

**City of Garden Grove as Successor Agency to the
Grove Agency for Community Development**

INTER-DEPARTMENT MEMORANDUM

To: Matthew J. Fertal
Dept: Director
Subject: PURCHASE AND SALE
AGREEMENT WITH ROBERT
DONOVAN FOR THE
ACQUISITION OF REAL
PROPERTY LOCATED AT 12551
TWINTREE LANE, GARDEN
GROVE

From: Greg Blodgett
Dept: Economic Development
Date: February 14, 2012

OBJECTIVE

It is requested that the City of Garden Grove as Successor Agency to the Garden Grove Agency for Community Development ("Successor Agency") consider the acquisition of real property located at 12551 Twintree Lane, Garden Grove ("Subject Property"), owned by Robert L. Donovan ("Owner").

BACKGROUND

On June 14, 2011, the Garden Grove Agency for Community Development ("Agency") entered into a Disposition and Development Agreement ("DDA") with Land & Design, Inc. ("Developer"), for the development of a 300 to 400 room Upper Upscale Hotel with approximately 19 stories and a Limited Service Hotel with 300-400 rooms and a minimum of 10,000 square feet of meeting space and up to 65,000 square feet of retail/ restaurant/ entertainment space. The DDA is an enforceable obligation and requires the Agency to assemble the property and convey the property to the Developer. That obligation now rests with the Successor Agency. The Subject Property is located within the Hotel Development Site and must be purchased under the terms of the DDA.

Staff received a proposal from the Owner offering to sell the Subject Property. The Subject Property contains approximately 7,183 square feet of land and is currently improved with a 932 square foot single-family residence.

DISCUSSION

Staff has negotiated a Purchase and Sale Agreement for \$390,000 to acquire fee title interest of Subject Property. Escrow is to close within 180 days. The Owner has agreed to waive his relocation benefits as he initiated negotiations.

FINANCIAL IMPACT

Appropriation of redevelopment funds of \$390,000, plus necessary closing costs.

RECOMMENDATION

Based on the abovementioned, staff recommends that the City of Garden Grove as Successor Agency to the Garden Grove Agency for Community Development:

- Approve the acquisition of the Subject Property;
- Authorize the Successor Agency Director, on behalf of the Successor Agency, to execute the Purchase and Sale Agreement and related pertinent documents and make minor modifications as needed;
- Authorize the Secretary of the Successor Agency, on behalf of the Successor Agency to accept the Grant Deed;
- Authorize the Finance Director to draw a warrant of redevelopment funds in the amount of Three Hundred Ninety Thousand Dollars (\$390,000) and funds necessary for closing costs; and
- Authorize the Successor Agency Director to execute agreements for asbestos and lead-based paint testing, asbestos and lead-based paint abatement, and demolition at the lowest responsible bids.



GREG BLODGETT

Senior Project Manager

Attachment 1: Agreement for Acquisition of Real Property and Escrow Instructions

so(h:chron/Paul/ Staff Report 12551 Twintree Lane 021412)

Recommended for Approval



Matthew Feral
City Manager

Project: Site C
APN: 231-521-09
Address: 12551 Twintree Lane, Garden Grove, CA

**AGREEMENT FOR ACQUISITION OF REAL PROPERTY
AND ESCROW INSTRUCTIONS**

THIS AGREEMENT FOR ACQUISITION OF REAL PROPERTY AND ESCROW INSTRUCTIONS (the "**Agreement**") is made and entered into as of _____, 2012, by and between the City of Garden Grove, as Successor Agency to the Garden Grove Agency for Community Development, a public agency ("**Buyer**"), and **ROBERT L. DONOVAN** ("**Seller**"), with reference to the following facts:

RECITALS

A. Seller is the owner of certain real property located at 12551 Twintree Lane, City of Garden Grove (the "**City**"), the County of Orange (the "**County**"), State of California (the "**State**"), designated as Assessor's Parcel Nos. 231-521-09, and ancillary rights connected therewith, including all rights appurtenant thereto, including, but not limited to, onsite and offsite wells and water rights, oil, gas, minerals, easements and profit, more particularly described on Exhibit A attached hereto (the "**Property**").

B. Seller desires to convey to Buyer and Buyer desires to acquire from Seller the Property, in accordance with the terms and conditions contained in this Agreement.

AGREEMENT

NOW, THEREFORE, for and in consideration of the mutual covenants and agreements contained in this Agreement, and other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged by Seller, Buyer and Seller hereby agree as follows:

1. PURCHASE AND SALE.

1.1. Agreement to Buy and Sell. Subject to the terms and conditions set forth herein, Seller hereby agrees to sell and convey to Buyer, and Buyer hereby agrees to acquire and purchase from Seller, the Property. As used herein the "Property" shall include the real property identified on Exhibit A and all of Seller's right, title and interest in and to any and all entitlements, tenements, hereditaments, easements, easement rights, rights to half-widths of all adjacent public streets and public rights of way, mineral rights, oil and gas rights, water, water rights, air rights, development rights and privileges appurtenant thereto and all improvements located thereon.

1.2. Purchase Price. The purchase price ("**Purchase Price**") for the Property shall be Three Hundred Ninety Thousand Dollars and 00/100 (\$390,000.00) payable as cash at closing.

2. ESCROW AND CLOSING.

2.1. Opening of Escrow. Within fourteen (14) business days after execution of this Agreement by the last of Seller or Buyer, Buyer shall open an escrow (the "**Escrow**") with West Coast Escrow, at the address set forth in Section 7.12 ("**Escrow Holder**"), by depositing with Escrow Holder this Agreement fully executed, or executed counterparts hereof. The date this fully

executed Agreement is signed and accepted by Escrow Holder on the last page hereof shall be deemed the "**Opening of Escrow**" and Escrow Holder shall advise Buyer and Seller of such date in writing. The escrow instructions shall incorporate this Agreement as part thereof and shall contain such other standard and usual provisions as may be required by Escrow Holder, provided, however, that no escrow instructions shall modify or amend any provision of this Agreement, unless expressly set forth in writing by mutual consent of Buyer and Seller. In the event there is a conflict between any such standard or usual provisions and the provisions of this Agreement, the provisions of this Agreement shall control.

