

954

**SUBMITTAL TO THE BOARD OF DIRECTORS OF THE  
REDEVELOPMENT AGENCY  
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**



**FROM:** Redevelopment Agency

**SUBMITTAL DATE:**  
August 19, 2010

**SUBJECT:** RDA Resolution No. 2010-047, Authorization to Purchase Real Property in the Mid-County Project Area – 3<sup>rd</sup> Supervisorial District

**RECOMMENDED MOTION:** That the Board of Supervisors:

1. Adopt RDA Resolution No. 2010-047, Authorization to Purchase Real Property in the Mid-County Project Area within the unincorporated area of Riverside, County of Riverside;
2. Approve and authorize the Chairman of the Board to execute the Acquisition Agreement for the purchase of Assessor's Parcel Numbers 439-060-009, 439-060-010, 439-060-011, 439-060-024, 439-060-013, 439-060-014, and 439-281-035 from Jim Wilson by the Redevelopment Agency;
3. Authorize the Redevelopment Agency to expend \$1,813,500, for the property transaction costs and due diligence;

(Continued)

*Robert Field*

Robert Field  
Executive Director

|                           |                               |              |                         |         |
|---------------------------|-------------------------------|--------------|-------------------------|---------|
| <b>FINANCIAL<br/>DATA</b> | Current F.Y. Total Cost:      | \$ 1,813,850 | In Current Year Budget: | Yes     |
|                           | Current F.Y. Net County Cost: | \$ 0         | Budget Adjustment:      | No      |
|                           | Annual Net County Cost:       | \$ 0         | For Fiscal Year:        | 2010/11 |

**COMPANION ITEM ON BOARD OF SUPERVISORS AGENDA:** No

**SOURCE OF FUNDS:** Low Moderate Housing Fund

|                                  |                          |
|----------------------------------|--------------------------|
| Positions To Be Deleted Per A-30 | <input type="checkbox"/> |
| Requires 4/5 Vote                | <input type="checkbox"/> |

**C.E.O. RECOMMENDATION:**

APPROVE

BY:

*Jennifer L. Sargent*

**County Executive Office Signature**

**MINUTES OF THE BOARD OF DIRECTORS OF THE REDEVELOPMENT AGENCY**

On motion of Supervisor Stone, seconded by Supervisor Tavaglione and duly carried by unanimous vote, IT WAS ORDERED that the above matter is approved as recommended.

Ayes: Buster, Tavaglione, Stone, Benoit and Ashley  
Nays: None  
Absent: None  
Date: August 31, 2010  
xc: RDA, CIP, Auditor

Kecia Harper-Ihem  
Clerk of the Board

By: *[Signature]*  
Deputy

Prev. Agn. Ref.: N/A

District: 3

Agenda Number:

4.5

ATTACHMENTS FILED  
WITH THE CLERK OF THE BOARD

FORM APPROVED COUNTY COUNSEL  
DATE 8/17/10  
BY: MICHELLE CLACK  
FISCAL PROCEDURES APPROVED  
BY: ROBERT E. BYRD, AUDITOR-CONTROLLER  
SAMUEL WONG

**RECOMMENDED MOTION: (Continued)**

4. Authorize the Executive Director of the Redevelopment Agency, or designee, to execute and take all necessary steps to implement the acquisition agreement including signing subsequent, necessary related documents to complete this transaction; and
5. Authorize the Clerk of the Board to certify acceptance of any documents pertaining to this transaction.

**BACKGROUND:**

Agency staff has successfully negotiated a settlement for the acquisition of property identified as Assessor's Parcel Number 439-060-009, 439-060-010, 439-060-011, 439-060-024, 439-060-013, 439-060-014, and 439-281-035 with Jim Wilson for a purchase price of \$1,813,500, plus escrow fees and miscellaneous costs associated with the acquisition.

The negotiated price is consistent with current property values in the North Hemet area based on an independent fee appraisal report.

The subject parcel consists of 8.46 acres and is located at the northwest corner of State Street and Menlo Avenue, Hemet. The parcels are needed for the potential construction of low-moderate income infill housing. The project will contribute to eliminating blighting conditions in the project area.

The Notice of Intent to Purchase Real Property was published pursuant to Section 25350 of the California Government Code and Section 33397 of the Health and Safety Code.

Guided by Government Code Section 7267: "In order to encourage and expedite the acquisition and relieve congestion in the courts, to assume consistent treatment for owners in the public programs, and to promote public land acquisition practices, public entities shall, to the greatest extent practicable be guided by the provision of Section 7267.1: 'The public entity shall make every reasonable effort to acquire expeditiously real property by negotiation.'"

