTRUCTIONS** ("Agreement") is made and entered into this [_____] day of _____, 2010] ("Effective Date"), by and between the **GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT**, a public body, corporate and politic ("Agency" or "Buyer"), and **RICHARD KIL AND YONG HUI KIL**, husband and wife as joint tenants ("Seller") for acquisition by Buyer of all of Seller's interests, tangible and intangible, in that certain Property defined and described below. The Effective Date shall be the date on which the Agency's governing body duly considered and took action to approve this Agreement.

RECITALS

A. Seller is the fee owner of certain real property located in the City of Garden Grove, California, commonly known as 12272 & 12292 Harbor Blvd., Garden Gove, CA 92840 and legally described on Exhibit "A" attached hereto and made a part hereof ("Property" as more fully defined in Section 1 below). The Property is improved and currently occupied by Seller and/or certain other recreational and commercial tenants pursuant to leases and revocable licenses.

B. Buyer is a community redevelopment agency organized and existing under the California Community Redevelopment Law, Health and Safety Code Sections 33000, *et seq.* ("CRL") and has been authorized to transact business and exercise the powers of a redevelopment agency pursuant to action of the City Council ("City Council") of the City of Garden Grove, a California municipal corporation ("City").

C. The City Council originally adopted the Redevelopment Plan ("Plan") for the Garden Grove Community Project ("Project Area") by Ordinance No. 1339 on June 26, 1973 and thereafter said Plan was amended by City Council Ordinance Nos. 1388, 1476, 1548, 1699, 1576, 1642, 1699, 1760, 1971, 2035, 2232, 2304, 2455, 2576, and 2709, including the addition of the subject Property into the Project Area boundaries in 1992 by Ordinance No. 2232.

D. Pursuant to Section 403 of the Plan and for the purpose of redevelopment Buyer may purchase, lease, obtain option upon or otherwise acquire any interest in real property by gift, devise, exchange, purchase, or any other means authorized by law, including the use of eminent domain, subject to the provisions thereof and applicable provisions of Government Code Section 7267.2, *et seq.* and Code of Civil Procedure Section 1230.010, *et seq.*

E. Pursuant to California Health & Safety Code §§ 33342 and 33391 and the provisions of the Plan, as amended by Ordinance No. 2232, Buyer has the authority to acquire property for redevelopment purposes, including as and when determined in the public interest and necessity acquisition by exercising its power of eminent domain subject to the provisions thereof and applicable provisions of Government Code Section 7267.2, *et seq.* and Code of Civil Procedure Section 1230.010, *et seq.*

F. Subject to and after compliance with Government Code § 7267.2, *et seq.*, instead of Buyer's exercise of said power of eminent domain and under the threat of condemnation,

Seller has negotiated this Agreement with Buyer, and Seller and Buyer are willing to enter into this Agreement for Seller to sell to Buyer and Buyer to acquire from Seller the Property on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Seller and Buyer agree as follows:

1. Purchase and Sale. Seller hereby agrees to sell the Property to Buyer, and Buyer hereby agrees to purchase the Property from Seller, on the terms and conditions set forth in this Agreement. Seller shall convey to Buyer fee simple, marketable title with the condition of title for the Property meeting the requirements of Section 3 herein for which Seller is responsible. The term "Property" is defined inclusively and collectively for and under this Agreement as the following:

- (a) The fee interest in the Property;
- (b) All improvements, if any, to the Property;
- (c) All rights, privileges, easements, licenses and interests, both tangible and intangible, appurtenant to the Property. "Property" shall be deemed to include, without limitation, all royalties, minerals, oil and gas rights and profits, water and water rights (whether or not appurtenant) derived from the Property that are owned by Seller;
- (d) All moveable and immovable personal property, equipment, supplies, furniture, and fixtures owned by Seller and located at the Property, if any, as of Closing, as set forth in Section 2(c) below;
- (e) All licenses, permits, authorizations and approvals issued by governmental authorities with respect to the Property and the improvements thereon; and

2. Purchase Price; Payment of Purchase Price; Settlement, Release and Waiver: FF&E.

(a) **All Inclusive Purchase Price.** The Purchase Price for the Property is the sum of Five Million Dollars (\$5,000,000), payable Two Million, Five Hundred Thousand Dollars (\$2,500,000) cash at the Closing ("Down Payment") with the balance of Two Million, Five Hundred Thousand Dollars (\$2,500,000) evidenced by the "Promissory Note" in substantially the form attached hereto as Exhibit D, repayment of which shall be secured by the "Deed of Trust," in substantially the form attached hereto as Exhibit E. The purchase price to be paid by Buyer pursuant to this section is hereinafter referred to as the "Purchase Price."

(b) **Deposit of Purchase Price in Escrow.** As consideration for the sale of the Property from Seller to Buyer, Buyer shall, one business day prior to Closing, deposit with the escrow officer ("Escrow Holder") immediately available funds in the amount of the Down Payment, inclusive of the Deposit, and the duly executed Promissory Note and duly executed and acknowledged Deed of Trust, together with funds necessary to cover all of the Buyer's Charges described in Section 11(b) and any Prorations described in Section 11(c), below.

(c) Full and Complete Settlement, Release and Waiver. The Purchase Price is all-inclusive and shall remain total compensation paid by Buyer to Seller for all of Seller's interests in the Property, inclusive of any and all rights or obligations which exist or may arise out of Buyer's acquisition of the Property, including without limitation, Seller's fee interest in the land, all improvements pertaining to the realty, all other improvements, furnishings, fixtures, and equipment located thereon, severance damages, if any, alleged pre-condemnation damages, if any, alleged loss of business goodwill, if any, eligible costs directly attributed to the development of the Property, relocation benefits and assistance, if any, costs, interest, attorney's fees, and any claim whatsoever of, by, or through Seller that may arise out of or relate in any respect to Buyer's acquisition of the Property from Seller. In this regard Seller acknowledges that based on the advice and counsel, as and if Seller elects to obtain the advice of counsel, Seller is and will be fully satisfied that the Purchase Price is fair and adequate consideration for all interests in the Property and that it is all-inclusive compensation for the Property.

In furtherance of the foregoing paragraph, Seller understands that Buyer would not have entered into this Agreement without Seller's agreement to (i) sell the Property for an all-inclusive Purchase Price and (ii) knowingly, voluntarily, and intentionally waive according to the terms set forth herein, any and all of Seller's interest in or right to any relocation assistance or benefits under the Relocation Laws and for any other or further compensation or consideration for the Property and all interests therein or arising therefrom. Therefore, the Purchase Price has been determined by and is inclusive of Seller's agreement hereunder to fully release and discharge Buyer from all and any manner of rights, demands, liabilities, obligations, claims, or causes of action, in law or equity, of whatever kind or nature, whether known or unknown, whether now existing or hereinafter arising ("Claims"), which arise from or relate in any manner to (i) the sale of the Property to the extent such claims are based on the fact that Buyer is a public entity; (ii) the relocation of any person or persons or other occupant or occupants located on the Property, including the specific waiver and release of any right to any relocation benefits, advisory or other assistance, and/or payments under the Relocation Laws as to whom this waiver and release is effective, notwithstanding that such relocation assistance, benefits and/or payments may be otherwise required under said Relocation Laws or other state or federal law; and (iii) compensation for any interest in the Property or income from the Property including, but not limited to, land and improvements, fixtures, furniture, or equipment thereon, goodwill, severance damage, leases or other contracts relating to the Property, attorneys' fees, or any other compensation of any nature whatsoever.

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 in Section 2(c) 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.”

PK
Seller's Initials

(d) **Possession and Disposition of Seller's FF&E.** Upon the Closing Date, possession of the Property, including land, improvements, furniture, fixtures and equipment, whether immoveable or moveable (“FF&E”), if any, on, upon, or about the Property shall be deemed to be the property of Buyer. Seller may, but shall not be required to, remove or otherwise dispose of any or all of the moveable FF&E, if any, at the Property owned by Seller prior to the Closing Date; provided, Seller shall not remove any personal property or FF&E owned by tenants or occupants of the Property or otherwise if not owned by Seller. After the Closing Date, Seller acknowledges and agrees that Buyer has the right to and may dispose of FF&E, if any, remaining at any portion of the Property as Buyer alone sees fit without further notice or any liability whatsoever to Seller. Seller shall provide a list of moveable FF&E Seller intends to remove, if any, at least five (5) days prior to close of Escrow.

3. **Escrow and Title Matters.**

(a) **Escrow and Closing.**

(i) **Opening of Escrow.** For the purposes of this Agreement, the escrow (“Escrow”) shall be deemed opened (“Opening of Escrow”) on the date that Escrow Holder receives a copy of this Agreement fully executed by Seller and executed and attested by Buyer. Buyer and Seller shall use reasonable efforts to cause the Opening of Escrow to occur on or before five (5) business days after the Effective Date. Escrow Holder shall promptly notify Buyer and Seller in writing of the date of the Opening of Escrow. Buyer and Seller agree to execute, deliver and be bound by any reasonable or customary supplemental Escrow instructions or other instruments reasonably required by Escrow Holder to consummate the transaction contemplated by this Agreement; provided, however, that no instrument shall be inconsistent or in conflict with, amend or supersede any portion of this Agreement. If there is any conflict or inconsistency between the terms of an instrument and the terms of this Agreement, then the terms of this Agreement shall control. Without limiting the generality of the foregoing, no instrument shall extinguish any obligations imposed by this Agreement or any other contract between Seller and Buyer.

(ii) **Closing.** For purposes of this Agreement, the “Closing” or “Closing Date” shall be the date the Grant Deed (as defined below) is recorded pursuant to applicable law in the Official Records of Orange County. Unless changed in writing by Buyer and Seller, the Closing shall occur on or before October 1, 2010 (“Outside Closing Date”). Buyer may extend the Outside Closing Date for up to sixty (60) additional days by delivering written notice to Seller at least fifteen (15) days prior to the Outside Closing Date; provided, Buyer shall pay Twenty-Five Thousand Dollars (\$25,000) to Seller for each thirty (30) days the Closing is extended (such payments to be made on a monthly basis, at the beginning of each thirty (30) day extension period). If the Closing has not, for any reason, occurred by the Outside Closing Date (as it may be extended pursuant to the

immediately preceding sentence), then either Buyer or Seller may terminate this Agreement by delivering written notice to the other at any time after the Outside Closing Date; provided, however, that if there is a Seller Default or a Buyer Default under this Agreement at the time of the termination, then the termination shall not affect the rights and remedies of the non-defaulting party against the defaulting party. If neither party so elects to terminate this Agreement and the Escrow, Escrow Holder shall close the Escrow as soon thereafter as Buyer's and Seller's Conditions Precedent to Closing are satisfied pursuant to Sections 7(a) and 7(b) of this Agreement.

(b) Title Matters.

(i) Title Review. Within three (3) days after the Effective Date, Seller shall cause the Title Company to deliver to Buyer a current preliminary report ("Title Report") for the Property, together with copies of the plotted easements and legible copies of all exceptions to title listed on Schedule B of the Title Report ("Exceptions") set forth in the Title Report; the cost of the Title Report and plotted easements shall be borne by Buyer. On or before the date that is ten (10) days following the date Buyer's governing body approves this Agreement ("Contingency Date" and the period between the Opening of Escrow and the Contingency Date shall be referred to as the "Contingency Period"), Buyer shall notify Seller in writing ("Title Objection Notice") of any objections Buyer may have to matters of title disclosed by the following (collectively, "Title Documents"): (i) the Title Report; (ii) the Exceptions; (iii) the legal description of the Property, and (iv) any survey Buyer desires to obtain at Buyer's sole cost and expense. In the event Buyer fails to deliver the Title Objection Notice on or before the Contingency Date, Buyer shall be deemed to have approved all matters in the Title Documents; provided however, all monetary liens, court judgments, and mechanics liens, of record and/or caused or created by Seller, and all leases, licenses, and all possessory and access rights (except Seller's possession of the Property prior to Closing), are hereby deemed disapproved by Buyer whether or not included in any notice and Seller shall cause any and all such liens, judgments, leases, licenses, and other possessory interests to be cleared from title as a condition to Closing, unless and to the extent this requirement is waived by Buyer in writing.