2.2. Escrow Fees and Other Charges. At the Close of Escrow, Buyer agrees to pay all of Seller's and Buyer's usual fees, charges and costs incidental to the conveyance of the Property which arise in this Escrow.

2.3. Closing Date; Conditions Precedent to Close of Escrow. Provided all of the conditions precedent set forth in this Section 2.3 have been satisfied (or are in a position to be satisfied concurrently with the Close of Escrow), the Close of Escrow shall occur on or before 180-days after the effective date of this Agreement (the "**Closing Date**"). As used in this Agreement, the "**Close of Escrow**" shall mean the date a Grant Deed, as provided in Section 2.4.2(a) hereof ("**Grant Deed**"), is recorded in the Official Records of the County.

2.3.1 Conditions to Buyer's Obligations. The Close of Escrow and Buyer's obligation to purchase the Property are subject to the satisfaction of the following conditions or Buyer's written waiver of such conditions on or before the Closing Date. Buyer may waive in writing any or all of such conditions in its sole and absolute discretion.

(a) Seller shall have performed all obligations to be performed by Seller pursuant to this Agreement; and

(b) No event or circumstance shall have occurred which would make any of Seller's representations, warranties and covenants set forth herein untrue as of the Close of Escrow; and

(c) Buyer shall have approved the physical condition of the Property; and

(d) The Buyer shall have approved the condition of Title to the Property and the Title Company shall be committed to issue to Buyer, as of the Closing Date, the Title Policy (defined below) covering the Property, subject only to the Permitted Exceptions.

2.3.2 Conditions to Seller's Obligations. The Close of Escrow and Seller's obligation to sell and convey the Property are subject to the satisfaction of the following conditions or Seller's written waiver of such conditions on or before the Closing Date. Seller may waive in writing any or all of such conditions as a condition to the Close of Escrow in its sole and absolute discretion.

(a) Buyer shall have performed all obligations to be performed by Buyer pursuant to this Agreement; and

(b) No event or circumstance shall have occurred which would make any of Buyer's representations, warranties and covenants set forth herein untrue as of the Close of Escrow.

2.3.3 Waiver of a Condition Does Not Excuse Performance. If any condition precedent to the Close of Escrow is expressly waived, in writing, as a condition to the Close of Escrow by the party for whose benefit such condition exists, then, to the extent such condition is capable of being satisfied following the Close of Escrow, such condition shall become a condition subsequent to the Close of Escrow and shall be satisfied by the party whose performance is required to satisfy such condition as soon as reasonably possible following the Close of Escrow.

2.4. Closing Documents. The parties shall deposit the following with Escrow Holder prior to the Close of Escrow:

2.4.1 Buyer's Deposits. Buyer shall deposit:

(a) The Purchase Price together with Buyer's escrow and other cash charges; and

(b) A Certificate of Acceptance for the Grant Deed.

2.4.2 Seller's Deposits. Seller shall deposit:

(a) The Grant Deed in the form of Exhibit B attached hereto, conveying the Property subject only to the Permitted Exceptions (defined below);

(b) Subject to Section 2.5.1 below, an executed Affidavit of Non-foreign Status in the form of Exhibit C attached hereto and such other documentation necessary to exempt Seller from the withholding requirements of Section 1445 of the Internal Revenue Code of 1986, as amended, and the regulations thereunder; and

(c) Subject to Section 2.5.1 below, a Withholding Exemption Certificate Form 593 as contemplated by California Revenue and Taxation Code §18662 (the "**Withholding Affidavit**") duly executed by Seller.

2.4.3 Deposits of Additional Instruments. Seller and Buyer shall each deposit such other instruments as are reasonably required by Escrow Holder or otherwise required to proceed to the Close of Escrow and consummate the sale of the Property in accordance with the terms of this Agreement.

2.5. Closing.

2.5.1 Withholding. In the event that, pursuant to Section 2.4.2(b) above, Seller fails to deposit with Escrow Holder the executed Affidavit of Non-foreign Taxpayer Status which exempts Seller from the withholding requirements of Section 1445 of the Internal Revenue Code of 1986, as amended, and the regulations thereunder, Seller hereby authorizes Escrow Holder to withhold ten percent (10%) of the Purchase Price of the Property less any applicable closing costs and to report and transmit the withheld amount to the Internal Revenue Service. Additionally, in the event that, pursuant to Section 2.4.2(c) above, Seller fails to deposit with Escrow Holder any applicable tax document which exempts Buyer from California withholding requirements, if any, Seller hereby authorizes Escrow Holder to withhold such additional percentage of the Purchase

Price of the Property as is required by California law, and Escrow Holder shall report and transmit the withheld amount in the manner required by California law. By agreeing to act as Escrow Holder hereunder, Escrow Holder expressly agrees to undertake and be responsible for all withholding obligations imposed pursuant to Section 1445 of the Internal Revenue Code of 1986, as amended, and the regulations thereunder and under any similar provisions of California law, and shall defend, indemnify and hold Buyer harmless in connection with such obligations.

2.5.2 Necessary Actions of Escrow Holder. On the Close of Escrow, Escrow Holder shall: (i) record the Grant Deed in the Office of the County Recorder of the County, (ii) pay any transfer taxes, (iii) instruct the County Recorder to return the Grant Deed to Buyer, (iv) distribute to Seller the Purchase Price, and (v) deliver to Buyer the Title Policy covering the Property subject only to the Permitted Exceptions, the Affidavit of Non-foreign Status and the applicable California withholding exemption form, if any.

2.5.3 Taxes and Assessments. Real property taxes and assessments shall be prorated as of the Close of Escrow on the basis of the most recent tax information and such proration shall be final. Said prorations shall be based on a three hundred sixty-five (365) day year.

2.5.4 Title and Possession. Upon the Close of Escrow, title to and exclusive possession of the Property shall be conveyed to Buyer, subject only to the Permitted Exceptions.