**Financial Data:**

The following summarizes the funding necessary for the acquisition of Assessor's Parcel Numbers 439-060-009, 439-060-010, 439-060-011, 439-060-024, 439-060-013, 439-060-014, and 439-281-035.

|                                  |             |
|----------------------------------|-------------|
| Acquisition                      | \$1,771,500 |
| Escrow and Title fees            | \$6,000     |
| Appraisal Report                 | \$16,000    |
| Real Property Costs              | \$5,000     |
| Due Diligence Expense            | \$15,350    |
| Total Estimated Acquisition Cost | \$1,813,850 |

1 **BOARD OF DIRECTORS**

**REDEVELOPMENT AGENCY**

2 **RDA RESOLUTION NO. 2010-047**  
3 **AUTHORIZATION TO PURCHASE REAL PROPERTY IN THE NORTH HEMET AREA**  
4 **OF THE COUNTY OF RIVERSIDE**  
5 **(Third Supervisorial District)**

6 **WHEREAS**, the Redevelopment Agency for the County of Riverside ("Agency")  
7 is a Redevelopment Agency duly created, established and authorized to transact  
8 business and exercise its powers, all under and pursuant to the provisions of the  
9 Community Redevelopment Law which is Part 1 of Division 24 of the California Health  
10 and Safety Code (commencing with Section 33000 et seq.); and

11 **WHEREAS**, Agency has adopted Redevelopment Plans for Redevelopment  
12 Project Area 1-1986, Jurupa Valley, Mid-County, Desert Communities, and I-215  
13 Corridor, as amended, hereinafter referred to as ("Project Areas"); and

14 **WHEREAS**, pursuant to Section 33670 of the Health and Safety Code, the  
15 Agency began receiving tax increment from the Project Areas in January 1988, and  
16 continues to receive annual tax increment revenue; and

17 **WHEREAS**, pursuant to the provisions of the Community Redevelopment Law,  
18 Section 33391 of the Health and Safety Code, the Agency may acquire, within a survey  
19 area or for purpose of redevelopment, any interest in real property; and

20 **WHEREAS**, the Agency has based on an independent fee appraisal report,  
21 negotiated a purchase price of One Million Seven Hundred and Seventy One Thousand  
22 Five Hundred Dollars (\$1,771,500) for Assessor's Parcel Numbers 439-060-009, 439-  
23 060-010, 439-060-011, 439-060-024, 439-060-013, 439-060-014, and 439-281-035,  
24 ("Property"), more particularly described in Exhibit "A", attached hereto and incorporated  
25 herein by reference; and

26 **WHEREAS**, the North Hemet Sub-Area is located within the Mid-County  
27 Redevelopment Project Area, ("Sub-Area"); and

28 **WHEREAS**, the Property is located within the Sub-Area; and

**WHEREAS**, the Agency is purchasing the Property for redevelopment purposes

FORM APPROVED COUNTY COUNSEL  
BY: MICHELLE CLACK  
DATE: 8/1/10

1 that will assist in implementing the Sub-Area's redevelopment plan ("Plan") and assist in  
2 eliminating blighting conditions within the Sub-Area; and

3 **WHEREAS**, prior to using the Property for the purposes described in the Plan,  
4 the Agency understands and agrees to fully comply with the California Environmental  
5 Quality Act.

6 **NOW THEREFORE, BE IT RESOLVED, DETERMINED, AND ORDERED** by the  
7 Board of Directors of the Redevelopment Agency for the County of Riverside, State of  
8 California, in regular session assembled on August 31, 2010, as follows:

9 1. That the Board of Directors hereby finds and declares that the above  
10 recitals are true and correct.

11 2. That the Redevelopment Agency for the County of Riverside is authorized  
12 to purchase real property identified as Assessor's Parcel Numbers 439-060-009, 439-  
13 060-010, 439-060-011, 439-060-024, 439-060-013, 439-060-014, and 439-281-035,  
14 more particularly described in Exhibit "A".

15 3. That the purchase price for the real property is One Million Seven  
16 Hundred and Seventy One Thousand Five Hundred Dollars (\$1,771,500).

17 4. That the Chairman of the Board of Directors is hereby authorized to  
18 execute any and all documents necessary to purchase the real property from Jim  
19 Wilson III.

20 5. That the Executive Director of the Redevelopment Agency or designee is  
21 hereby authorized to take the necessary actions and execute any related documents to  
22 complete this transaction.

23 /// ROLL CALL:

24 /// Ayes: Buster, Tavaglione, Stone, Benoit, and Ashley  
Nays: None  
25 /// Absent: None

26  
27 The foregoing is certified to be a true copy of a resolution duly  
adopted by said Board of Supervisors on the date therein set forth.