(A) In the event Buyer delivers a Title Objection Notice on or before the Contingency Date disapproving any matters in the Title Documents (including any exceptions deemed disapproved pursuant to (b)(1) above), then Seller shall have ten (10) days from receipt of Buyer's Title Objection Notice (and ten days from the Contingency Date as to exceptions deemed disapproved if no Title Objection Notice is provided) to notify Buyer in writing ("Title Response Notice") of Seller's election in its sole and absolute discretion to either (1) agree to remove or cure the objectionable exceptions to title prior to the Closing, or (2) decline to remove or cure the objectionable exceptions and terminate this Agreement. Seller's failure to deliver a Title Response Notice shall be deemed Seller's election to terminate this Agreement, in which event Escrow Holder shall release, refund and pay in full the Deposit to Buyer unless Buyer elects in writing to accept the Property with the objectionable conditions pursuant to the following paragraph.

(B) If Seller notifies Buyer of Seller's election to terminate this Agreement rather than remove and cure the objectionable exceptions or Seller is deemed to have made that election, Buyer shall have the right, in its sole discretion, by written notice delivered to Seller no later than the date that is five (5) days after receipt of Seller's Title Response Notice, or fifteen (15) days after delivery of Buyer's Title Objection Notice if Seller does not deliver a Title Response Notice, to agree to accept the Property subject to all of the objectionable exceptions that Seller does not agree to remove, in which event Seller's election to terminate this Agreement shall be

of no effect, and Buyer shall take title at the Close of Escrow subject to such exceptions without any adjustment to or credit against the Purchase Price. In the event Seller cannot convey title at Closing in such condition, then the Deposit shall be refunded in full to Buyer.

(C) Seller shall have no obligation to cure any title objections; provided, however, that Seller shall pay and satisfy in full all mortgages, deeds of trust and any tax liens, judgment liens, mechanic's and materialmen's liens, security interests and other instruments which evidence or secure indebtedness created by or consented to by Seller. The matters in the Title Documents that Buyer expressly approves pursuant to this Section 3(b) or is deemed to have approved (or deemed to have disapproved) pursuant to Section 3(b)(i) by failing to deliver the Title Objection Notice shall be referred to herein as the "Approved Title Exceptions." The Approved Title Exceptions shall also include (1) the standard, preprinted exceptions to Buyer's Title Policy; (2) liens to secure payment of real estate taxes or assessments not yet delinquent; (3) matters affecting the Property created by or with the written consent of Buyer; and (4) exceptions disclosed in any supplement to the Title Report that may be issued by Title Company which are approved by Buyer in its sole, reasonable discretion.

(D) Buyer shall have the right at its sole cost and expense to obtain an ALTA survey for the Property, but Buyer agrees that the Contingency Date shall not be extended for Buyer to obtain or review a survey and that all matters on the survey, other than those Buyer has disapproved or that are deemed disapproved by the Contingency Date, and that Seller has agreed to remove pursuant to this Section 3(b) shall constitute Approved Title Exceptions, provided however, in the event a survey reveals any new or additional monetary lien, court judgment, mechanics lien, caused or created by Seller, or any possessory rights, any encroachments, or any surface entry rights, such encumbrances are hereby deemed disapproved exceptions by Buyer that shall be removed by Seller at Seller's sole cost as a condition to Closing.

(E) Upon the issuance of any amendment or supplement to the Title Report which adds additional exceptions, the foregoing right of review and approval shall also apply to said amendment or supplement (provided that the period for Buyer to review such amendment or supplement shall be the later of the Contingency Date or ten (10) days from receipt of the amendment or supplement).

(ii) No New Liens or Exceptions. During the period from the Contingency Date to the Closing, Seller agrees it shall not cause any new or modified lien or encumbrance to title to become of record against the Property, unless such lien or encumbrance is approved in writing by Buyer. Each and every new lien or encumbrance created by or through Seller shall be subject to Buyer's prior written consent and unless and until approved by Buyer shall be deemed a disapproved exception to title that shall be removed by Seller at Seller's sole cost as a condition to Closing.

(iii) Buyer's Title Policy. On or before the Closing, the Title Company shall, upon payment of the Title Company's premium, have agreed to issue to Buyer, a CLTA or ALTA, at the option of Buyer, owner's policy of title insurance ("Buyer's Title Policy") in the amount of the Purchase Price, showing fee title to the Property vested solely in Buyer and subject only to the Approved Title Exceptions. The premium for the Title Policy and any endorsements required by Buyer shall be paid by Buyer.

(c) Deposit. Within ten (10) days following the Opening of Escrow, Buyer shall deposit with Escrow Holder the sum of One Hundred Fifty Thousand Dollars (\$150,000) (“Deposit”) in cash or other immediately available funds. Escrow Holder shall hold the Deposit in an interest bearing account reasonably acceptable to Seller and Buyer, in accordance with the terms and conditions of this Agreement. All interest accrued on the Deposit shall be deemed income of Buyer, and Buyer shall be responsible for the payment of all costs and fees imposed on the Deposit account. Nevertheless, all interest accrued on the Deposit shall be held and disbursed with, and deemed to be a part of, the “Deposit” for all purposes of this Agreement. At Closing, the Deposit and all interest accrued thereon shall be applied toward the Purchase Price (as part of the Down Payment) and paid through Escrow to Seller. From and after the Contingency Date, if this Agreement is not earlier terminated, the Deposit shall be nonrefundable to Buyer, except in the event of a termination of this Agreement prior to the Closing due to Seller’s default or a failure of a Buyer’s Condition Precedent under this Agreement.

4. Seller’s Delivery of Property Documents; Natural Hazard Disclosure Report.

(a) Seller’s Delivery of Property Documents. Within three (3) days after the Effective Date, Seller shall deliver to Buyer complete, true, and legible copies of the following items (collectively, “Property Documents”):

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

(ii) 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.

(iii) Each and every contract, agreement, license and lease relating to and/or affecting the Property, specifying which of such contracts, agreements, licenses, and/or leases are anticipated to bind Buyer or affect the Property following the Close of Escrow, if any, with the exception of the Title Documents which shall be handled as set forth in Section 3(b).

(b) Natural Hazard Disclosure. Buyer and Seller acknowledge that Seller is required to disclose if any of the Property lies within the following natural hazard areas or zones: (a) a special flood hazard area designated by the Federal Emergency Management Agency; (b) an area of potential flooding; (c) a very high fire hazard severity zone; (d) a wild land area that may contain substantial forest fire risks and hazards; (e) an earthquake fault or special studies zone; or (f) a seismic hazard zone. Buyer and Seller hereby instruct Escrow Holder or such other third party approved by the parties (who, in such capacity, is herein called the “Natural Hazard Expert”) to examine the maps and other information specifically made available to the public by government agencies for the purposes of enabling Seller to fulfill its disclosure obligations with respect to the natural hazards referred to above and to report the results of its examination to Buyer and Seller in writing. Escrow Holder shall provide a written report prepared by the Natural Hazard Expert regarding the results of its examination no later than fourteen (14) days prior to the expiration of the Contingency Period. The written report prepared by the Natural Hazard Expert regarding the results of its examination fully and completely discharges Seller from its disclosure obligations referred to herein, and, for the purposes of this Agreement, the provisions of Civil Code Section 1103.4 regarding the non-liability of Seller for errors and/or omissions not within its personal knowledge shall be deemed to apply, and the Natural Hazard Expert shall be deemed to be an expert dealing

with matters within the scope of its expertise with respect to the examination and written report regarding the natural hazards referred to above.

5. Buyer's Right of Entry and Tests of Property. From and after the Effective Date through the earlier to occur of the termination of this Agreement or the Contingency 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 24 hours prior notice has been given to Seller, for the purpose of conducting any physical and legal inspections, investigations, assessments, tests, and studies as Buyer in its sole discretion elects to make or obtain, including, but not limited to, investigations with regard to zoning, building codes and other governmental regulations; engineering tests; surveying; soils, seismic and geologic reports; environmental audits, inspections and studies; environmental investigation or other invasive or subsurface testing; and any other physical or legal inspections and/or investigations, including without limitation the presence, release, and/or absence of adverse soils conditions, adverse groundwater conditions, asbestos, lead based paint, and/or Hazardous Materials, as hereinafter more fully defined and described (collectively, "Tests").

(a) Conditions to Right of Entry for Tests. As a condition to conducting any Tests, Buyer shall (i) prior to entry, notify Seller not less than 24 hours in advance of the purpose of the intended entry and provide to Seller the names and affiliations of the entity or person(s) entering the Property; (ii) conduct all Tests in a diligent, expeditious and safe manner and not allow any dangerous or hazardous conditions to occur on the Property; (iii) comply with applicable laws and governmental regulations in conducting such Tests; (iv) keep the Property free and clear of materialmen's liens, lis pendens and other liens arising out of entry onto the Property for such Tests performed by or on behalf of Buyer; (v) Buyer to maintain, or Buyer to cause to be maintained by Buyer's contractor(s), workers' compensation insurance on all persons entering the Property for such Tests in the amounts required by the State of California; (vi) Buyer to maintain, or Buyer to cause to be maintained by Buyer's contractor who will be entering the Property, commercial general liability insurance policy with a financially responsible insurance company (or as to Buyer its membership in a joint powers insurance authority with comparable coverage) covering any and all liability of Buyer and its agents, contractors, consultants and employees, with respect to or arising out of the Tests conducted at the Property, written on a per occurrence and not claims made basis in a combined single limit of not less than One Million Dollars (\$1,000,000); and (vii) promptly repair any and all damage to the Property from such Tests caused by Buyer, its agents, employees, contractors, or consultants and return the Property to its original condition (subject to the Tests conducted) following Buyer's entry. Buyer shall indemnify, defend, and hold harmless Seller and its agents from and against any and all loss, cost, liability or expense (including reasonable attorneys' fees) arising from the entry(ies) of Buyer, its agents, contractors, consultants, and employees upon the Property for and related to such entry and Tests or from Buyer's failure to comply with the conditions to Buyer's entry onto the Property for such Tests. Such indemnity shall survive the Close of Escrow or the termination of this Agreement for any reason, but shall be limited to actions and inactions arising from and related to such entry onto the Property and/or the Tests.

6. Due Diligence Notices.

(a) Buyer's Due Diligence Notice. Buyer shall notify Seller in writing on or before the Contingency Date of Buyer's approval or disapproval in its sole and absolute discretion of the Property Documents and of the condition of the Property as disclosed by the Tests ("Buyer's Due

Diligence Notice”). Any disapproval shall state the matters objected to and the action Seller would be required to take to remediate or cure the objectionable matters to Buyer’s satisfaction.

(i) Provided that Seller has delivered the Property Documents to Buyer within the time set forth in Section 4(a), Buyer’s failure to deliver the Buyer’s Due Diligence Notice on or before the Contingency Date shall be deemed Buyer’s approval of the Property Documents and condition of the Property. In such event of Buyer’s failure to deliver its Buyer’s Due Diligence Notice, then such failure shall be deemed Buyer’s election to proceed with this purchase.

(b) Seller’s Due Diligence Notice. In the event Buyer timely delivers its Buyer’s Due Diligence Notice disapproving any Property Documents or any condition of the Property, Seller shall have ten (10) days from receipt of Buyer’s Due Diligence Notice to deliver written notice to Buyer (“Seller’s Due Diligence Response Notice”) of Seller’s election in its sole and absolute discretion to any of the following: (i) decline to remediate all such conditions and to terminate Escrow and this Agreement; or (ii) correct and/or remediate certain (but not all) of the objectionable conditions at its sole cost prior to the Close of Escrow; or (iii) correct and/or remediate all objectionable conditions at its sole cost prior to the Close of Escrow.