2.6. Failure to Close: Termination.

2.6.1 Neither Party in Default. In the event that any condition set forth in Section 2.3 is not satisfied or waived, in writing, and the Close of Escrow does not occur within the time required herein due to the failure of such condition or the Close of Escrow does not occur within the time frame required herein for any reason other than Seller's or Buyer's breach of or default of its respective obligations hereunder, or if this Agreement is terminated without default by either party as otherwise set forth herein, then Escrow Holder, with no further instructions from the parties hereto, shall return to the depositor thereof any funds, or other materials previously delivered to Escrow Holder, the Escrow shall be automatically terminated and of no force and effect, Buyer shall pay any Escrow termination fees, and except as otherwise provided herein the parties will have no further obligation to one another.

3. ACTIONS PENDING CLOSING.

3.1. Title Review.

3.1.1 Title Report. Within three (3) business days after the Opening of Escrow, Western Resources Title Company (the "**Title Company**") will furnish Buyer with an updated Title Commitment on the Property together with legible copies of all documents referenced therein as exceptions to title and a plot plan for the Property showing all the locations of all easements referenced therein (collectively, the "**Title Commitment**").

3.1.2 Title Notices. Buyer shall have thirty (30) business days after its actual receipt of the Title Commitment to deliver to Escrow Holder written notice (the "**Preliminary Title Notice**") of Buyer's approval, conditional approval or disapproval of the title matters disclosed in the Title Commitment. All matters not timely approved by Buyer will be deemed disapproved. All such exceptions disapproved by Buyer are referred to herein as "**Disapproved Exceptions**". Within ten (10) days after Seller's receipt of the Preliminary Title Notice, Seller shall notify Buyer in

writing whether Seller intends to remove the Disapproved Exceptions. If Seller notifies Buyer of an intention to eliminate the Disapproved Exceptions, Seller shall do so prior to Close of Escrow. If Seller indicates to Buyer in writing within the time allowed that Seller does not intend to remove any of the Disapproved Exceptions, then Buyer, by notifying Seller within ten (10) days of Seller's notice to Buyer, may elect to terminate this Agreement or to waive, and take the Property subject to, such Disapproved Exceptions.

3.1.3 Permitted Exceptions. "**Permitted Exceptions**" shall mean all exceptions appearing on the Title Commitment which are: (i) standard printed exceptions in the Title Policy issued by Title Company; (ii) general and special real property taxes and assessments, a lien not yet due and payable; and (iii) any other liens, easements, encumbrances, covenants, conditions and restrictions of record approved, or expressly waived by Buyer pursuant to this Section 3.1.

3.2. Title Policy. Buyer's obligation to proceed to the Close of Escrow shall be conditioned upon the commitment by Title Company to issue an ALTA Standard Coverage Owner's Policy of Title Insurance (the "**Standard Coverage Policy**"), showing title to the Property vested in Buyer with liability equal to the Purchase Price, subject only to the Permitted Exceptions. At Buyer's option, Buyer may require an ALTA Extended Coverage Owner's Policy instead of the Standard Coverage Policy provided that Buyer pays any additional premium on account thereof. The form of title policy selected by Buyer shall be referred to herein as the "**Title Policy**".

3.3. Condition of Property and Buyer Inspections.

3.3.1 Maintenance of Property. Seller shall maintain the Property in substantially the same condition as on the effective date of this Agreement.

3.3.2 Buyer's Right to Inspect. Buyer may enter upon the Property, at reasonable times after the giving of at least forty-eight (48) hours' notice to Seller, for the purpose of inspecting the property and conducting such tests and studies as Buyer may deem necessary and desirable, all at Buyer's sole cost. Immediately after performing such tests and studies on the Property, Buyer shall restore the Property to the same condition as prior to performing such tests and studies, including, without limitation, recompaction or removal of any disrupted soil or material as Seller may reasonably direct. Buyer hereby indemnifies, defends and holds Seller harmless from any and all losses, damages, costs, liabilities and expenses, including, without limitation, reasonable attorneys' fees (and those fees incurred upon any appeals) and court costs incurred or suffered by Seller, whether directly or proximately, by the act or omission of Buyer or Buyer's representatives during their inspections of the Property.

3.4. Seller's Covenant Not to Further Encumber the Property. Seller shall not, directly or indirectly, alienate, encumber, transfer, option, lease, assign, sell, transfer or convey its interest or any portion of its interest in the Property, or any portion thereof, or enter into any agreement to do so, so long as this Agreement is in force. Seller shall timely discharge, prior to the Closing, any and all obligations relating to work performed on or conducted at or materials delivered to or for the Property from time to time by Seller, or at Seller's direction or on its behalf, in order to prevent the filing of any claim or mechanic's lien with respect to such work or materials.

3.5. Loss or Damage to Improvements. Loss or damage to the Property, including any improvements thereon, by fire or other casualty, occurring prior to the recordation of the Grant Deed shall be at the risk of Seller. In the event that loss or damage to the Property, or any

improvements thereon, by fire or other casualty, occurs prior to the recordation of the Grant Deed, Agency may elect to require that the Seller pay to Buyer the proceeds of any insurance policy or policies which may become payable to Seller by reason thereof, or to permit such proceeds to be used for the restoration of the damage done, or to reduce the Purchase Price by an amount equal to the diminution in value of the Property by reason of such loss or damage or the amount of insurance payable to Seller, whichever is greater.

4. REPRESENTATIONS, WARRANTIES AND COVENANTS.

4.1. Seller's Representations, Warranties and Covenants. In addition to the representations, warranties and covenants of Seller contained in other sections of this Agreement, Seller hereby represents, warrants and covenants to Buyer as follows, all of which shall survive the Close of Escrow:

4.1.1 Seller's Authority. Seller is the sole owner in fee simple absolute of the Property and has the full right, capacity, power and authority to enter into and carry out the terms of this Agreement. Seller has not alienated, encumbered, transferred, leased, assigned or otherwise conveyed its interest in the Property or any portion thereof except as set forth in the Title Commitment, nor entered into any Agreement to do so, nor shall Seller do so during the term of this Agreement. The entering into and performance by Seller of the transactions contemplated by this Agreement will not violate or breach any other agreement, covenant or obligation binding on Seller, and there is no consent required from any third party before the Property may be conveyed to Buyer. This Agreement has been duly authorized and executed by Seller, and upon delivery to and execution by Buyer shall be a valid and binding agreement of Seller.