28 KECIA HARPER-IHEM, Clerk of said Board

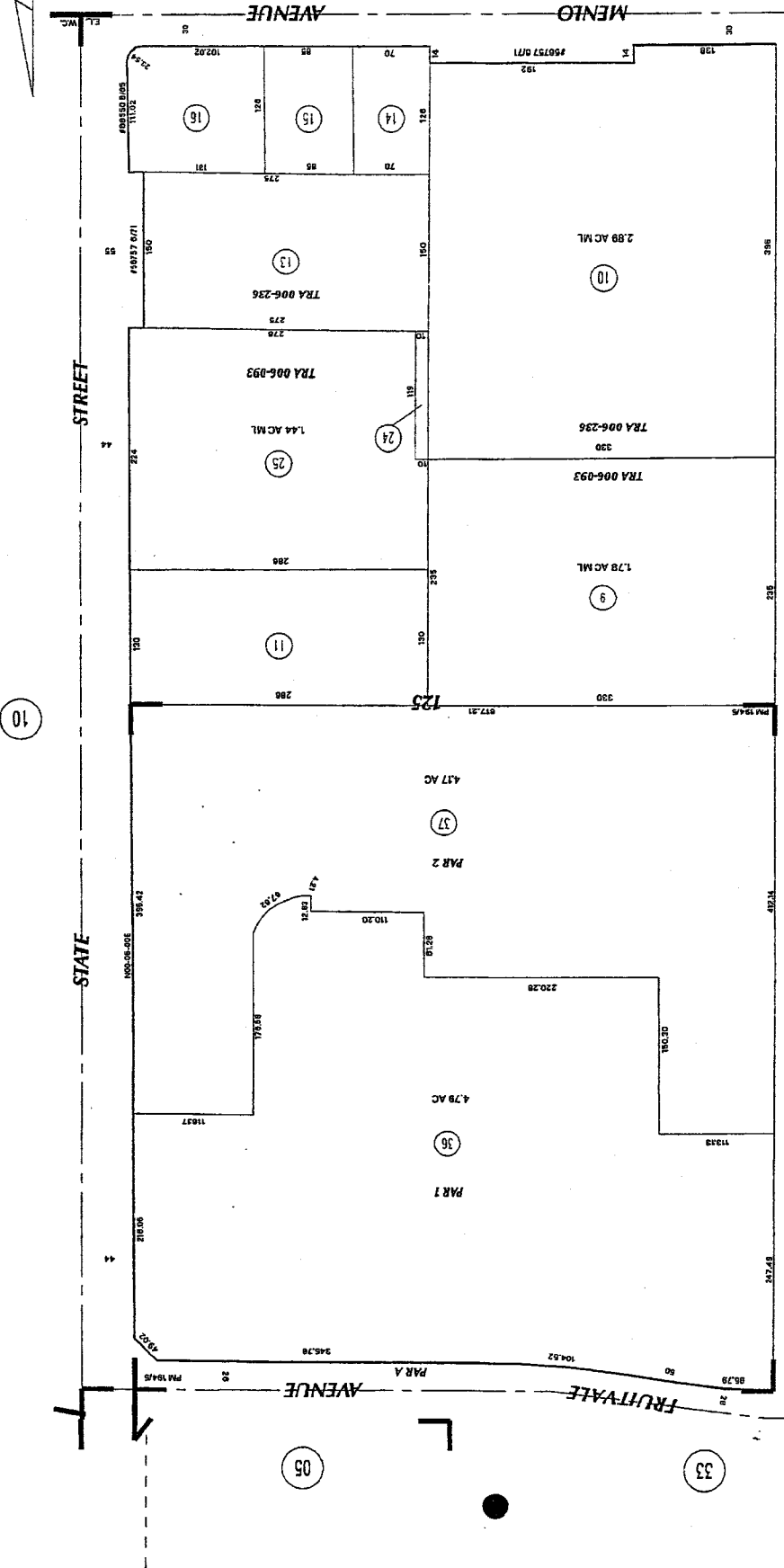
By: \_\_\_\_\_  
Deputy

POR. SEC 3 T. 5S., R. 1W  
CITY OF HENET

T.R.A. 006-093  
006-236

439-06  
13-25, 13-30-5

ANGLE = 90  
= 100



| DATE    | OLD NUMBER | NEW NUMBER |
|---------|------------|------------|
| 02/7/72 | 060-801    | 060-819    |
| 1/7/72  | 17         | 819        |
| 03/7/72 | 818        | 820-21     |
| 01/7/72 | 820        | 822-23     |
| 02/7/72 | 17         | 34-35      |
| 03/7/72 | 1          | 32-33      |
| 05/7/72 | 32-33      | PC-28      |
| 05/7/72 | OLD NUMBER | NEW NUMBER |
| 05/7/72 | 6-7        | PC-28      |
| 07/6/72 | 34-35      | 34-35      |
| 07/6/72 | 35         | 2300-45-46 |
| 07/6/72 | 35         | 241(-7)    |
| 07/6/72 | 33         | 2321(-20)  |
| 07/6/72 | 33         | 241(-28)   |
| 07/6/72 | 35         | 242(-15)   |
| 07/6/72 | 35         | 242(-15)   |
| 07/6/72 | 28         | 242-21     |
| 07/6/72 | 1          | 242-21     |
| 07/6/72 | 8          | 36-37      |

DATA: M8 8/357 50

ASSESSOR'S MAP BK439 PG.06  
Riverside County, Calif.