(i) If Seller’s Due Diligence Response Notice informs Buyer of Seller’s election to terminate Escrow (choice (i) in subsection (b) above) rather than remediate all or certain objectionable conditions, then this Agreement shall terminate and the Deposit shall be refunded in full to Buyer.

(A) Seller’s failure to deliver Seller’s Due Diligence Response Notice shall be deemed Seller’s election to terminate this Agreement (choice (i) of subsection (b) above) and in such event the Deposit shall be refunded in full to Buyer.

(ii) If Seller’s Due Diligence Response Notice informs Buyer of Seller’s election to correct certain of the objectionable conditions (choice (ii) in subsection (b) above), then Buyer shall have the right, by a second written notice delivered to Seller within five (5) days after Buyer’s receipt of Seller’s Due Diligence Response Notice, to agree to accept the Property subject to one or more of the objectionable conditions that Seller will not correct (“Buyer’s Second Due Diligence Notice”), which notice shall list the objectionable conditions remaining that Buyer is willing to accept, in which event Seller may elect, in its sole discretion, to either (A) accept Buyer’s Second Due Diligence Notice and proceed to correct the objectionable conditions listed in its notice and proceed with the sale of the Property to Buyer, with Buyer taking at the Close of Escrow subject to such remaining objectionable conditions without any adjustment to or credit against the Purchase Price (subject to Seller’s correction of certain conditions to be corrected as listed in Seller’s Due Diligence Response Notice), or (B) reject Buyer’s Second Due Diligence Notice and terminate the Escrow in which event the Deposit shall be refunded in full to Buyer.

(A) If Seller accepts Buyer’s Second Due Diligence Notice, then the correction of and/or completion of the remediation or removal of objectionable conditions listed in the Seller’s Due Diligence Notice shall be deemed to be one of the Buyer’s Conditions Precedent to Closing under Section 7 below, and Buyer and Seller shall exercise good faith efforts to agree in writing on an extended Closing Date, if necessary, to allow those certain conditions to be corrected and completed.

(iii) If Seller's Due Diligence Response Notice informs Buyer of Seller's election to correct all of the objectionable conditions (choice (iii) in subsection (b) above), then the completion of the correction and/or remediation or other removal of all objectionable conditions shall be deemed to be one of the Buyer's Conditions Precedent to Closing under Section 7 below, and Buyer and Seller shall exercise good faith efforts to agree in writing on an extended Closing Date, if necessary, to allow all conditions to be corrected and completed.

(c) Seller's Right to Terminate. No later than the Contingency Date, Buyer shall deliver to Seller copies of written reports produced resulting from Tests conducted by or on behalf of Buyer during the Contingency Period, including without limitation Phase I and Phase II reports, if any (collectively, "Environmental Reports"). Buyer shall have the right to examine and inspect or cause a third party to examine and inspect the Environmental Reports. In the event the Environmental Reports reveal the existence of Hazardous Materials within the Property or migrating onto the Property, Seller shall have the right to terminate this Agreement upon delivery of written notice of termination to Buyer within twenty (20) days after the last day of the Contingency Period, in which event the Deposit shall be returned to Buyer.

7. Conditions Precedent to Close of Escrow and Termination Rights.

(a) Buyer's Conditions Precedent. The Closing and Buyer's obligation to buy the Property and to consummate the transaction contemplated by this Agreement are subject to the timely satisfaction or written waiver of the following conditions precedent (collectively, "Buyer's Conditions Precedent") on or before the Closing Date or such earlier time as provided for herein, which are for Buyer's benefit only.

(i) No Termination as a Result of Buyer's Due Diligence Review. This Agreement shall not have terminated pursuant to Sections 3(b) or 6 as a result of Buyer's review and inspection of title to, the Property Documents relating to, and the Tests on the Property.

(ii) Buyer's Title Policy. The Title Company shall, upon payment of Title Company's regularly scheduled premium, have agreed to provide Buyer's Title Policy for the Property upon the Closing, in accordance with Section 3(b).

(iii) Natural Hazard Disclosure Statement. If required by Government Code Sections 8589.3, 8589.4, 51183.5, or Public Resources Code Sections 2621.9, 2694, or 4136, Seller shall deliver to Buyer a Natural Hazard Disclosure Statement pursuant to AB 1195 on or before the date that is fifteen (15) days after the Opening of Escrow.

(iv) Delivery of Documents. Seller's delivery of (A) all items and documents described in Section 8 and Section 17(a), (B) the list of contracts, leases, licenses, or other contractual rights or options to lease, purchase, or otherwise enjoy possession of the Property, and the length of time during which each occupant, lessee, tenant, licensee, or other person or entity with an interest in the Property held such interest (with Seller's warranty and representation that such list and information is accurate to the best of Seller's knowledge), in substantially the form attached hereto as Exhibit G, and (C) full, complete, correct and legible copies of all contracts, leases, licenses or other contractual rights required to be listed and described by Seller in the form attached hereto as Exhibit G. Seller acknowledges that full, complete, correct and legible copies of any and all contracts, agreements, licenses and leases affecting the Property must be provided to Buyer pursuant

to Section 4(a) and that Buyer shall have full right to review and approve or disapprove any and all such Property Documents as a Buyer's Condition Precedent to the Closing.

(v) Representations and Warranties. All representations and warranties of Seller contained in this Agreement shall be true and correct in all respects as of the Effective Date and as of the Closing.

(vi) No Seller Default. As of the Closing, there shall be no Seller Default under this Agreement.

(vii) Termination of Agreements; Vacancy of Property. Except to the extent expressly disclosed in writing to Buyer (and approved by Buyer), Seller shall have terminated any and all contracts affecting and/or relating to the Property and any and all leases and licenses for space at the Property. Except to the extent expressly disclosed in writing to Buyer (and approved by Buyer), all tenants, licensees, or other occupants shall have permanently vacated the Property. Seller shall cause to be removed and/or terminated, at Seller's sole cost and expense, any and all contracts, agreements, leases, licenses and easements relating to and/or affecting the Property, except to the extent such instruments are permitted and approved by Buyer pursuant to Sections 3(b) and 6 above.

(b) Seller's Conditions Precedent. The Closing and Seller's obligation to sell the Property and consummate the transaction contemplated by this Agreement are subject to the timely satisfaction or written waiver of the following conditions precedent (collectively, "Seller's Conditions Precedent") on or before the Closing Date or such earlier time as provided for herein, which are for Seller's benefit only:

(i) No Termination as a Result of Buyer's Due Diligence Review. This Agreement shall not have terminated pursuant to Section 3(b) or 6 as a result of Buyer's review and inspection of title, the Property Documents, and the Property.

(ii) No Buyer Default. As of the Closing, there shall be no Buyer Default under this Agreement.

(iii) Representations and Warranties. All representations and warranties of Buyer contained in this Agreement shall be true and correct in all respects as of the Effective Date and as of the Closing.

(iv) Delivery of Funds and Documents. Buyer shall have delivered all funds and documents and other items described in Section 9.

(c) Waiver. Buyer may at any time or times, at its election in its sole and absolute discretion, waive any of the Buyer's Conditions Precedent set forth in Section 7(a), but any such waiver shall be effective only if contained in a writing signed by Buyer and delivered to Seller and Escrow Holder. Seller may at any time or times, at its election in its sole and absolute discretion, waive any of the Seller's Conditions Precedent set forth in Section 7(b) above, but any such waiver shall be effective only if contained in a writing signed by Seller and delivered to Buyer and Escrow Holder.

(d) Termination. In the event that each of the Buyer's Conditions Precedent set forth in Section 7(a) is not fulfilled by the Outside Closing Date, or such earlier time period as

provided for herein or waived by Buyer pursuant to Section 7(c), and provided there is no Buyer Default under this Agreement, Buyer may at its option terminate this Agreement and the Escrow opened hereunder. In the event each of the Seller's Conditions Precedent set forth in Section 7(b) is not fulfilled by the Outside Closing Date, or such earlier time period as provided for herein or waived by Seller pursuant to Section 7(c), and provided there is no Seller Default under this Agreement, Seller may at its option terminate this Agreement and the Escrow opened hereunder. Notwithstanding the foregoing, if Escrow is not in a position to close due to a party's failure to deposit into Escrow any documents or funds required for the Closing of Escrow, the non-defaulting party shall not have the right to terminate this Agreement without first having given the defaulting party notice of the default and five (5) days to cure the default, with the understanding that it is the parties' desire that this Agreement not terminate as a result of a technicality such as a party's inadvertent failure to timely make a deposit of a document or money into Escrow. No termination under this Agreement shall release either party then in default from liability for such default. In the event this Agreement is terminated, (i) all documents and funds delivered by Seller to Buyer or Escrow Holder shall be returned immediately to Seller, provided there is no Seller Default and Seller is entitled to the return of the Deposit, and likewise (ii) all documents and funds delivered by Buyer to Seller or Escrow Holder shall be returned immediately to Buyer, subject to the Seller's limited rights, as and if applicable, to retain the Deposit.

(i) If Escrow fails to close due to a party's default or breach, the defaulting or breaching party shall pay all Escrow Cancellation Charges. If Escrow fails to close for any other reason, each party shall pay one-half of all Escrow Cancellation Charges. The term "Escrow Cancellation Charges" shall mean all fees, charges and expenses actually charged by Escrow Holder and the Title Company to the parties in connection with the cancellation of the Escrow and the title order, if any.

8. Seller's Deliveries to Escrow Holder. At least two (2) business days prior to the Closing Date, except as to possession of the Property which shall be delivered as of Closing, Seller shall deposit or cause to be deposited with Escrow Holder the following items, duly executed and, where appropriate, acknowledged:

(a) Seller's Charges. Immediately available funds in the amount necessary to pay Seller's Charges as set forth in Section 11(a) herein; provided, however, that instead of depositing such funds into Escrow Seller shall have the right to have Seller's Charges deducted from the sale proceeds due to Seller.

(b) Grant Deed. The Grant Deed in the form attached hereto as Exhibit B ("Grant Deed"), duly executed by Seller and acknowledged.

(c) Licenses, Certificates, and Permits. To the extent the same are within the actual or constructive knowledge of, or in the possession, custody or control of, Seller and are applicable and/or transferable to Buyer, all original licenses, certificates and permits pertaining to the Property and beneficial for, or necessary for, or affecting the use or occupancy thereof.

(d) Keys. Keys, if any, to all entrance doors and equipment and utility rooms, and any other keys relating to, the Property, including mailbox keys, to the extent such keys are in the possession, custody or control of Seller;

(e) FIRPTA/Tax Exemption Forms. Transferor's Certification of Non Foreign Status in the form attached hereto as Exhibit C ("FIRPTA Certificate") (unless Seller is a "foreign person," as defined in Section 1445 in the Internal Revenue Code of 1986), together with any necessary tax withholding forms, and a duly executed California Form 593-C, as applicable ("California Exemption Certificate").

(f) Possession of Property. At Closing, possession of the Property shall be delivered to Buyer. Seller shall remove from title any encumbrances that Seller is required to remove pursuant to Section 3(b).

(g) Authority. Such proof of Seller's authority and authorization to enter into this Agreement and to consummate this transaction as may be reasonably requested by Buyer and the Title Company.

(h) Further Documents or Items. Any other documents or items reasonably required to cause the Closing of the transaction contemplated by this Agreement as determined by the Escrow Holder.