4.1.2 Hazardous Substances. Neither Seller nor any third party has used, generated, manufactured, stored or disposed any Hazardous Substances in, at, on, under or about the Property or transported any Hazardous Substance to or from the Property. Additionally, (a) the Property is not in violation, nor has been or is currently under investigation for violation of any federal, state or local law, ordinance or regulation relating to industrial hygiene, worker health and safety, or to the environmental conditions in, at, on, under or about the Property including, but not limited to, soil or groundwater conditions; (b) the Property has not been subject to, and is not within 2,000 feet of, a deposit of any Hazardous Substance; (c) there has been no discharge, migration or release of any Hazardous Substance from, into, on, under or about the Property; (d) there is not now, nor has there ever been on or in the Property underground storage tanks or surface impoundments, any asbestos-containing materials or any polychlorinated biphenyls used in hydraulic oils, electrical transformers or other equipment, and (e) there is not now, nor has there ever been, debris or refuse buried in or under the Property which would adversely affect the development of the Property. Seller hereby assigns to Buyer as of the Close of Escrow all claims, counterclaims, defenses or actions, whether at common law, or pursuant to any other applicable federal or state or other laws which Seller may have against any third parties relating to the existence of any Hazardous Substance in, at, on, under or about the Property. As used in this Agreement, the term "**Hazardous Substances**" shall have the meaning set forth on Exhibit D attached hereto. At any time prior to the Close of Escrow, Buyer shall have the right to conduct appropriate tests of water and soil to ascertain the presence of any Hazardous Substances on, in, under and about the Property.

4.1.3 Endangered Species. To Seller's knowledge, there are no endangered species or protected natural habitat, flora or fauna located on the Property, nor is any portion of the Property located in what is or may be designated as a wetland.

4.1.4 Mechanic's Liens. There are no mechanics', material men's or other claims or liens presently claimed or which will be claimed against the Property for work performed or commenced prior to the date of this Agreement or relating to the environmental condition of the Property. Seller agrees to hold Buyer harmless from all costs, expenses, liabilities, losses, charges and fees, including without limitation attorneys' fees, arising from or relating to any such lien or any similar lien claimed against the Property and arising from work performed or commenced prior to the Close of Escrow.

4.1.5 Leases/Easements. There are no leases, rental agreements or other such contracts of any kind or nature affecting possession or occupancy of the Property, and Seller shall not enter into any such contracts during the term of this Agreement without the prior consent of Buyer.

4.1.6 Pending Litigation. There is no pending litigation or threatened litigation, which does or may adversely affect the Property.

4.1.7 Contracts and Agreements: Seller is not in default of its obligations under any contract, agreement or instrument to which Seller is a party which would adversely affect the value of the Property or Seller's ability to perform its obligations hereunder.

4.1.8 Bankruptcy. Neither Seller nor any related entity is the subject of a bankruptcy proceeding, and permission of a bankruptcy court is not necessary for Seller to be able to transfer the Property as provided herein.

4.1.9 Other Facts and Circumstances. There are no other facts or circumstances known to Seller that adversely affect the Property, or any part thereof or any interest therein, which will survive the Close of Escrow.

4.1.10 No Untrue Statements or Omissions of Fact. Neither this Agreement, nor any of the exhibits hereto, nor any document, certificate, or statement referred to herein or furnished to Buyer in connection with the transaction contemplated herein (whether delivered prior to, simultaneously with, or subsequent to the execution of this Agreement) contains any untrue statement of material fact or, omits to state a material fact in any way concerning the Property, or otherwise affecting or concerning the transaction contemplated hereby.

Each of the representations and warranties made by Seller in this Agreement, or in any exhibit, or on any document or instrument delivered pursuant hereto shall be continuing representations and warranties which shall be true and correct in all material respects on the date hereof, and shall be deemed to be made again as of the Close of Escrow and shall then be true and correct in all material respects. The truth and accuracy of each of the representations and warranties, and the performance of all covenants of Seller contained in this Agreement, are conditions precedent to the Close of Escrow. Seller shall immediately notify Buyer of any fact or circumstance which becomes known to Seller which would make any of the foregoing representations or warranties untrue.

4.2. Buyer's Representations and Warranties. Buyer represents and warrants to Seller as follows, all of which shall survive the Close of Escrow:

4.2.1 Buyer's Authority. Buyer has the capacity and full power and authority to enter into and carry out the agreements contained in, and the transactions contemplated by, this

Agreement, and that this Agreement has been duly authorized and executed by Buyer and, upon delivery to and execution by Seller, shall be a valid and binding Agreement of Buyer.

4.2.2 No Untrue Statements or Omissions of Fact. Neither this Agreement, nor any of the exhibits hereto, nor any document, certificate, or statement referred to herein or furnished to Seller in connection with the transaction contemplated herein (whether delivered prior to, simultaneously with, or subsequent to the execution of this Agreement) contains any untrue statement of material fact or, omits to state a material fact in any way concerning the Property, or otherwise affecting or concerning the transaction contemplated hereby.

Each of the representations and warranties made by Buyer in this Agreement, or in any exhibit or on any document or instrument delivered pursuant hereto, shall be continuing representations and warranties which shall be true and correct in all material respects on the date hereof, and shall be deemed to be made again as of the Close of Escrow, and shall then be true and correct in all material respects. The truth and accuracy of each of the representations and warranties, and the performance of all covenants of Buyer contained in this Agreement, are conditions precedent to the Close of Escrow. Buyer shall notify Seller immediately of any facts or circumstances which are contrary to the foregoing representations and warranties contained in this Section 4.2.