MB 9/410 S.D. ESTUDIOILLO LD & WATER CO., ADD  
PM 194/5-7 PARCEL MAP NO. 28501

Feb 2000

MAR 06 2000

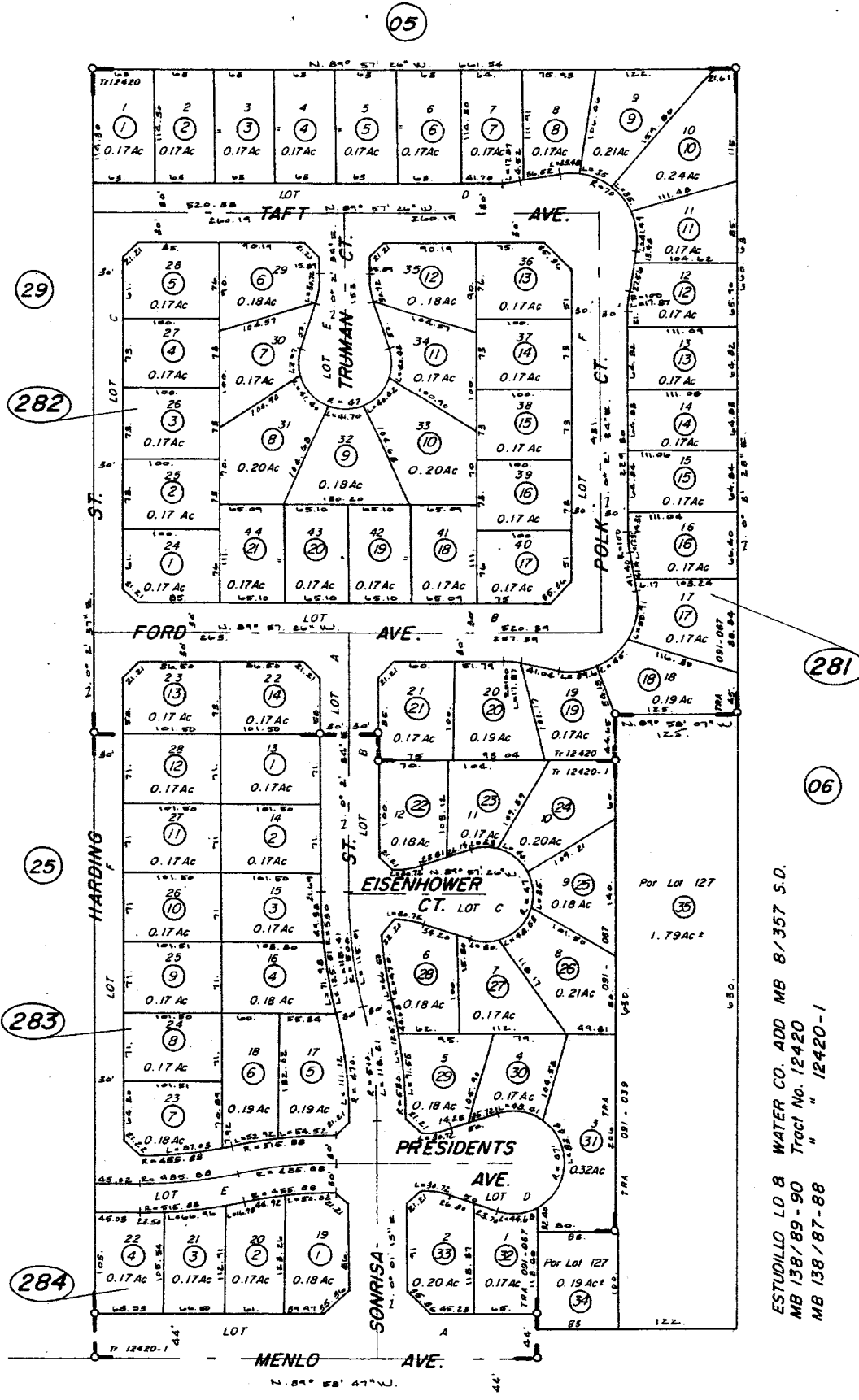
# Exhibit "A"

439-28  
179-06

TRA 091-067  
091-039

POR. RO. SAN JACINTO VIEJO T.5 S., R.1 W.