9. Buyer's Deliveries to Escrow. At least two (2) business days prior to the Closing Date, Buyer shall deposit or cause to be deposited with Escrow Holder the following, each duly executed and acknowledged, by Buyer as appropriate:

(a) Purchase Price. The Down Payment (including the Deposit), together with the duly executed Promissory Note and duly executed and acknowledged Deed of Trust and additional funds necessary to pay Buyer's Charges set forth in Section 11(b) herein and Buyer's share of the Prorations set forth in Section 11(c). In the event Seller does not qualify for an exemption from California withholding tax under Section 18662 of the California Revenue and Taxation Code, as evidenced by the delivery at Closing of the California Exemption Certificate duly executed by Seller, Title Company shall withhold three and one-third percent (3 1/3%) of the Purchase Price on behalf of Buyer for payment to the California Franchise Tax Board in accordance with Section 11(d) hereof. In the event Seller is not exempt from such withholding or does not otherwise deliver the California Exemption Certificate at Closing, Buyer shall execute and deliver three (3) originals of California Form 597 to Title Company at or immediately after Closing.

(b) Certificate of Acceptance. One (1) original Certificate of Acceptance executed by Buyer to be attached to the Grant Deed.

(c) Final Escrow Instructions. Buyer's final written Escrow instructions to close Escrow in accordance with the terms of this Agreement.

(d) Further Documents or Items. Any other documents or items reasonably required to cause the Closing of the transaction contemplated by this Agreement as determined by the Escrow Holder.

10. Tax Adjustment Procedure. Escrow Holder is authorized and is instructed to comply with the following tax adjustment procedure:

(a) Delinquent Taxes. Pay and charge Seller for any unpaid delinquent property taxes and/or penalties and interest thereon, and for any delinquent assessments or bonds against the Property.

(b) Proration. Escrow is not to be concerned with proration of Seller's taxes for the current fiscal year. Seller's prorata portion of taxes due at close of Escrow, shall be cleared and paid by Seller, outside Escrow, pursuant to provisions of Section 5082 through 5090 of the Revenue and Taxation Code of the State of California.

(c) Refund of Taxes. After the Closing of the Escrow, Seller shall have the right in Seller's sole discretion to apply to the Orange County Tax Collector for refund of any excess property taxes paid by Seller with respect to the Property, so long as no proration or credit for such taxes was provided to Seller through the Escrow. This refund would apply to the period after the Closing Date and Buyer's acquisition of the Property pursuant to Revenue and Taxation Code Section 5096.7.

11. Escrow Holder Authorization. Escrow Holder is authorized to and shall pay, charge and perform the following:

(a) Seller Charges.

(i) Removal of Title Exceptions. Pay and charge Seller for any amount necessary to cause the removal of any title matters that Seller agreed to remove pursuant to Section 3(b) and to convey fee simple, marketable title pursuant to the requirements of this Agreement (collectively, "Seller's Charges").

(b) Buyer Charges. Pay and charge Buyer for all Escrow fees, all charges for recording the Grant Deed and Deed of Trust, if any, and all title insurance premiums for the Buyer's Title Policy and endorsements requested by Buyer (collectively, "Buyer's Charges").

(c) Prorate Revenues and Expenses. All revenues (if any) and expenses relating to the Property (including, but not limited to, utility costs and expenses, water charges and sewer rents and refuse collection charges) shall be prorated as of the Closing Date (collectively, the "Prorations"). Not less than five (5) business days prior to the Closing, Escrow Holder shall deliver to Buyer and Seller a tentative schedule of prorations for Buyer's and Seller's approval ("Proration and Expense Schedule"). If any prorations made under this Section 11(c) shall require final adjustment after the Closing, then the parties shall make the appropriate adjustments promptly when accurate information becomes available and either party hereto shall be entitled to an adjustment to correct the same. Any corrected or adjusted proration shall be paid promptly in cash to the party entitled thereto.

(d) 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 and/or withholding is provided for or required by law.

(i) California Withholding. In the event Seller does not qualify for an exemption from California withholding tax under Section 18662 of the California Revenue and Taxation Code ("Tax Code") as evidenced by the delivery to Buyer at Closing of the California

Exemption Certificate duly executed by Seller, (i) Escrow Holder shall withhold three and one-third percent (3 1/3%) of the Purchase Price on behalf of Buyer at Closing for payment to the California Franchise Tax Board in accordance with the Tax Code, (ii) Buyer shall deliver three (3) duly executed originals of California Form 597 to Escrow Holder at or immediately after Closing, (iii) two (2) executed originals of California Form 597 shall be delivered by Escrow Holder to Seller, and (iv) on or before the 20th day of the month following the month title to the Property is transferred to Buyer (as evidenced by the recording of the Grant Deed), Escrow Holder shall remit such funds withheld from the Purchase Price, together with one (1) executed original of California Form 597 to the California Franchise Tax Board on behalf of Buyer. Buyer and Seller hereby appoint Escrow Holder as a reporting entity under the Tax Code, authorized to withhold and remit the withholding tax contemplated under the Tax Code, together with such other documents required by the Tax Code (including, without limitation, California Form 597), to the California Franchise Tax Board.

(ii) **FIRPTA Withholding.** Unless Seller is not a “foreign person” under the Foreign Investment in Real Property Transfer Act or an exemption applies, the Escrow Holder shall deduct and withhold from Seller’s proceeds ten percent (10%) of the gross sales price and shall otherwise comply with all applicable provisions of the Foreign Investment in Real Property Act and any similar state act. Seller agrees to execute and deliver Exhibit C, as directed by Escrow Holder, or any instrument, affidavit, and statement, and to perform any act reasonably necessary to comply with the provisions of the Foreign Investment in Real Property Act and any similar state act and regulation promulgated thereunder.

(e) **Closing Statement.** Escrow Holder is instructed to prepare and provide copies of a proposed closing statement and thereafter the final closing statement (“Closing Statement”) to both Seller and Buyer. Escrow Holder shall deliver the estimated Closing Statement to Seller and Buyer no later than three (3) business days prior to the Closing Date.

(f) **Escrow Holder Responsibility.** The responsibility of the Escrow Holder under this Agreement is limited to Sections 1 through 12, and 20(b) and (c), and to its liability under any policy of title insurance issued in regard to this transaction.

12. Closing Procedure. On the Closing Date, and provided all of the Buyer’s Conditions Precedent and Seller’s Conditions Precedent set forth in Sections 7(a) and 7(b) of this Agreement have been satisfied or waived in writing by the appropriate party (per Section 7(c)), Escrow Holder shall immediately close Escrow in the manner and order provided below.

(a) **Recording.** Escrow Holder shall cause the Grant Deed and Deed of Trust to be recorded pursuant to applicable law in Orange County and obtain conformed copies thereof for distribution to Buyer and Seller.

(b) **Disburse Funds.** Escrow Holder shall debit or credit (as provided herein) all charges and Prorations to Buyer and Seller and withhold funds pursuant to Section 11. The Down Payment (less any amounts required to be withheld as provided in Section 11(d)) shall be distributed by check payable to Seller unless Escrow Holder is instructed otherwise in writing signed by Seller (and, in such event, in accordance with such instructions).

(c) **Documents to Seller.** Escrow Holder shall deliver to Seller the Promissory Note, a conformed copy of the Grant Deed and the Deed of Trust, and a copy of each other document deposited into Escrow by Buyer pursuant hereto.

(d) Documents to Buyer. Escrow Holder shall deliver to Buyer the original FIRPTA Certificate, the original California Exemption Certificate (as applicable), a conformed copy of the Grant Deed and the Deed of Trust, a copy of the Promissory Note, the Title Report, and each other document (or copies thereof) deposited into Escrow by Seller pursuant hereto, including, without limitation, those documents referenced in Section 8.

(e) Title Company. Escrow Holder shall cause the Title Company to issue the Buyer's Title Policy to Buyer.

(f) Closing Statement. Escrow Holder shall forward to both Buyer and Seller a separate accounting of all funds received and disbursed for each party in the form of the Closing Statement prepared pursuant to Section 11(e).

(g) Informational Reports. Escrow Holder shall file any informational reports required by Internal Revenue Code Section 6045(e), as amended.

(h) Possession. Possession of the Property shall be delivered to Buyer at the Closing.

13. Representations and Warranties.

(a) Seller's Representations and Warranties. In consideration of Buyer entering into this Agreement and as an inducement to Buyer to purchase the Property, Seller makes the following representations and warranties as of the Effective Date and continuously as of the Closing, each of which is material and is being relied upon by Buyer (and the truth and accuracy of which shall constitute a condition precedent to Buyer's obligations hereunder), and all of which shall survive Closing:

(i) Seller has the legal power, right and authority to enter into this Agreement and the instruments referenced herein, and to consummate the transaction contemplated hereby.

(ii) All requisite action (corporate, trust, partnership or otherwise) has been taken by Seller in connection with entering into this Agreement and the instruments referenced herein; and, by the Closing, all such necessary action will have been taken to authorize the consummation of the transaction contemplated hereby. By the Closing no additional consent of any individual, director, manager, shareholder, partner, member, trustee, trustor, beneficiary, creditor, investor, judicial or administrative body, governmental authority or other party shall be required for Buyer to consummate the transaction contemplated by this Agreement.

(A) In this regard, if applicable, Seller shall deliver or cause delivery to Buyer of true and complete copies of each requisite action or authorization (corporate, trust, partnership or otherwise) that has been taken by Seller or will be taken (immediately after taking such action prior to Closing) when in connection with entering into this Agreement and execution of the instruments referenced herein.

(iii) The individuals executing this Agreement and the instruments referenced herein on behalf of Seller have the legal power, right and actual authority to bind Seller to the terms and conditions hereof and thereof.

(iv) Neither the execution or delivery of this Agreement or the documents or instruments referenced herein, nor incurring the obligations set forth herein, nor the consummation of the transaction contemplated herein, nor compliance with the terms of this Agreement or the documents or instruments referenced herein or therein conflict with or result in the material breach of any terms, conditions or provisions of, or constitute a default under, any bond, note or other evidence of indebtedness or any contract, indenture, mortgage, deed of trust, loan, lease or other agreement or instrument (a) to which Seller is a party, or (b) that affect the Property of which Seller has actual or constructive knowledge, including, but not limited to, any of the Property Documents.

(v) To the best of Seller's actual or constructive 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.

(vi) To the best of Seller's actual or constructive knowledge, there are no actions or proceedings pending or threatened against Seller, before any court or administrative agent in any way connected with or relating to the Property, or affecting Seller's ability to fulfill all of its obligations under this Agreement.

(vii) Seller has made no written or oral commitments to or agreements with any governmental authority or agency materially and adversely affecting the Property, or any part thereof, or any interest therein, which will survive the Closing. Seller has entered into no understanding or agreement with any taxing or assessing authority respecting the imposition or deferment of any taxes or assignments respecting the Property.

(viii) To the best of Seller's actual or constructive knowledge, Seller is not in default of its obligations under any contract, agreement or instrument to which Seller is a party pertaining to the Property. To the best of Seller's knowledge, no document supplied to Buyer by Seller contains any untrue statement of a material fact, and to the best of Seller's actual or constructive knowledge no document omits any facts that would be necessary, in the circumstances, to make the document supplied not misleading.

(ix) To the best of Seller's actual or constructive knowledge, there are no encroachments onto the Property by improvements on any adjoining property, nor do any buildings or improvements located on the Property encroach on other properties.

(x) There are no mechanics', materialmen's or similar claims or liens presently claimed or which will be claimed against the Property for work performed or commenced for Seller or on Seller's behalf prior to the Effective Date of this Agreement. Seller agrees to indemnify, defend, and hold Buyer and its elected and appointed officials, officers, employees, contractors, and agents harmless from all costs, expenses, liabilities, losses, charges, and fees, including attorney fees, arising from or relating to any such lien or any similar lien claims against the Property and arising from work performed or commenced for Seller or on Seller's behalf at any time prior to Closing.

(xi) Except as may be revealed in the Title Report and the Property Documents delivered to Buyer by Seller, there are no undisclosed contracts, licenses, commitments, undertakings or other written or oral agreements for services, supplies or materials concerning the use, operation, maintenance, or management of the Property that will be binding upon Buyer or the Property after the Closing. There are no oral contracts or other oral agreements for services, supplies

or materials, affecting the use, operation, maintenance or management of the Property to which Seller is a party or of which Seller has actual knowledge and/or constructive knowledge.