4.3. Mutual Indemnity. Seller and Buyer shall defend, indemnify and hold free and harmless the other from and against any losses, damages, costs and expenses (including attorneys' fees) resulting from any inaccuracy in or breach of any representation or warranty of the indemnifying party or any breach or default by such indemnifying party under any of such indemnifying party's covenants or agreements contained in this Agreement.

5. CONDEMNATION. Seller and Buyer acknowledge that this transaction is a negotiated settlement in lieu of condemnation, and Seller hereby agrees and consents to the dismissal or abandonment of any eminent domain action in the Superior Court of the State of California in and for the County of Orange, wherein the herein described property is included and also waives any and all claims to any money on deposit in the action and further waives all attorneys' fees, costs, disbursements, and expenses incurred in connection therewith. Moreover, the total compensation to be paid by Buyer to Seller is for all of Seller's interest in the Property and any rights which exist or may arise out of the acquisition of the Property for public purposes, including without limitation, Seller's interest in the land and any improvements and fixtures and equipment located thereon, improvements pertaining to the realty (if any), severance damages, any alleged pre-condemnation damages, loss of business goodwill (if any), costs, interest, attorney's fees, and any claim whatsoever of Seller which might arise out of or relate in any respect to the acquisition of the Property by the Buyer.

6. BROKERS.

6.1. Seller and Buyer each represents and warrants to the other that they have not dealt with or been represented by any brokers or finders in connection with the purchase and sale of the Property and that no commissions or finder's fees are payable in connection with this transaction. Buyer and Seller each agree to indemnify and hold harmless the other against any loss, liability, damage, cost, claim or expense (including reasonable attorneys' fees) incurred by reason of breach of the foregoing representation by the indemnifying party. Notwithstanding anything to the contrary contained herein, the representations, warranties, indemnities and agreements contained in this Section 5 shall survive the Close of Escrow or earlier termination of this Agreement.

7. GENERAL PROVISIONS.

7.1. Counterparts; Facsimile Signatures. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which, taken together, shall constitute one and the same instrument and any executed counterpart may be delivered by facsimile transmission with the same effect as if an originally executed counterpart had been delivered.

7.2. Further Assurances. Each of the parties agrees to execute and deliver such other instruments and perform such acts, in addition to the matters herein specified, as may be appropriate or necessary to effectuate the agreements of the parties, whether the same occurs before or after the Close of Escrow.

7.3. Entire Agreement. This Agreement, together with all exhibits hereto and documents referred to herein, if any, constitute the entire agreement among the parties hereto with respect to the subject matter hereof, and supersede all prior understandings or agreements. This Agreement may be modified only by a writing signed by both parties. All exhibits to which reference is made in this Agreement are deemed incorporated in this Agreement whether or not actually attached.

7.4. Headings. Headings used in this Agreement are for convenience of reference only and are not intended to govern, limit, or aid in the construction of any term or provision hereof.

7.5. Choice of Law. This Agreement and each and every related document are to be governed by, and construed in accordance with, the laws of the State of California.

7.6. Severability. If any term, covenant, condition or provision of this Agreement, or the application thereof to any person or circumstance, shall to any extent be held by a court of competent jurisdiction or rendered by the adoption of a statute by the State of California or the United States invalid, void or unenforceable, the remainder of the terms, covenants, conditions or provisions of this Agreement, or the application thereof to any person or circumstance, shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby; provided that the invalidity or unenforceability of such provision does not materially adversely affect the benefits accruing to, or the obligations imposed upon, any party hereunder, and the parties agree to substitute for the invalid or unenforceable provision a valid and enforceable provision that most closely approximates the intent and economic effect of the invalid or unenforceable provision.

7.7. Waiver of Covenants, Conditions or Remedies. The waiver by one party of the performance of any covenant, condition or promise, or of the time for performing any act, under this Agreement shall not invalidate this Agreement nor shall it be considered a waiver by such party of any other covenant, condition or promise, or of the time for performing any other act required, under this Agreement. The exercise of any remedy provided in this Agreement shall not be a waiver of any other remedy provided by law, and the provisions of this Agreement for any remedy shall not exclude any other remedies unless they are expressly excluded.

7.8. Legal Advice. Each party has received independent legal advice from its attorneys with respect to the advisability of executing this Agreement and the meaning of the provisions hereof. The provisions of this Agreement shall be construed as to the fair meaning and not for or against any party based upon any attribution of such party as the sole source of the language in question.

7.9. Relationship of Parties. The parties agree that their relationship is that of Seller and Buyer, and that nothing contained herein shall constitute either party, the agent or legal representative of the other for any purpose whatsoever, nor shall this Agreement be deemed to create any form of business organization between the parties hereto, nor is either party granted the right or authority to assume or create any obligation or responsibility on behalf of the other party, nor shall either party be in any way liable for any debt of the other.

7.10. Attorneys' Fees. In the event that any party hereto institutes an action or proceeding for a declaration of the rights of the parties under this Agreement, for injunctive relief, for an alleged breach or default of, or any other action arising out of, this Agreement, or the transactions contemplated hereby, or in the event any party is in default of its obligations pursuant thereto, whether or not suit is filed or prosecuted to final judgment, the non-defaulting party or prevailing party shall be entitled to its actual attorneys' fees and to any court costs incurred, in addition to any other damages or relief awarded.

7.11. Assignment. Neither Seller nor Buyer shall assign its rights or delegate its obligations hereunder without the prior written consent of the other, which consent shall not be unreasonably withheld or delayed. Subject to the foregoing, this Agreement shall be binding upon and shall inure to the benefit of the successors and permitted assigns of the parties to this Agreement.