1" = 100'



ASSESSOR'S MAP BK. 439 PG. 28  
RIVERSIDE COUNTY, CALIF.  
PAC

Exhibit "A"

ESTUDILLO LD. 8 WATER CO. ADD MB 8/357 S.D.  
MB 138/89-90 Tract No. 12420  
MB 138/87-88

JUNE 1984

Project: Hemet State Street  
APN(s): 439-060-009, 439-060-011,  
439-060-010, 439-060-024,  
439-060-013, 439-060-014,  
and 439-281-035

## ACQUISITION AGREEMENT

This AGREEMENT, herein called the "Agreement," is made by and between the REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE, herein called "Agency," and JAMES E. WILSON III, An unmarried Man, herein called "Grantor."

Grantor has executed and will deliver to Tracy Kaiser, Development Specialist III for the Agency or to the designated escrow company, a Grant Deed dated \_\_\_\_\_, 2010, identifying APN (s) 439-060-009, 439-060-011, 439-060-010, 439-060-024, 439-060-013, 439-060-014, and 439-281-035, herein called the "Property," in consideration of which it is mutually agreed as follows:

1. The Agency shall:

A. Pay to the order of Grantor the sum of **\$1,771,500** for the Property, or interest therein, conveyed by said deed, when title to said property or interest vests in Agency free and clear of all liens, encumbrances, easements, and taxes except those encumbrances and easements which, in the sole discretion of the Agency, are acceptable.

B. Handle real property taxes, bonds, and assessments in the following manner:

1. All real property taxes shall be prorated, paid, and canceled pursuant to the provisions of Section 5081 et. seq, of the Revenue and Taxation Code.

2. Agency is authorized to pay from the amount shown in Paragraph 1A herein, any unpaid taxes together with penalties, cost and interest thereon, and any bonds or assessments that are due on the date title is transferred to, or possession is taken by the Agency, whichever first occurs.

C. Pay all typical escrow, recording, reconveyance, and/or any other fees incurred in this transaction, and if title insurance is desired by Agency, the premium charged

1 therefore.

2 2. Grantor shall:

3 A. Indemnify, defend, protect, and hold Agency, its officers, employees,  
4 agents, successors, and assigns free and harmless from and against any and all claims,  
5 liabilities, penalties, forfeitures, losses, or expenses, including without limitation, attorneys'  
6 fees, whatsoever, arising from or caused in whole or in part, directly or indirectly, by either (a)  
7 the presence in, on, within, under, or about the parcel of hazardous materials, toxic  
8 substances, or hazardous substances as a result of Grantor's use, storage, or generation of  
9 such materials or substances or (b) Grantor's failure to comply with any federal, state, or local  
10 laws relating to such materials or substances. For the purpose of this agreement, such  
11 materials or substances shall include without limitation hazardous substances, hazardous  
12 materials, or toxic substances as defined in the Comprehensive Environmental Response,  
13 Compensation, and Liability Act of 1980, as amended, 42 U.S.C. Section 9601, et seq.; the  
14 Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, et seq.; the Resource  
15 Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq.; and those substances  
16 defined as hazardous wastes in Section 25117 of the California Health and Safety Code or  
17 hazardous substances in Section 25316 of the California Health and Safety Code; and in the  
18 regulations adopted in publications promulgated pursuant to said laws.

19 B. Be obligated hereunder to include without limitation, and whether  
20 foreseeable or unforeseeable, all costs of any required or necessitated repair, clean-up,  
21 detoxification, or decontamination of the Property, and the preparation and implementation of  
22 any closure, remedial action, or other required plans in connection therewith, and such  
23 obligation shall continue until the Property has been rendered in compliance with applicable  
24 federal, state, and local laws, statutes, ordinances, regulations, and rules.

25 3. Any and all moneys payable under this contract, up to and including the total  
26 amount of unpaid principal and interest on the note secured by Deed of Trust recorded  
27 4/2/ 2004, as Instrument No. 2004-0290470, Official Records of Riverside Agency shall,  
28 upon demand, be made payable to the beneficiary entitled thereunder; said beneficiary to



1 provide a reconveyance as to APN 439-060-013, and to furnish Grantor with good and  
2 sufficient receipt showing said moneys credited against the indebtedness secured by said  
3 Deed of Trust.

4 Any and all moneys payable under this contract, up to and including the total amount of  
5 unpaid principal and interest on the note secured by Deed of Trust recorded 5/3/ 2004, as  
6 Instrument No. 2004-0326638, Official Records of Riverside Agency shall, upon demand, be  
7 made payable to the beneficiary entitled thereunder; said beneficiary to  
8 provide a reconveyance as to APN 439-060-010, and to furnish Grantor with good and  
9 sufficient receipt showing said moneys credited against the indebtedness secured by said  
10 Deed of Trust.