(xii) Except as revealed in the Title Report and the Property Documents delivered to Buyer by Seller, or as listed in Exhibit F attached hereto, there are not any written or oral contracts, leases, licenses, or contractual rights or options to lease, purchase, or otherwise enjoy possession, rights or interest of any nature in and to the Property or any part thereof, and except to the extent expressly otherwise agreed by Buyer, no person other than Buyer shall have any right of possession to the Property or any part thereof as of the Closing.

(A) As of the Effective Date, Seller agrees not to enter into any leases, licenses or easements in the Property (or any part thereof), or grant any other rights of access, use or occupancy to the Property (or any part thereof) without the prior written approval of Buyer, which may be granted or denied in Buyer's sole and complete discretion.

(xiii) Except as revealed in the Title Report and the Property Documents delivered to Buyer by Seller pursuant to Section 4(a), Seller shall not allow, consent to, or otherwise permit any encumbrance, lien, or other exception to title to become of record or affect title to the Property during the period from the Effective Date through the Closing Date, unless such encumbrance, lien, or other exception is expressly pre-approved by Buyer in its sole and absolute discretion.

(xiv) Neither Seller nor, to the best of Seller's knowledge, any previous owner, tenant, occupant, or user of the Property used, generated, released, discharged, stored, or disposed of any Hazardous Materials on, under, in, or about the Property, or transported any Hazardous Materials to or from the Property.

(xv) Until the Closing, Seller 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.

(xvi) Seller represents to Buyer, and Buyer acknowledges the representation of Seller that Seller has never operated, occupied or developed the Property.

As used herein, the term "actual knowledge" shall mean the actual, current knowledge of Seller and shall not impose any duty of investigation or inquiry and the term "constructive knowledge" shall mean implied knowledge due to any notice or other document addressed to and evidenced to have been sent to Seller, and any other document in the Seller's possession and control.

(b) Subsequent Changes to Seller's Representations and Warranties. If, prior to the Closing, Buyer or Seller should learn, discover or become aware of any existing or new item, fact or circumstance which renders a representation or warranty of Seller set forth herein incorrect or untrue in any respect (collectively, the "Seller Representation Matter"), then the party who has learned, discovered or become aware of such Seller Representation Matter shall promptly give written notice thereof to the other party and Seller's representations and warranties shall be automatically limited to account for the Seller Representation Matter. Buyer shall have the right to approve or disapprove any such change and to terminate this Agreement by written notice to Seller if Buyer reasonably disapproves any such change; provided, however Seller shall first have the

opportunity to cure the Seller Representation Matter. In such event if this Agreement is terminated prior to the Closing due to a Seller Representation Matter, then the Deposit shall be refunded in full to Buyer. If Buyer does not elect to terminate this Agreement, Seller's representation shall be qualified by such Seller Representation Matter and Seller shall have no obligation to Buyer for such Seller Representation Matter.

(c) Buyer's Representations and Warranties. In consideration of Seller entering into this Agreement and as an inducement to Seller to sell the Property, Buyer makes the following representations and warranties as of the date hereof and at and as of the Closing, each of which is material and is being relied upon by Seller, the truth and accuracy of which shall constitute a condition precedent to Seller's obligations hereunder, and all of which shall survive Closing:

(i) Buyer has the legal power, right and authority to enter into this Agreement and the instruments referenced herein, and to consummate the transaction contemplated hereby, subject to this representation not becoming effective unless, until, and subject to this Agreement being placed on an agenda of the Buyer's governing board for consideration and action at a duly noticed, open public meeting of the Buyer's governing board, and, if approved, then such representation shall be effective as of the Effective Date. Buyer's execution of this Agreement after the Effective Date shall be conclusive evidence that Buyer's governing board has approved this Agreement at a duly noticed, open public meeting.

(ii) Subject to (c)(i) above, as of the Effective Date, all requisite governmental action has been taken by Buyer in connection with entering into this Agreement and the instruments referenced herein; and, by the Closing, all such necessary action will have been taken to authorize the consummation of the transaction contemplated hereby. By the Closing Date, no additional consent of any individual, judicial or administrative body, governmental authority or other party shall be required for Seller to consummate the transaction contemplated by this Agreement, subject to no material change in the terms or provisions hereof.

(iii) Subject to (c)(i) above, as of the Effective Date, the individuals executing and attesting this Agreement and the instruments referenced herein on behalf of Buyer have the legal power, right and actual authority to bind Buyer to the terms and conditions hereof and thereof.

(iv) Neither the execution and delivery of this Agreement and the documents and instruments referenced herein, nor incurring the obligations set forth herein, nor the consummation of the transaction contemplated herein, nor compliance with the terms of this Agreement and the documents and instruments referenced herein conflict with or result in the material breach of any terms, conditions or provisions of, or constitute a default under, any bond, note or other evidence of indebtedness or any contract, indenture, mortgage, deed of trust, loan, partnership agreement, lease or other agreement or instrument to which Buyer is a party or by which any of Buyer's properties are bound.

(v) Buyer's adopted Plan, in particular Section 403 thereof, authorizes Buyer for the purpose of redevelopment to acquire by eminent domain property within the geographic area in which the Property is located subject to the provisions thereof and applicable provisions of law, including Government Code Section 7267.2, *et seq.* and Code of Civil Procedure Section 1230.010, *et seq.*

(d) Subsequent Changes to Buyer's Representations and Warranties. If, prior to the Closing, Seller or Buyer should learn, discover or become aware of any existing or new item, fact or circumstance which renders a representation or warranty of Buyer set forth herein incorrect or untrue in any respect (collectively, the "Buyer's Representation Matter"), then the party who has learned, discovered or become aware of such Buyer's Representation Matter shall promptly give written notice thereof to the other party and Buyer's representations and warranties shall be automatically limited to account for the Buyer's Representation Matter. Seller shall have the right to approve or disapprove any such change and to terminate this Agreement by written notice to Buyer if Seller reasonably disapproves any such change; provided, however Buyer shall first have the opportunity to cure the Buyer's Representation Matter. In such event if this Agreement is terminated prior to the Contingency Date due to a Buyer Representation Matter, then the Deposit shall be returned to Buyer; further, in such event if this Agreement is terminated after the Contingency Date and prior to the Closing Date due to a Buyer Representation Matter, then Seller shall retain the Deposit. If Seller does not elect to terminate this Agreement, Buyer's representation shall be qualified by such Buyer's Representation Matter and Buyer shall have no obligation to Seller for such Buyer's Representation Matter.

14. Conveyance of Property in its Existing Condition. As of the Closing Date, and subject to its rights under Section 5, Buyer acknowledges that Buyer will have been given an adequate opportunity to conduct the Tests at the Property. Except as otherwise expressly provided in this Agreement and except as required to be disclosed or otherwise action taken pursuant to federal, state or local laws and regulations, Seller makes no representation or warranty of any kind as to the physical or environmental condition of the Property or in connection with any matter, report or information relating to the condition of the Property, its value, fitness, use, zoning, entitlements, the existence of Hazardous Materials thereon, moratoriums, economic feasibility, developability or any other matter relating to Buyer's proposed use or development of the Property.

15. Seller's Covenants during Escrow Period.

(a) New Liens or Encumbrances. Seller shall not further encumber or place any further liens or encumbrances on the Property from the Effective Date and during the Escrow period to the Closing Date without the express, prior written authorization of Buyer in its sole and complete discretion. Further, if the Buyer does consent to a new lien or encumbrance, then such lien or encumbrance on the Property shall not survive the Closing Date, including, but not limited to, right of entry, covenants, conditions, restrictions, easements, liens, options to purchase, options to lease, leases, tenancies, or other possessory interests or rights of use or rights of entry relating to or affecting the Property without the prior written consent of Buyer which consent may be withheld by Buyer in its sole and complete discretion.

(b) Hazardous Materials. Seller shall not cause or permit the presence, use, generation, release, discharge, storage, or disposal of any Hazardous Materials on, under, in, or about, or the transportation of any Hazardous Materials to or from, the Property; provided, however, the foregoing shall not apply to Hazardous Materials that migrate onto the Property from other property or from sources other than Seller or a party acting under the direction or control of Seller. As used in this Agreement, the term "Hazardous Materials" or "Hazardous Material" 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) lead based paint (viii) polychlorinated biphenyls, (ix) methyl tertiary butyl ether, (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.*

16. Default and Remedies.

(a) Seller Default. The term "Seller Default" shall mean Seller's failure to timely perform a material obligation of Seller under this Agreement within five (5) business days following written notice from Buyer describing Seller's failure to perform. In the event of a Seller Default, Buyer, as its sole and exclusive remedies: (i) may terminate this Agreement and receive full repayment and refund of the Deposit, or (ii) shall be entitled to the remedy of specific performance.

(b) Buyer Default. The term "Buyer Default" shall mean Buyer's failure to timely perform a material obligation of Buyer under this Agreement within five (5) business days following written notice from Seller describing Buyer's failure to perform. In the event of a Buyer Default, Seller, as its sole and exclusive remedy, may terminate this Agreement and receive the Deposit.

(c) Seller's Remedy Limited to Liquidated Damages for Buyer Default.

LIQUIDATED DAMAGES: IF THE CLOSING OF ESCROW FOR THE PROPERTY DOES NOT OCCUR BECAUSE OF A BUYER DEFAULT UNDER THIS AGREEMENT THAT IS NOT TIMELY CURED, BUYER AND SELLER AGREE THAT SELLER WILL INCUR DAMAGES BY REASON OF SUCH BUYER DEFAULT, WHICH DAMAGES SHALL BE IMPRACTICAL AND EXTREMELY DIFFICULT, IF NOT IMPOSSIBLE, TO ASCERTAIN. SUCH DAMAGES WOULD INVOLVE SUCH VARIABLE FACTORS AS A LOSS OF OPPORTUNITY TO ENGAGE IN OTHER POTENTIAL TRANSACTIONS, RESULTING IN DAMAGE AND LOSS TO SELLER.


BUYER AND SELLER, IN A REASONABLE EFFORT TO ASCERTAIN WHAT SELLER'S DAMAGES WOULD BE IN THE EVENT OF A BUYER DEFAULT, HAVE AGREED BY PLACING THEIR INITIALS BELOW THAT FOR A BUYER DEFAULT, THE DEPOSIT SHALL BE DEEMED TO CONSTITUTE A REASONABLE ESTIMATE OF SELLER'S DAMAGES.

IN THE EVENT OF AND FOR SUCH BUYER DEFAULT, SELLER SHALL HAVE THE RIGHT TO TERMINATE THIS AGREEMENT AND TO RETAIN THE

PURSUANT TO SECTION 5 HEREIN RELATED TO BUYER'S TESTS ON THE PROPERTY, IF SUCH INDEMNITY IS INVOKED HEREUNDER.

SELLER AND BUYER HAVE BOTH PLACED THEIR INITIALS IN THE SPACES BELOW TO INDICATE THAT THEY HAVE READ, UNDERSTAND, AND AGREE TO THIS LIQUIDATED DAMAGES PROVISION.

Buyer



Seller

17. **Acquisition of Property for Public Purposes; Sale under Threat of Condemnation.** Buyer is acquiring the Property from Seller for public purposes and its purchase of the Property is in contemplation of the use of the Property for a redevelopment project, and that this negotiated acquisition arose during Buyer's investigations of the possibility of acquisition of such Property for redevelopment purposes. Seller has only agreed to enter into this Agreement with Buyer under the threat of Buyer's exercise of its power of eminent domain. In the event this negotiated sale did not occur, Buyer informs Seller that subject to and pending its completion of the necessary statutory procedures set forth in Government Code Section 7267 *et seq.*, and Code of Civil Procedure Section 1230.010, *et seq.*, the Buyer's staff would have taken the steps thereunder to seek authorization from Buyer's governing board, and staff was prepared to recommend to Buyer's governing board initiation of the steps, to acquire the Property for public purposes pursuant to Government Code Section 7267 *et seq.*, and Code of Civil Procedure Section 1230.010, *et seq.*, including providing notice to Seller of its opportunity to be heard and to agendize, consider, and take action on a resolution of necessity under Code of Civil Procedure Section 1245.230 *et seq.*, and that this negotiated acquisition was made in compliance with the statutory procedures of Government Code Section 7267, *et seq.* Nothing herein is intended to be, or serve as, any tax advice from Buyer to Seller, and Seller is not in any way construing or relying on any communications or advice by Buyer, or Buyer's representations herein, in any way as any type of tax advice or opinion.