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

If to Buyer, to:

Attn: Greg Blodgett
City of Garden Grove
11222 Acacia Parkway
Garden Grove, CA 92840
Facsimile No.: (714) 741-5124
Telephone No.: (714) 741-5131

With a copy to:

Attn: Thomas F. Nixon, Esq.
City Attorney
c/o Woodruff, Spradlin & Smart
555 Anton Boulevard, Suite 1200
Costa Mesa, CA 92626
Facsimile No.: (714) 835-7787
Telephone No.: (714) 558-7000

If to Seller, to:

Attn: Robert L. Donovan
12551 Twintree
Garden Grove, CA 92840
Facsimile No.: (000) 000-0000
Telephone No.: (000) 000-0000

If to Escrow Holder: Attn: Paula Vinnedge
 c/o West Coast Escrow
 12681 Newport Avenue, Ste A
 Tustin, CA 92780
 Facsimile No.: (714) 777-5600
 Telephone No.: (714) 777-4600

If to Title Company: Attn: David Noble
 c/o Western Resources Title
 625 The City Drive, Suite 150
 Orange, CA 92868
 Facsimile No.: (—)
 Telephone No. (714) 748-7000

Notices delivered by air courier shall be deemed to have been given the next business day after deposit with the courier and notices mailed shall be deemed to have been given on the second day following deposit of same in any United States Post Office mailbox in the state to which the notice is addressed or on the third day following deposit in any such post office box other than in the state to which the notice is addressed, postage prepaid, addressed as set forth above. Notices sent via telecopy shall be deemed delivered the same business day transmitted. The addresses, addressees, and telecopy numbers for the purpose of this Paragraph, may be changed by giving written notice of such change in the manner herein provided for giving notice. Unless and until such written notice of change is received, the last address, addressee, and telecopy number stated by written notice, or provided herein if no such written notice of change has been received, shall be deemed to continue in effect for all purposes hereunder. Delivery of a copy of a notice as set forth above is as an accommodation only and is not required to effectuate notice hereunder.

7.13. Survivability. All covenants of Buyer or Seller which are intended hereunder to be performed in whole or in part after Close of Escrow and all representations, warranties, and indemnities by either Party to the other, shall survive Close of Escrow and delivery of the Deed, and be binding upon and inure to the benefit of the respective Parties.

7.14. Waiver. Seller agrees that performance of this Agreement by Buyer, including the payment of the Purchase Price, above, shall constitute full and fair compensation and consideration for any and all claims that Seller, and its successors and assigns, may have against Buyer by reason of the acquisition, improvement, possession, use and/or occupancy of the Property, and Seller, on behalf of itself and its successors and assigns, hereby knowingly and voluntarily waives, and expressly releases and discharges Buyer, and any and all of Buyer's employees, agents, officers, servants, representatives, contractors, attorneys and assigns, from liability in regard to, any and all such claims, including claims for severance or taking compensation or damages to the remainder not taken on account of the acquisition of the Property or the location, establishment, construction and/or operation of the above-named Project. The foregoing waiver and release shall include the waiver and release of any and all rights or claims that Seller has, may have or may in the future have under Article 1, Section 19 of the California Constitution, the Eminent Domain Law, or any other law or regulation; except as provided herein. Seller, on behalf of itself and its successors and assigns, further knowingly and voluntarily waives and expressly releases and discharges Buyer, and any and all of Buyer's employees, agents, officers, servants, representatives, contractors, attorneys and assigns, from liability in regard to any claims for the following: relocation assistance or benefits, if any, to which Seller may be entitled pursuant to applicable sections in Chapter 16 of

Division 7 of Title 1 of the California Government Code (Gov. Code sec. 7260, et seq.) ("California Relocation Assistance Law"), regulations adopted by the State of California to implement or pursuant to the California Relocation Assistance Law, and/or the Federal Uniform Relocation Assistance Act (42 U.S.C. sec. 4601, et seq.), regulations adopted by the Federal Government to implement 42 U.S.C. sec. 4601, et seq., pre-condemnation damages, lost business goodwill, lost profits, damage to or loss of improvements pertaining to the realty, machinery, fixtures, inventory, equipment and/or personal property, interest, any right to repurchase, leaseback from Buyer, or receive any financial gain from, Buyer's sale of any portion of the Property, any right to challenge Buyer's adoption of a resolution of necessity, pursuant to Code of Civil Procedure sections 1245.245, any right to receive any notices pursuant to Code of Civil Procedure section 1245.245, any right to enforce any other obligation placed upon Buyer pursuant to Code of Civil Procedure sections 1245.245 and 1263.615, any other rights conferred upon Seller pursuant to Code of Civil Procedure sections 1245.245 and 1263.615 and 1263.025, and claims litigation expenses, attorney's fees and/or costs. Seller is aware of and understands all potential benefits to which he/she/it is otherwise entitled and has had the opportunity to discuss potential benefits with representatives of the Buyer and with legal counsel of his/her/its choice. This waiver and release shall survive the Close of Escrow. By such release, Seller expressly waives its rights, if any, 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 HIS SETTLEMENT WITH THE DEBTOR."

Seller's Initials

7.15 City Council Approval of Agreement. This Agreement is subject to the approval of the City of Garden Grove City Council. If this Agreement remains unapproved by the City Council then the parties will have no further obligation under this Agreement.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

BUYER

SELLER

**CITY OF GARDEN GROVE, AS
SUCCESSOR AGENCY TO THE
GARDEN GROVE AGENCY FOR
COMMUNITY DEVELOPMENT**

ROBERT L. DONOVAN

Matthew J. Fertal
City Manager

Robert L. Donovan

Attest:

City Clerk

Approved as to form by:

WOODRUFF, SPRADLIN & SMART

Thomas F. Nixon, Esq.
City Attorney

Exhibit List

Exhibit A -- Legal Description of the Property
Exhibit A-1 -- Depiction of Property
Exhibit B -- Form of Grant Deed
Exhibit C -- Affidavit of Non-foreign Taxpayer Status
Exhibit D -- Definition of Hazardous Substances

ACCEPTANCE BY ESCROW HOLDER:

_____ hereby acknowledges that it has received a fully executed counterpart of the foregoing Agreement for Acquisition of Real Property and Escrow Instructions and agrees to act as Escrow Holder thereunder and to be bound by and perform the terms thereof as such terms apply to Escrow Holder. By agreeing to act as Escrow Holder hereunder, Escrow Holder expressly agrees to undertake and be responsible for all withholding obligations imposed pursuant to Section 1445 of the Internal Revenue Code of 1986, as amended and the regulations thereunder and California Revenue and Taxation Code §18662 and shall defend, indemnify and hold Buyer harmless in connection with such obligations.