11 Any and all moneys payable under this contract, up to and including the total amount of  
12 unpaid principal and interest on the note secured by Deed of Trust recorded 10/3/ 2008, as  
13 Instrument No. 2008-0539604, Official Records of Riverside Agency shall, upon demand, be  
14 made payable to the beneficiary entitled thereunder; said beneficiary to  
15 provide a reconveyance as to APN 439-060-010, and to furnish Grantor with good and  
16 sufficient receipt showing said moneys credited against the indebtedness secured by said  
17 Deed of Trust.

18 Any and all moneys payable under this contract, up to and including the total amount of  
19 unpaid principal and interest on the note secured by Deed of Trust recorded 11/18/2004, as  
20 Instrument No. 2004-0925463, Official Records of Riverside Agency shall, upon demand, be  
21 made payable to the beneficiary entitled thereunder; said beneficiary to  
22 provide a reconveyance as to APN 439-281-035, and to furnish Grantor with good and  
23 sufficient receipt showing said moneys credited against the indebtedness secured by said  
24 Deed of Trust.

25 Grantor hereby authorizes and directs the disbursement of funds which are demanded  
26 under the terms of said Deeds of Trusts.

27 4. The close of escrow is subject to an acceptable Phase 1 Environmental Site  
28 Assessment Report. Said report shall be sole responsibility of Agency.

1           5.     It is mutually understood and agreed by and between the parties hereto that  
2 the right of possession and use of the subject property by Agency, including the  
3 right to remove and dispose of improvements, shall commence upon the close of escrow. The  
4 amount shown in Paragraph 1A includes, but is not limited to, full payment for such possession  
5 and use.

6           6.     The Parties hereto recognize and understand that the consideration hereunder  
7 originates from local State and/or Federal sources, and therefore Agency shall have the right  
8 to terminate this transaction (a) if such funding is reduced or otherwise becomes unavailable,  
9 based on Agency's annual fiscal budget, or (b) if any law, rule or regulation precludes,  
10 prohibits or materially adversely impairs Agency's ability to use the Premises for the use  
11 permitted herein, or (c), if Agency in its sole discretion determines that the Premises are no  
12 longer suitable for its use for any reason or cause. Agency shall provide Grantor with written  
13 notification of its election to terminate this transaction at least 30 days prior to the date of close  
14 of escrow. Agency's notice shall state reason for its termination.

15          7.     The close of escrow is subject to the Redevelopment Agency's review and  
16 approval of the existing leases on the property. Such approval will be evidenced by this  
17 Agreement being signed by the Redevelopment Agency's Chairman.

18          8.     Grantor hereby agrees and consents to the dismissal of any condemnation  
19 action which has been or may be commenced by Agency in the Superior Court of Riverside  
20 Agency to condemn said land, and waives any and all claim to money that has been or may  
21 be deposited in court in such case or to damages by reason of the filing of such action.

22          9.     The performance by the Agency of its obligations under this agreement shall  
23 relieve the Agency of any and all further obligations or claims on account of the acquisition  
24 of the property referred to herein or on account of the location, grade, or construction of the  
25 proposed public improvement.

26          10.    This Agreement shall not be changed, modified, or amended except upon the  
27 written consent of the parties hereto.

28          11.    This Agreement is the result of negotiations between the parties and is intended

1 by the parties to be a final expression of their understanding with respect to the matters herein  
2 contained. This Agreement supersedes any and all other prior agreements and  
3 understandings, oral or written, in connection therewith. No provision contained herein shall  
4 be construed against the Agency solely because it prepared this agreement in its executed  
5 form.

6 12. The acquisition of the Property shall be contingent upon the approval by the  
7 Redevelopment Agency Board of Directors of the Authorization to Purchase and the approval  
8 of this Agreement. This contingency will be removed from escrow upon the receipt of this  
9 Agreement signed by the Redevelopment Agency's Chairman.

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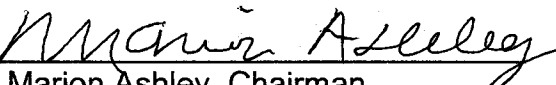
28 ///

1 13. Grantor, his assigns and successors in interest, shall be bound by all the terms  
2 and conditions contained in this agreement, and all the parties thereto shall be jointly and  
3 severally liable thereunder.