(a) **Seller's Release and Waiver of Eminent Domain Rights.** Seller voluntarily, willingly, and intentionally has caused to be prepared and Seller will execute and provide to Buyer a separate written agreement under which Seller waives, releases and forever relinquishes any and all rights conferred on Seller by the provisions of Code of Civil Procedure Section 1230.010, *et seq.* with regard to the Property. Seller thereby and hereby expressly acknowledges that Seller has been advised of its rights regarding notice, resale, leaseback and other rights provided under Code of Civil Procedure Sections 1245.245, 1263.510 and 1263.615 and expressly, intentionally, knowingly, and with advice of its legal counsel waives, releases and forever relinquishes its rights thereunder, as set forth more fully in that certain "Owner's Release and Waiver of Rights under Eminent Domain Law," in substantially the form attached hereto as Exhibit H and incorporated herein, the execution of which agreement shall be and is hereby deemed to be one of Buyer's Conditions Precedent to Closing of Section 7(a).

18. **Relocation Obligations.** The parties acknowledge and agree that, pursuant to California law, Buyer bears certain statutory duties and obligations and will incur costs associated with compensating the tenants currently occupying the Property for relocation, loss of goodwill, etc. (collectively, "Relocation Obligations"). The parties further acknowledge that Buyer has and will fulfill any and all of the Relocation Obligations in accordance with law.

(collectively, "Relocation Obligations"). The parties further acknowledge that Buyer has and will fulfill any and all of the Relocation Obligations in accordance with law.

19. Like Kind Exchange. Buyer acknowledges and agrees that Seller may elect to exchange the Property ("1033 Exchange") in a transaction intended to qualify as a tax-free exchange under Section 1033 of the Internal Revenue Code of 1986, as amended from time to time, and any regulations, rulings and guidance issued by the Internal Revenue Service (collectively, the "Code"). If Seller elects to effect a 1033 Exchange pursuant to this Section, Seller shall provide written notice of such fact to Buyer prior to Closing. During the three (3) year period following the Closing, Buyer shall execute and deliver such documents as may be required to complete the transactions contemplated by the 1033 Exchange which are in form and substance reasonably acceptable to Buyer, and otherwise cooperate with Seller in all reasonable respects to effectuate the 1033 Exchange. Notwithstanding the foregoing, (a) the 1033 Exchange shall not diminish Buyer's rights, nor increase Buyer's liabilities or obligations, under this Agreement, nor delay the Closing; (b) Seller shall pay for all fees, costs and expenses in connection with the 1033 Exchange; (c) the purchase and sale of the Property shall not be conditioned upon the consummation of the 1033 Exchange; (d) in no event shall Seller be relieved from liability under this Agreement; (e) the consummation of the 1033 Exchange shall be at no liability, risk, fee or expense to the Buyer; (f) Buyer does not make and has not made any representation or warranty and does not provide and has not provided any tax, legal, or other advice to Seller, regarding Seller's eligibility to effectuate a 1033 Exchange, and (g) the Seller shall protect, indemnify, defend and hold Buyer free and harmless from all losses, costs, claims, liabilities, lawsuits, demands and damages, including any attorneys' fees and expenses, incurred as a consequence of effecting the transaction through the 1033 Exchange.

20. General Provisions.

(a) Loss or Damage to Improvements. Loss or damage to the Property including any improvements thereon, by fire, other casualty, or acts of God, occurring at any time prior to the Closing of Escrow shall be at the sole risk of Seller.

(b) Notices. All notices, demands, requests or other communications required or permitted hereunder (collectively, "Notices") shall be in writing, shall be addressed to the receiving party, and shall be personally delivered, sent by overnight mail (Federal Express or another carrier that provides receipts for all deliveries), or sent by certified mail, postage prepaid, return receipt requested, to the address listed below:

If to Seller: Richard Kil and Yong Hui Kil
 3850 Tiffany Lane
 Torrance, CA 90505
 Tel. (310) 995-9720 cell
 Tel. (310) 378-5743 home

With a copy to: [firm]
 [address line 1]
 [address line 2]
 Attn: [attorney name], Esq.
 Tel. [(###) ###-####]

Fax No.: [(###) ###-####]

If to Buyer: Garden Grove Agency for Community Development
11222 Acacia Parkway
Garden Grove, California 92840
Attention: Real Property Division
Tel. (714) 741-5100
Fax No.: (714) 741-5044

With a copy to: Stradling Yocca Carlson & Rauth
660 Newport Center Drive, Suite 1600
Newport Beach, California 92660
Attention: Celeste Stahl Brady, Esq.
Tel. (949) 725-4141
Fax No.: (949) 823-5141

All Notices shall be effective upon receipt at the appropriate address. Notice of change of address shall be given by written Notice in the manner detailed in this Section. Rejection or other refusal to accept or the inability to deliver because of changed address of which no Notice in accordance with this Section was given shall be deemed to constitute receipt of such Notice. The providing of copies of Notices to the parties' respective counsels is for information only, is not required for valid Notice and does not alone constitute Notice hereunder.

(c) 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.

(d) Waivers and Consents. Each provision of this Agreement to be performed by Buyer and Seller shall be deemed both a covenant and a condition and shall be a material consideration for Seller's and Buyer's performance hereunder, as appropriate, and any breach thereof by Buyer or Seller shall be deemed a material default hereunder; provided however that failure of a condition hereunder shall not be deemed or determined to be a default unless such condition is also a covenant. 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.

(e) Construction. The parties acknowledge and agree that (a) each party is of equal bargaining strength; (b) each party has actively participated in the drafting, preparation and negotiation of this Agreement; (c) each party has consulted with such party's own independent

counsel and such other professional advisors, if at all, as each party has deemed appropriate, relating to any and all matters contemplated under this Agreement; (d) each party and such party's counsel and advisors, if so elected by the party, have reviewed this Agreement; (e) each party has agreed to enter into this Agreement following such review and the rendering of such advice, if so elected by the party; and (f) any rule of construction to the effect that ambiguities are to be resolved against the drafting parties shall not apply in the interpretation of this Agreement, or any portions hereof, or any amendments hereto.

(f) Cooperation. Buyer and Seller agree to execute such instruments and documents and to diligently undertake such actions as may be required in order to consummate the purchase and sale herein contemplated and shall use all reasonable efforts to accomplish the Closing in accordance with the provisions hereof.

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

(h) Time. Time is of the essence of every provision herein contained. In the computation of any period of time provided for in this Agreement or by law, the day of the act or event from which said period of time runs shall be excluded, and the last day of such period shall be included, unless it is a Saturday, Sunday, or legal holiday, in which case the period shall be deemed to run until 5:00 p.m. of the next day that is not a Saturday, Sunday, or legal holiday. Except as otherwise expressly provided herein, all time periods expiring on a specified date or period herein shall be deemed to expire at 5:00 p.m. on such specified date or period.

(i) Counterparts; Facsimile Signatures. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, but all of which, together, shall constitute but one and the same instrument. A facsimile signature shall be deemed an original signature.

(j) Captions. Any captions to, or headings of, the sections or subsections of this Agreement are solely for the convenience of the parties hereto, are not a part of this Agreement, and shall not be used for the interpretation or determination of the validity of this Agreement or any provision hereof.

(k) No Obligations to Third Parties. Except as otherwise expressly provided herein, the execution and delivery of this Agreement shall not be deemed to confer any rights upon, nor obligate any of the parties to this Agreement to, any person or entity other than the parties hereto.

(l) Amendment to this Agreement. The terms of this Agreement may not be modified or amended except by an instrument in writing executed by each of the parties hereto.

(m) Agency Director Authority. The Agency Director ("Director") or his or her designee shall have the authority to sign this Agreement, closing documents, issue interpretations, waive provisions, and enter into amendments of or supplements to this Agreement on behalf of Buyer, so long as such actions do not substantially or substantively change the terms and conditions of the purchase and sale of the Property as set forth herein and as agreed to by the Buyer in its

approval of this Agreement. All other waivers or amendments shall require the consideration and written consent of Buyer's governing board.

(n) Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

(o) Exhibits and Schedules. The exhibits and schedules attached hereto are incorporated herein by this reference for all purposes.

(p) Entire Agreement. This Agreement (along with the Owner's Release and Waiver of Rights under Eminent Domain Law described in Section 17(a) and the other Exhibits hereto) supersedes any prior agreements, negotiations and communications, oral or written, and contains the entire agreement between, and the final expression of, Buyer and Seller with respect to the subject matter hereof. The parties hereto expressly agree and confirm that this Agreement (along with the Owner's Release and Waiver of Rights under Eminent Domain Law described in Section 17(a) and the other Exhibits hereto) is executed without reliance on any oral or written statements, representations or promises of any kind which are not expressly contained in this Agreement. No subsequent agreement, representation or promise made by either party hereto, or by or to an employee, officer, agent or representative of either party hereto shall be of any effect unless it is in writing and executed by the party to be bound thereby.

(q) Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of the permitted successors and assigns of the parties hereto.

(r) Assignment. This Agreement may not be assigned without the prior written consent of the other party hereto, which consent shall not unreasonably be withheld.

(s) Nondiscrimination. 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 Property, 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 Property. The foregoing covenants shall run with the land.

[Signatures begin on the following page]



IN WITNESS WHEREOF, the parties hereto have executed this Purchase and Sale Agreement and Joint Escrow Instructions as of the day and year first written above.

"SELLER"

RICHARD KIL AND YONG HUI KIL,
husband and wife as joint tenants

By: Richard Kil
Richard Kil

By: Yong Hui Kil
Yong Hui Kil

"BUYER"

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

By: _____
Matthew Fertal, Agency Director

ATTEST:

Agency Secretary

APPROVED AS TO FORM:

Stradling Yocca Carlson & Rauth,
Agency Counsel

EXHIBIT A

LEGAL DESCRIPTION

Real property in the City of Garden Grove, County of Orange, State of California, described as follows:

PARCEL 1:

HAS BEEN INTENTIONALLY OMITTED.

PARCEL 2:

AN EASEMENT FOR INGRESS AND EGRESS AND FOR PUBLIC UTILITIES OVER THE NORTH 12 FEET OF THE WEST 400 FEET OF THE NORTH HALF OF THE NORTH HALF OF THE SOUTHWEST QUARTER OF THE NORTHEAST QUARTER OF SECTION THIRTY-FOUR, TOWNSHIP FOUR SOUTH, RANGE TEN WEST, IN THE RANCHO LAS BOLSAS AS SHOWN ON A MAP RECORDED IN BOOK 51, PAGE 10 OF MISCELLANEOUS MAPS, RECORDS OF ORANGE COUNTY, CALIFORNIA.