Date: _____

West Coast Escrow

By: _____

Name: _____

Its: _____

EXHIBIT A

LEGAL DESCRIPTION

REAL PROPERTY IN THE CITY OF GARDEN GROVE, COUNTY OF ORANGE, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

LOT 214 OF TRACT NO. 2012, IN THE CITY OF GARDEN GROVE, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS SHOWN ON A MAP RECORDED IN BOOK 55, PAGES 47, 48 AND 49 OF MISCELLANEOUS MAPS, RECORDS OF SAID ORANGE COUNTY.

EXCEPTING ONE HALF OF ALL OIL, GAS, MINERALS AND HYDROCARBON SUBSTANCES LYING BELOW A DEPTH OF 500 FEET FROM THE SURFACE OF SAID LAND, BUT WITHOUT THE RIGHT OF ENTRY UPON ANY PORTION OF THE SURFACE OF SAID LAND FOR THE PURPOSE OF EXPLORING FOR, BORING, EXTRACTING, DRILLING, MINING, PROSPECTING FOR, REMOVING OR MARKETING SAID SUBSTANCES, AS RESERVED IN THE DEED FROM ERNEST JAMES SMALL, RECORDED JANUARY 14, 1954 IN BOOK 2649, PAGE 103 OF OFFICIAL RECORDS.

ALSO EXCEPTING AN UNDIVIDED ONE-QUARTER OF SAID OIL, GAS, MINERALS AND HYDROCARBON SUBSTANCES LYING BELOW A DEPTH OF 500 FEET FROM THE SURFACE OF SAID LAND BUT WITHOUT THE RIGHT OF ENTRY UPON ANY PORTION OF THE SURFACE OF SAID LAND FOR THE PURPOSE OF EXPLORING FOR, BORING, EXCAVATION, DRILLING, MINING, PROSPECTING FOR, REMOVING OR MARKETING SAID SUBSTANCES, AS RESERVED IN THE DEED FROM LAMPSON HOMES, INC., RECORDED JUNE 21, 1955 IN BOOK 3110, PAGE 148 OF OFFICIAL RECORDS.

End of Legal Description

APN: 231-521-09

EXHIBIT A-1

DEPICTION OF PROPERTY

EXHIBIT B

FORM OF GRANT DEED

RECORDING REQUESTED BY

WHEN RECORDED RETURN TO:

City Clerk
City of Garden Grove
11222 Acacia Parkway
P.O. BOX 3070
Garden Grove, CA 92842

SPACE ABOVE THIS LINE FOR RECORDER'S USE
Exempt from recording changes under Government Code § 6103

GRANT DEED

APN:

This transfer is exempt from Documentary Transfer Tax pursuant to Revenue & Taxation Code § 11922.

THE UNDERSIGNED SELLER(S) DECLARE(S):

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

Robert L. Donovan

hereby GRANTS to:

CITY OF GARDEN GROVE, as Successor Agency to the Garden Grove Agency for Community Development, a public agency

the real property in Orange County, California, more particularly set forth on Exhibit A and depicted on Exhibit A-1 attached hereto and incorporated herein by this reference.

TOGETHER with:

1. All tenements, hereditaments and appurtenances, including easements and water rights, if any, thereto belonging or appertaining, and any reversions, remainders, rents, issues or profits thereof; and

2. All rights, title, and interests of Seller in and under all covenants, conditions, restrictions, reservations, easements, and other matters of record, including, without limitation, all

rights as "Declarant" under any Declarations of Covenants, Conditions and Restrictions ("Declarations") of record.

SAID GRANT BEING FURTHER SUBJECT TO:

1. General and special real property taxes for the current fiscal year and all later years.
2. All assessments imposed by a duly empowered governmental entity, whether or not of record.
3. Any and all declarations, covenants, conditions, restrictions, easements, reservations (including, but not limited to, reservations and exceptions to the mineral estate), rights, and rights of way of record.

Date: _____

By: _____
Name: Robert L. Donovan

ACKNOWLEDGEMENT

STATE OF CALIFORNIA)
) ss.
COUNTY OF _____)

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

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

WITNESS my hand and official seal.

Signature

My Commission Expires: _____

This area for official notarial seal

Exhibit "A" to the Grant Deed

LEGAL DESCRIPTION OF THE PROPERTY

REAL PROPERTY IN THE CITY OF GARDEN GROVE, COUNTY OF ORANGE, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

LOT 214 OF TRACT NO. 2012, IN THE CITY OF GARDEN GROVE, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS SHOWN ON A MAP RECORDED IN BOOK 55, PAGES 47, 48 AND 49 OF MISCELLANEOUS MAPS, RECORDS OF SAID ORANGE COUNTY.

EXCEPTING ONE HALF OF ALL OIL, GAS, MINERALS AND HYDROCARBON SUBSTANCES LYING BELOW A DEPTH OF 500 FEET FROM THE SURFACE OF SAID LAND, BUT WITHOUT THE RIGHT OF ENTRY UPON ANY PORTION OF THE SURFACE OF SAID LAND FOR THE PURPOSE OF EXPLORING FOR, BORING, EXTRACTING, DRILLING, MINING, PROSPECTING FOR, REMOVING OR MARKETING SAID SUBSTANCES, AS RESERVED IN THE DEED FROM ERNEST JAMES SMALL, RECORDED JANUARY 14, 1954 IN BOOK 2649, PAGE 103 OF OFFICIAL RECORDS.

ALSO EXCEPTING AN UNDIVIDED ONE-QUARTER OF SAID OIL, GAS, MINERALS AND HYDROCARBON SUBSTANCES LYING BELOW A DEPTH OF 500 FEET FROM THE SURFACE OF SAID LAND BUT WITHOUT THE RIGHT OF ENTRY UPON ANY PORTION OF THE SURFACE OF SAID LAND FOR THE PURPOSE OF EXPLORING FOR, BORING, EXCAVATION, DRILLING, MINING, PROSPECTING FOR, REMOVING OR MARKETING SAID SUBSTANCES, AS RESERVED IN THE DEED FROM LAMPSON HOMES, INC., RECORDED JUNE 21, 1955 IN BOOK 3110, PAGE 148 OF OFFICIAL RECORDS.