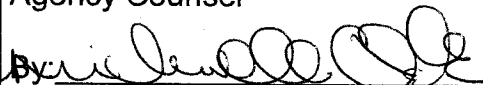
4  
5  
6 Dated: \_\_\_\_\_

  
James E. Wilson III

8 REDEVELOPMENT AGENCY FOR THE  
9 COUNTY OF RIVERSIDE

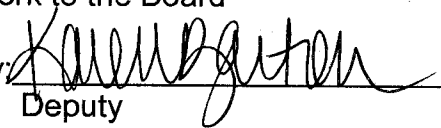
10 By:   
11 Marion Ashley, Chairman  
12 Board of Directors

13  
14  
15 APPROVED AS TO FORM:  
16 Agency Counsel

17  8/11/10  
Deputy **Michelle Clack**

18 ATTEST:

19  
20 KECIA HARPER-IHEM  
Clerk to the Board

21 By:   
22 Deputy

10/21/2010 08:00A Fee:NC

Page 1 of 5

Recorded in Official Records

County of Riverside

Larry W. Ward

Assessor, County Clerk &amp; Recorder



Recorded at request of and return to:  
Redevelopment Agency for the  
County of Riverside  
P. O. Box 1180  
Riverside, California 92502  
Attn: Janet M. Parks

## FREE RECORDING

This instrument is for the benefit of the  
Redevelopment Agency of  
Riverside, and is entitled to be  
recorded without fee.  
(Govt. Code 6103)

| S | R | U | PAGE | SIZE | DA   | MISC | LONG | RFD  | COPY |
|---|---|---|------|------|------|------|------|------|------|
| 1 |   |   | 5    |      |      |      |      |      |      |
| M | A | L | 465  | 426  | PCOR | NCOR | SMF  | NCHG | EXAM |
|   |   |   |      |      | T:   |      | CTY  | UNI  | 043  |

Project: Smart and Final State Street Expansion  
APNS: 439-060-009, 439-060-011, 439-060-010, 439-060-024,  
439-060-013, 439-060-014, and 439-281-035

## GRANT DEED

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

**JAMES E. WILSON III, an unmarried Man**

GRANT(S) to the REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE, a public  
body, corporate and politic, organized and existing under, and by virtue of the State of California,  
the real property in the County of Riverside, State of California, described as:

See Exhibit "A" attached hereto  
and made a part hereof

Dated: 7-9-10

*[Signature]*  
James E. Wilson III

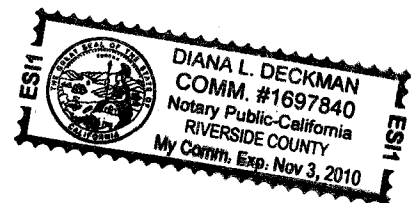
STATE OF CALIFORNIA )  
 )ss  
COUNTY OF RIVERSIDE )

On 7-9-10, before me, DIANA L. DECKMAN, Notary Public, personally appeared  
JAMES E. WILSON III, 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 *[Signature]*



RECEIVED RIVERSIDE COUNTY  
CLERK/BOARD OF SUPERVISORS  
2010 OCT -2 PM 12:23

## CERTIFICATE OF ACCEPTANCE

This is to certify that the interest in real property conveyed by the within deed to the REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE, a public body, corporate and politic, organized and existing under, and by virtue of the State of California, is hereby accepted by order of the Board of Directors on the date below and the grantee consents to the recordation thereof by its duly authorized officer.

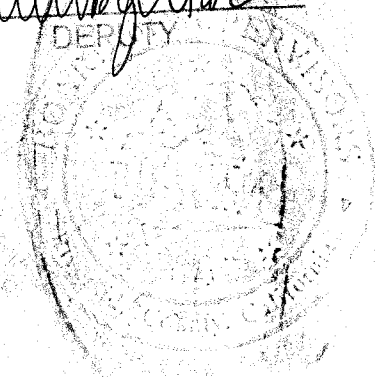
Date: August 31, 2010

By: Marion Ashley  
Marion Ashley, Chairman  
Board of Directors

ATTEST:  
KECIA HARPER-JHEM, Clerk

By: [Signature]

DEPUTY CLERK



STATE OF CALIFORNIA

COUNTY OF RIVERSIDE

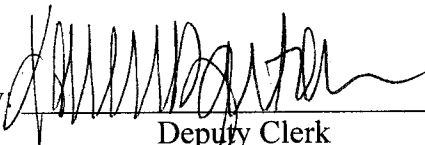
} §

On August 31, 2010, before me, Karen Barton, Board Assistant, personally appeared Marion Ashley, Chairman of the Redevelopment Agency Board of Directors, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument; and that a copy of this paper, document or instrument has been delivered to the chairperson.