PARCEL 3:

THE NORTH 45 FEET OF THE SOUTH 200 FEET OF THE WEST 400 FEET OF THE NORTH HALF OF THE NORTH HALF OF THE SOUTHWEST QUARTER OF THE NORTHEAST QUARTER OF SECTION 34, IN TOWNSHIP 4 SOUTH, RANGE 10 WEST, IN THE RANCHO LAS BOLSAS, AS SHOWN ON A MAP THEREOF RECORDED IN BOOK 51, PAGE 7, ET SEQ., MISCELLANEOUS MAPS, RECORDS OF SAID ORANGE COUNTY;

PARCEL 4:

A NON-EXCLUSIVE EASEMENT FOR THE OPERATION AND MAINTENANCE OF WATER PIPE LINES OVER THE EAST 6 FEET OF SAID WEST 400 FEET OF THE NORTH HALF OF THE NORTH HALF OF THE SOUTHWEST QUARTER OF THE NORTHEAST QUARTER OF SECTION 34, TOWNSHIP 4 SOUTH, RANGE 10 WEST, IN THE RANCHO LAS BOLSAS, IN THE CITY OF GARDEN GROVE, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS SOWN ON A MAP RECORDED IN BOOK 51, PAGE 10 OF MISCELLANEOUS MAPS, RECORDS OF ORANGE COUNTY, CALIFORNIA. EXCEPT THEREFROM THE NORTH 12 FEET. ALSO EXCEPTING THE SOUTH 200 FEET THEREOF.

PARCEL 5:

THE SOUTH 200 FEET OF THE WEST 400 FEET OF THE NORTH HALF OF THE NORTH HALF OF THE SOUTHWEST QUARTER OF THE NORTHEAST QUARTER OF SECTION 34 IN TOWNSHIP 4 SOUTH, RANGE 10 WEST, IN THE RANCHO LAS BOLSAS, IN THE CITY OF GARDEN GROVE, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS SHOWN ON A

EXHIBIT A-1

MAP THEREOF RECORDED IN BOOK 51, PAGE 7, ET SEQ., MISCELLANEOUS MAPS,
RECORDS OF SAID ORANGE COUNTY.

EXCEPT THE NORTH 45 FEET THEREOF;

ALSO EXCEPT THEREFROM THE SOUTH 84 FEET THEREOF;

PARCEL 6:

THE SOUTH 84 FEET OF THE WEST 400 FEET OF THE NORTH ONE-HALF OF THE NORTH
ONE-HALF OF THE SOUTHWEST ONE-QUARTER OF THE NORTHEAST ONE-QUARTER
OF SECTION 34, TOWNSHIP 4 SOUTH, RANGE 10 WEST, IN THE RANCHO LAS BOLSAS
AS SHOWN ON A MAP THEREOF RECORDED IN BOOK 51, PAGE 10 ET SEQ., OF
MISCELLANEOUS MAPS, RECORDS OF SAID ORANGE COUNTY.

APN: 231-521-03, 231-521-04 & 05

EXHIBIT A-2

EXHIBIT D

PURCHASE MONEY PROMISSORY NOTE
(Secured by Deed of Trust)

\$2,500,000

Garden Grove, California
_____, 2010

FOR VALUE RECEIVED, the undersigned, GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT, a public body, corporate and politic (collectively herein, "**Borrower**"), promises to pay to the order of RICHARD KIL AND YONG HUI KIL, husband and wife ("**Lender**"), at [address], or at such other place as may be designated in writing by the Lender, the principal sum of Two Million, Five Hundred Thousand Dollars (\$2,500,000) ("**Loan**"), with interest thereon at the rate of six and one half percent (6.5%) simple interest per annum ("**Interest Rate**"). All sums owing under this Promissory Note Secured by Deed of Trust (this "**Note**") are payable in lawful money of the United States of America, in immediately available funds.

1. **Purpose of Note.** This Note is given in accordance with Borrower's obligations under that certain Purchase and Sale Agreement and Joint Escrow Instructions ("**Purchase Agreement**") dated [_____, 2010] between Borrower, as Buyer, and Lender, as Seller, as a portion of the Purchase Price of the Property described therein.

2. **Defined Terms.** All capitalized terms used and not otherwise defined in this Note shall have the same meanings in this Note as used and defined in the Purchase Agreement.

3. **Payment.** Borrower shall pay the following amounts which, if timely made, represents payment in full of the Loan:

a. On or before [_____, 20__] [insert the date that constitutes the first (1st) anniversary of the date of this Note], Borrower shall pay an amount equal to One Hundred Sixty-Two Thousand, Five Hundred Four Dollars (\$162,504), which constitutes the interest anticipated to accrue during the first year following the date of this Note.

b. On or before [_____, 20__] [insert the date that is twenty-one (21) months following the date of this Note], Borrower shall pay an amount equal to Two Million, Six Hundred Twenty-One Thousand, Eight Hundred Seventy-Eight Dollars (\$2,621,878), which constitutes the entire outstanding balance of this Note, including interest accrued thereon, less the payment made pursuant to Section 3.a.

4. **Security.** This Note shall be secured by that certain Deed of Trust with Assignment of Rents ("**Deed of Trust**") dated of even date herewith and recorded against certain real property located in the City of Garden Grove, County of Orange, State of California, as more particularly described on Schedule 1 attached to the Deed of Trust, ("**Property**").

5. **Default.** At the option of Lender, all sums remaining unpaid under this Note shall become immediately due and payable upon the occurrence of an Event of Default (as defined below). The occurrence of any of the following events shall constitute an "**Event of Default**" under this Note:

a. failure to make the full and punctual payment under Section 3 or any late charges, costs and expenses due hereunder or any other sum of money required to be paid hereunder which failure is not cured on or before the tenth (10th) day after Lender's delivery of written notice of such failure to Borrower; or

b. cause or permit a default to occur in the timely performance or observance of any of the other terms, covenants or conditions hereof or in any of the terms, covenants or conditions of the Deed of Trust which default is not cured within the applicable cure period, if any, or if none specified, on or before the twentieth (20th) day of the Lender's written notice of such failure.

6. **Prepayment.** Borrower may, at any time, prepay any amounts outstanding under this Note in whole or in part without premium or penalty.

7. **Non-recourse.** This Note and the Deed of Trust shall be non-recourse. In the event of a default by Borrower under the terms of this Note or the Deed of Trust, Borrower shall not be personally liable for the payment of the indebtedness evidenced by, or any default under, this Note or the Deed of Trust, and any judgment or decree in any action brought to enforce the obligations of Borrower to pay such indebtedness or brought because of any such default shall be enforceable against Borrower only to the extent of Borrower's interest in the Property. Any judgment or decree shall not be subject to execution, or be a lien, on the assets of Borrower or the members in Borrower, other than Borrower's interest in the Property.

8. **Miscellaneous.** If this Note is executed by more than one person as Borrower, the obligations of each such person shall be joint and several. Time is of the essence with respect to every provision hereof. This Note shall be construed and enforced in accordance with the laws of the State of California, and all persons and entities in any manner obligated under this Note consent to the jurisdiction of any federal or state court within the State of California having proper venue and also consent to service of process by any means authorized by California or federal law. If any provision hereof is found to be invalid or unenforceable by a court of competent jurisdiction, the invalidity thereof shall not affect the enforceability of the remaining provisions of this Note.

9. **Attorneys' Fees.** If any attorney is engaged by Lender to enforce or defend any provision of this Note, or as a consequence of any Event of Default, with or without the filing of any legal action or proceeding, including, but not limited to, Lender's appearance in any bankruptcy proceeding related to Borrower or this Note, then Borrower shall pay to Lender immediately upon demand all attorneys' fees and all costs incurred by Lender in connection therewith, together with interest thereon from the date of such demand until paid at the rate of interest applicable to the principal balance owing hereunder as if such unpaid attorneys' fees and costs had been added to the principal.

10. **Default Rate.** From and after the occurrence of an Event of Default hereunder, overdue payments of principal, interest and charges, costs and expenses hereunder shall bear interest, from the date the same became due and payable, at an annual rate which is four (4) percentage points above the Interest Rate otherwise then applicable.

EXHIBIT D-2
PURCHASE MONEY PROMISSORY NOTE

11. **Late Charge.** In the event any payment under Section 3 above is not paid within ten (10) business days after Lender provides Borrower with written notice of Borrower's failure to make timely payment pursuant to Section 3, Borrower shall immediately pay Lender a late charge of one percent (1%) of the amount of the payment due. Such late charge shall be payable to Lender as additional interest and not as a penalty.

"BORROWER"

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

By: _____
: Agency Director

ATTEST:

Agency Secretary

EXHIBIT D-3
PURCHASE MONEY PROMISSORY NOTE

EXHIBIT E

DEED OF TRUST

RECORDING REQUESTED BY

AND WHEN RECORDED MAIL TO

DEED OF TRUST WITH ASSIGNMENT OF RENTS

This **DEED OF TRUST WITH ASSIGNMENT OF RENTS** is made as of _____, 2010, by and among **RICHARD KIL and YONG HUI KIL**, husband and wife, as joint tenants, herein called TRUSTOR, whose address is 11222 Acacia Parkway, Garden Grove, California 92840, **WESTERN RESOURCES TITLE**, a California corporation, herein called TRUSTEE, and **RICHARD KIL and YONG HUI KIL**, husband and wife, as joint tenants, herein called BENEFICIARY. Trustor irrevocably grants, transfers and assigns to Trustee in Trust, with Power of Sale that property located in the City of Garden Grove, County of Orange, State of California, described in Schedule 1 attached hereto and incorporated herein, together with the rents, issues and profits thereof, subject, however, to the right, power and authority hereinafter given to and conferred upon Beneficiary to collect and apply such rents, issues and profits.

This Deed of Trust is executed and delivered for the purpose of securing: (1) payment of the sum of Two Million, Five Hundred Thousand Dollars (\$2,500,000), with interest thereon according to the terms of a promissory note or notes of even date herewith made by Trustor, payable to order of Beneficiary, and extensions or renewals thereof; (2) the performance of each agreement of Trustor incorporated by reference or contained herein or reciting it is so secured; and (3) payment of additional sums and interest thereon which may hereafter be loaned to Trustor, or his successors or assigns, when evidenced by a promissory note or notes reciting that they are secured by this Deed of Trust.

To protect the security of this Deed of Trust, and with respect to the property above described, Trustor expressly makes each and all of the agreements, and adopts and agrees to perform and be bound by each and all of the terms and provisions set forth in subdivision A of that certain Fictitious Deed of Trust referenced herein, and it is mutually agreed that all of the provisions set forth in subdivision B of that certain Fictitious Deed of Trust recorded in the book and page of Official Records in the office of the county recorder of the county where said property is located, noted below opposite the name of such county, namely:

EXHIBIT E-1
DEED OF TRUST

COUNTY	BOOK	PAGE	COUNTY	BOOK	PAGE	COUNTY	BOOK	PAGE	COUNTY	BOOK	PAGE
Alameda	1288	556	Kings	858	713	Placer	1028	379	Sierra	38	187
Alpine	3	130-31	Lake	437	110	Plumes	166	1307	Siskiyou	506	762
Amador	133	438	Lassen	192	367	Riverside	3778	347	Solano	1287	621
Butte	1330	513	Los Angeles	T-3878	874	Sacramento	71-10-26	615	Sonoma	2067	427
Calveras	185	338	Madera	911	136	San Benito	300	405	Stanislaus	1970	56
Colusa	323	391	Marin	1849	122	San Bernardino	6213	768	Sutter	655	585
Contra Costa	4684	1	Mariposa	90	453	San Francisco	A-804	596	Tehama	457	183
Del Norte	101	549	Mendocino	667	99	San Joaquin	2885	283	Trinity	108	595
El Dorado	704	635	Merced	1660	753	San Luis Obispo	1311	137	Tulare	2530	108
Fresno	5052	623	Modoc	191	93	San Mateo	4778	175	Tuolumne	177	160
Glenn	469	76	Mono	69	302	Santa Barbara	2065	881	Ventura	2607	237
Humboldt	801	83	Monterey	357	239	Santa Clara	6626	664	Yolo	769	16
Imperial	1189	701	Napa	704	742	Santa Cruz	1638	607	Yuba	398	693
Inyo	165	672	Nevada	363	94	Shasta	800	633			
Kern	3756	690	Orange	7182	18	San Diego Series 5 Book 1964, Page 149774					

shall inure to and bind the parties hereto, with respect to the property above described. Said agreements, terms and provisions contained in said subdivisions A and B (identical in all counties) are preprinted on the following pages hereof and are by the within reference thereto, incorporated herein and made a part of this Deed of Trust for all purposes as fully as if set forth at length herein, and Beneficiary may charge for a statement regarding the obligation secured hereby, provided the charge thereof does not exceed the maximum allowed by law.