End of Legal Description

APN: 231-521-09

Exhibit "A-1" to the Grant Deed

DEPICTION OF THE PROPERTY

EXHIBIT C

DO NOT RECORD.
DO NOT SEND
TO IRS.

TRANSFEREE (BUYER)
MUST RETAIN FOR
SIX YEARS AFTER
THE TRANSACTION.

**CERTIFICATION OF NON-FOREIGN
STATUS BY TRANSFEROR**

1. Section 1445 of the Internal Revenue Code provides that a transferee (Buyer) of a U. S. real property interest must withhold tax if the transferor (Seller) is a foreign person.

2. In order to inform each transferee that withholding of tax is not required upon disposition of a U. S. real property interest by _____ (hereinafter referred to as "the Transferor"), the undersigned hereby certifies, and declares by means of this certification, the following on behalf of the Transferor:

A. The one item marked below is true and correct:

_____ (I) The Transferor is not a foreign individual, foreign corporation, foreign partnership, foreign trust, or foreign estate (as these terms are defined in the Internal Revenue Code and Income Tax Regulations).

_____ (II) The Transferor is a corporation incorporated under the laws of a foreign jurisdiction but has elected to be treated as a U. S. corporation under Section 897(j) of the Internal Revenue Code, AND HAS ATTACHED TO THIS CERTIFICATE A TRUE AND GENUINE COPY OF THE ACKNOWLEDGMENT OF SUCH ELECTION ISSUED BY THE IRS.

B. The Transferor's social security number is _____.

C. The Transferor's address is _____

3. The Transferor understands that this certificate may be disclosed to the Internal Revenue Service by the transferee and that any false statement contained in this certification may be punished by fine or imprisonment (or both).

4. The Transferor understands that each transferee is relying on this certificate in determining whether withholding is required and each transferee may face liabilities if any statement in this certificate is false.

5. The Transferor hereby indemnifies each transferee, and agrees to defend and hold each transferee harmless, from any liability, cost, damage, or expense which such transferee may incur as a result of:

A. the Transferor's failure to pay any U. S. Federal income tax which the Transferor is required to pay under applicable U. S. law, or

B. any false or misleading statement contained herein.

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

EXECUTED in _____ County, State of _____

on _____.

Transferor: _____

By: _____

Title: _____

Transferor: _____

By: _____

Title: _____

EXHIBIT D

HAZARDOUS SUBSTANCE DEFINITION

The term "Hazardous Substance" as used in this Agreement shall mean any toxic or hazardous substance, material or waste or any pollutant or contaminant or infectious or radioactive material, including but not limited to those substances, materials or wastes regulated now or in the future under any of the statutes or regulations listed below and any and all of those substances included within the definitions of "hazardous substances", "hazardous materials", "hazardous waste", "hazardous chemical substance or mixture", "imminently hazardous chemical substance or mixture", "toxic substances", "hazardous air pollutant", "toxic pollutant" or "solid waste" in the statutes or regulations listed below. Hazardous Substances shall also mean any and all other similar terms defined in other federal state and local laws, statutes, regulations, orders or rules and materials and wastes which are, or in the future become, regulated under applicable local, state or federal law for the protection of health or the environment or which are classified as hazardous or toxic substances, materials or waste, pollutants or contaminants, as defined, listed or regulated by any federal, state or local law, regulation or order or by common law decision, including, without limitation, (i) trichloroethylene, tetrachloroethylene, perchloroethylene and other chlorinated solvents, (ii) any petroleum products or fractions thereof, (iii) asbestos, (iv) polychlorinated biphenyls, (v) flammable explosives, (vi) urea formaldehyde, and (vii) radioactive materials and waste.

In addition, a Hazardous Substance shall include:

(1) a "Hazardous Substance", "Hazardous Material", "Hazardous Waste", or "Toxic Substance" under the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. §§ 9601, et seq., the Hazardous Materials Transportation Act, 49 U.S.C. §§ 1801, et seq., or the Resource Conservation and Recovery Act, 42 U.S.C. §§ 6901, et seq.;

(2) "Oil" or a "Hazardous Substance" listed or identified pursuant to § 311 of the Federal Water Pollution Control Act, 33 U.S.C. § 1321, as well as any other hydrocarbonic substance or by-product;

(3) listed by the State of California as a chemical known by the State to cause cancer or reproductive toxicity;

(4) a material which due to its characteristics or interaction with one or more other substances, chemical compounds, or mixtures, damages or threatens to damage, health, safety, or the environment, or is required by any law or public agency to be remediated, including remediation which such law or public agency requires in order for the property to be put to any lawful purpose;

(5) any material the presence of which would require remediation, whether or not the presence of such material resulted from a leaking underground fuel tank;

(6) pesticides regulated under the Federal Insecticide, Fungicide and Rodenticide Act, 7 U.S.C. §§ 136 et seq.;

(7) asbestos, PCBs, and other substances regulated under the Toxic Substances Control Act, 15 U.S.C. §§ 2601 et seq.;

(8) any radioactive material including, without limitation, any "source material", "special nuclear material", "by-product material", "low-level wastes", "high-level radioactive waste", "spent nuclear fuel" or "transuranic waste", and any other radioactive materials or radioactive wastes, however produced, regulated under the Atomic Energy Act, 42 U.S.C. §§ 2011 et seq., or the Nuclear Waste Policy Act, 42 U.S.C. §§ 10101 et seq.

(9) industrial process and pollution control wastes, whether or not "hazardous" within the meaning of the Resource Conservation and Recovery Act, 42 U.S.C. §§ 6901 et seq.;

All other laws, ordinances, codes, statutes, regulations, administrative rules, policies and orders, promulgated pursuant to said foregoing statutes and regulations or any amendments or replacement thereof, provided such amendments or replacements shall in no way limit the original scope and/or definition of Hazardous Substance defined herein.