The undersigned Trustor, requests that a copy of any notice of default and any notice of sale hereunder be mailed to him at his address hereinbefore set forth.

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

By: _____
Matthew Fertal, Agency Director

ATTEST:

Agency Secretary

DO NOT RECORD

The following is a copy of Subdivisions A and B of the fictitious Deed of Trust recorded in each County in California as stated in the foregoing Deed of Trust and incorporated by reference in said Deed of Trust as being a part thereof as if set forth at length therein.

A. To protect the security of this Deed of Trust, Trustor agrees:

(1) To keep said property in good condition and repair; not to remove or demolish any building thereon; to complete or restore promptly and in good and workmanlike manner any building which may be constructed, damaged or destroyed thereon and to pay when due all claims for labor performed and materials furnished therefor; to comply with all laws affecting said property or requiring any alterations or improvements to be made thereon; not to commit or permit waste thereof; not to commit, suffer, or permit any act upon said property in violation of law; to cultivate, irrigate, fertilize, fumigate, prune and do all other acts which from the character or use of said property may be reasonably necessary, the specific enumerations herein not excluding the general.

(2) To provide, maintain and deliver to Beneficiary fire insurance satisfactory to and with loss payable to Beneficiary. The amount collected under any fire or other insurance policy may be applied by Beneficiary upon any indebtedness secured hereby and in such order as Beneficiary may determine, or at option of Beneficiary the entire amount so collected or any part thereof may be released to Trustor. Such application or release shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

(3) To appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; and to pay all costs and expenses, including cost of evidence of title and attorney's fees in a reasonable sum, in any action or proceeding in which Beneficiary or Trustee may appear, and in any suit brought by Beneficiary to foreclose this Deed.

(4) To pay: at least ten days before delinquency all taxes and assessments affecting said property, including assessments on appurtenant water stock; when due, all encumbrances, charges and liens, with interest, on said property or any part thereof, which appear to be prior or superior hereto; all costs, fees and expenses of this Trust.

Should Trustor fail to make any payment or to do any act as herein provided, then Beneficiary or Trustee, but without obligation so to do and without notice to or demand upon Trustor and without releasing Trustor from any obligation hereof, may, make or do the same in such manner and to such extent as either may deem necessary to protect the security hereof, Beneficiary or Trustee being authorized to enter upon said property for such purposes; appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; pay, purchase, contest or compromise any encumbrance, charge, or lien which in the judgment of either appears to be prior or superior hereto; and, in exercising any such powers, pay necessary expenses, employ counsel and pay his or her reasonable fees.

(5) To pay immediately and without demand all sums so expanded by Beneficiary or Trustee, with interest from date of expenditure at the amount allowed by law in effect at the date hereof, and to pay for any statement provided for by law in effect at the date hereof regarding the obligation secured hereby, any amount demanded by the Beneficiary not to exceed the maximum allowed by law at the time when said statement is demanded.

EXHIBIT E-3
DO NOT RECORD

B. It is mutually agreed:

(1) That any award of damages in connection with any condemnation for public use of or injury to said property or any part thereof is hereby assigned and shall be paid to Beneficiary who may apply or release such moneys received by him or her in the same manner and with the same effect as above provided for regarding disposition of proceeds of fire or other insurance.

(2) That by accepting payment of any sum secured hereby after its due date, Beneficiary does not waive his or her right either to require prompt payment when due of all other sums so secured or to declare default for failure so to pay.

(3) That at any time or from time to time, without liability therefor and without notice, upon written request of Beneficiary and presentation of this Deed and said note for endorsement, and without affecting the personal liability of any person for payment of the indebtedness secured hereby, Trustee may: reconvey any part of said property; consent to the making of any map or plat thereof; join in granting any easement thereon; or join in any extension agreement or any agreement subordinating the lien or charge hereof.

(4) That upon written request of Beneficiary stating that all sums secured hereby have been paid, and upon surrender of this Deed and said note to Trustee for cancellation and retention or other disposition as Trustee in its sole discretion may choose and upon payment of its fees, Trustee shall reconvey, without warranty, the property then held hereunder. The recitals in such reconveyance of any matters or facts shall be conclusive proof of the truthfulness thereof. The Grantee in such reconveyance may be described as "the person or persons legally entitled thereto."

(5) That as additional security, Trustor hereby gives to and confers upon Beneficiary the right, power and authority, during the continuance of these Trusts, to collect the rents, issues and profits of said property, reserving unto Trustor the right, prior to any default by Trustor in payment of any indebtedness secured hereby or in performance of any agreement hereunder, to collect and retain such rents, issues and profits as they become due and payable. Upon any such default, Beneficiary may at any time without notice, either in person, by agent, or by a receiver to be appointed by a court, and without regard to the adequacy of any security for the indebtedness hereby secured, enter upon and take possession of said property or any part thereof, in his or her own name sue for or otherwise collect such rents, issues, and profits, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including reasonable attorney's fees, upon any indebtedness secured hereby, and in such order as Beneficiary may determine. The entering upon and taking possession of said property, the collection of such rents, issues and profits and the application thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

(6) That upon default by Trustor in payment of any indebtedness secured hereby or in performance of any agreement hereunder, Beneficiary may declare all sums secured hereby immediately due and payable by delivery to Trustee of written declaration of default and demand for sale and of written notice of default and of election to cause to be sold said property, which notice Trustee shall Cause to be filed for record. Beneficiary also shall deposit with Trustee this Deed, said note and all documents evidencing expenditures secured hereby.

EXHIBIT E-4
DO NOT RECORD

After the lapse of such time as may then be required by law following the recordation of said notice of default, and notice of sale having been given as then required by law, Trustee, without demand on Trustor, shall sell said property at the time and place fixed by it in said notice of sale, either as a whole or in separate parcels, and in such order as it may determine, at public auction to the highest bidder for cash in lawful money of the United States, payable at time of sale. Trustee may postpone sale of all or any portion of said property by public announcement at such time and place of sale, and from time to time thereafter may postpone such sale by public announcement at the time fixed by the preceding postponement. Trustee shall deliver to such purchaser its deed conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in such deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including Trustor, Trustee, or Beneficiary as hereinafter defined, may purchase at such sale.

After deducting all costs, fees and expenses of Trustee and of this Trust, including cost of evidence of title in connection with sale, Trustee shall apply the proceeds of sale to payment of: all sums expended under the terms hereof, not then repaid, with accrued interest at the amount allowed by law in effect at the date hereof; all other sums then secured hereby; and the remainder, if any, to the person or persons legally entitled thereto.

(7) Beneficiary, or any successor in ownership of any indebtedness secured hereby, may from time to time, by instrument in writing, substitute a successor or successors to any Trustee named herein or acting hereunder, which instrument, executed by the Beneficiary and duly acknowledged and recorded in the office of the recorder of the county or counties where said property is situated, shall be conclusive proof of proper substitution of such successor Trustee or Trustees, who shall, without conveyance from the Trustee predecessor, succeed to all its title, estate, rights, powers and duties. Said instrument must contain the name of the original Trustor, Trustee and Beneficiary hereunder, the book and page where this Deed is recorded and the name and address of the new Trustee.

(8) That this Deed applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors, and assigns. The term Beneficiary shall mean the owner and holder, including pledgees of the note secured hereby, whether or not named as Beneficiary herein. In this Deed, whenever the context so requires, the masculine gender includes the feminine and/or the neuter, and the singular number includes the plural.

(9) The Trustee accepts this Trust when this Deed, duly executed and acknowledged, is made a public record as provided by law. Trustee is not obligated to notify any party hereto of pending sale under any other Deed of Trust or of any action or proceeding in which Trustor, Beneficiary or Trustee shall be a party unless brought by Trustee.

SCHEDULE 1 TO DEED OF TRUST

LEGAL DESCRIPTION

Real property in the City of Garden Grove, County of Orange, State of California, described as follows:

PARCEL 1:

HAS BEEN INTENTIONALLY OMITTED.

PARCEL 2:

AN EASEMENT FOR INGRESS AND EGRESS AND FOR PUBLIC UTILITIES OVER THE NORTH 12 FEET OF THE WEST 400 FEET OF THE NORTH HALF OF THE NORTH HALF OF THE SOUTHWEST QUARTER OF THE NORTHEAST QUARTER OF SECTION THIRTY-FOUR, TOWNSHIP FOUR SOUTH, RANGE TEN WEST, IN THE RANCHO LAS BOLSAS AS SHOWN ON A MAP RECORDED IN BOOK 51, PAGE 10 OF MISCELLANEOUS MAPS, RECORDS OF ORANGE COUNTY, CALIFORNIA.

PARCEL 3:

THE NORTH 45 FEET OF THE SOUTH 200 FEET OF THE WEST 400 FEET OF THE NORTH HALF OF THE NORTH HALF OF THE SOUTHWEST QUARTER OF THE NORTHEAST QUARTER OF SECTION 34, IN TOWNSHIP 4 SOUTH, RANGE 10 WEST, IN THE RANCHO LAS BOLSAS, AS SHOWN ON A MAP THEREOF RECORDED IN BOOK 51, PAGE 7, ET SEQ., MISCELLANEOUS MAPS, RECORDS OF SAID ORANGE COUNTY;

PARCEL 4:

A NON-EXCLUSIVE EASEMENT FOR THE OPERATION AND MAINTENANCE OF WATER PIPE LINES OVER THE EAST 6 FEET OF SAID WEST 400 FEET OF THE NORTH HALF OF THE NORTH HALF OF THE SOUTHWEST QUARTER OF THE NORTHEAST QUARTER OF SECTION 34, TOWNSHIP 4 SOUTH, RANGE 10 WEST, IN THE RANCHO LAS BOLSAS, IN THE CITY OF GARDEN GROVE, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS SHOWN ON A MAP RECORDED IN BOOK 51, PAGE 10 OF MISCELLANEOUS MAPS, RECORDS OF ORANGE COUNTY, CALIFORNIA. EXCEPT THEREFROM THE NORTH 12 FEET. ALSO EXCEPTING THE SOUTH 200 FEET THEREOF.

PARCEL 5:

THE SOUTH 200 FEET OF THE WEST 400 FEET OF THE NORTH HALF OF THE NORTH HALF OF THE SOUTHWEST QUARTER OF THE NORTHEAST QUARTER OF SECTION 34 IN TOWNSHIP 4 SOUTH, RANGE 10 WEST, IN THE RANCHO LAS BOLSAS, IN THE CITY OF GARDEN GROVE, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS SHOWN ON A

SCHEDULE 1-1
TO EXHIBIT E

MAP THEREOF RECORDED IN BOOK 51, PAGE 7, ET SEQ., MISCELLANEOUS MAPS,
RECORDS OF SAID ORANGE COUNTY.

EXCEPT THE NORTH 45 FEET THEREOF;

ALSO EXCEPT THEREFROM THE SOUTH 84 FEET THEREOF;

PARCEL 6:

THE SOUTH 84 FEET OF THE WEST 400 FEET OF THE NORTH ONE-HALF OF THE NORTH
ONE-HALF OF THE SOUTHWEST ONE-QUARTER OF THE NORTHEAST ONE-QUARTER
OF SECTION 34, TOWNSHIP 4 SOUTH, RANGE 10 WEST, IN THE RANCHO LAS BOLSAS
AS SHOWN ON A MAP THEREOF RECORDED IN BOOK 51, PAGE 10 ET SEQ., OF
MISCELLANEOUS MAPS, RECORDS OF SAID ORANGE COUNTY.

APN: 231-521-03, 231-521-04 & 05

SCHEDULE 1-2
TO EXHIBIT E