I certify under the 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

Kecia Harper-Ihem  
Clerk of the Board of Supervisors

By:   
Deputy Clerk

(SEAL)





**ORANGE COAST TITLE COMPANY  
ESCROW DIVISION**

3536 Concours Dr., Suite 120  
Ontario, CA 91764  
(909) 987-5433

January 7, 2011

Redevelopment Agency for County of Riverside,  
3403 10th Street, 5th Floor  
Riverside, CA 92501

RE: Escrow No. 1176681-IG  
APN(s) 439-060-009/010/011/ 013/014/024 & 035, Hemet, CA

In completion of the above referenced escrow transaction, please find enclosed the following items:

(X) Policy of Title Insurance issued by Orange Coast Title.

We appreciate the opportunity to have been of service to you and hope that we may again serve you in the near future.

Very truly yours,

  
IRENE GENDERS, AVP  
AREA ESCROW MANAGER

POLICY OF TITLE INSURANCE ISSUED BY



SUBJECT TO THE EXCLUSIONS FROM COVERAGE, THE EXCEPTIONS FROM COVERAGE CONTAINED IN SCHEDULE B AND THE CONDITIONS AND STIPULATIONS, STEWART TITLE GUARANTY COMPANY, a Texas corporation, herein called the Company, insures, as of Date of Policy shown in Schedule A, against loss or damage, not exceeding the Amount of Insurance stated in Schedule A, sustained or incurred by the insured by reason of:

1. Title to the estate or interest described in Schedule A being vested other than as stated therein;
2. Any defect in or lien or encumbrance on the title;
3. Unmarketability of the title;
4. Lack of a right of access to and from the land;

and in addition, as to an insured lender only:

5. The invalidity or unenforceability of the lien of the insured mortgage upon the title;
6. The priority of any lien or encumbrance over the lien of the insured mortgage, said mortgage being shown in Schedule B in the order of its priority;
7. The invalidity or unenforceability of any assignment of the insured mortgage provided the assignment is shown in Schedule B, or the failure of the assignment shown in Schedule B to vest title to the insured mortgage in the named insured assignee free and clear of all liens.

The Company will also pay the costs, attorneys' fees and expenses incurred in defense of the title or the lien of the insured mortgage, as insured, but only to the extent provided in the Conditions and Stipulations.

Signed under seal for the Company, but this Policy is to be valid only when it bears an authorized countersignature.

Countersigned by:

*John L. Marconi*

Authorized Signature

Orange Coast Title Company

Company

Ontario, CA

City, State



*Stewart Jones Jr.*  
Senior Chairman of the Board

*Michael S. Morris*  
Chairman of the Board

*Michael Stalko*  
President

Serial Number **O-2228-000405391**

## EXCLUSIONS FROM COVERAGE

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

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

## CONDITIONS AND STIPULATIONS

### 1. DEFINITION OF TERMS.

The following terms when used in this policy mean:

- (a) "insured": the insured named in Schedule A, and, subject to any rights or defenses the Company would have had against the named insured, those who succeed to the interest of the named insured by operation of law as distinguished from purchase including, but not limited to, heirs, distributees, devisees, survivors, personal representatives, next of kin, or corporate or fiduciary successors. The term "insured" also includes
  - (i) the owner of the indebtedness secured by the insured mortgage and each successor in ownership of the indebtedness except a successor who is an obligor under the provisions of Section 12(c) of these Conditions and Stipulations (reserving, however, all rights and defenses as to any successor that the Company would have had against any predecessor insured, unless the successor acquired the indebtedness as a purchaser for value without knowledge of the asserted defect, lien, encumbrance, adverse claim or other matter insured against by this policy as affecting title to the estate or interest in the land);
  - (ii) any governmental agency or governmental instrumentality which is an insurer or guarantor under an insurance contract or guaranty insuring or guaranteeing the indebtedness secured by the insured mortgage, or any part thereof, whether named as an insured herein or not;
  - (iii) the parties designated in Section 2(a) of these Conditions and Stipulations.
- (b) "insured claimant": an insured claiming loss or damage.
- (c) "insured lender": the owner of an insured mortgage.
- (d) "insured mortgage": a mortgage shown in Schedule B, the owner of which is named as an insured in Schedule A.
- (e) "knowledge" or "known": actual knowledge, not constructive knowledge or notice which may be imputed to an insured by reason of the public records as defined in this policy or any other records which impart constructive notice of matters affecting the land.
- (f) "land": the land described or referred to in Schedule A, and improvements affixed thereto which by law constitute real property. The term "land" does not include any property beyond the lines of the area described or referred to in Schedule A, nor any

right, title, interest, estate or easement in abutting streets, roads, avenues, alleys, lanes, ways or waterways, but nothing herein shall modify or limit the extent to which a right of access to and from the land is insured by this policy.

(g) "mortgage": mortgage, deed of trust, trust deed, or other security instrument.

(h) "public records": records established under state statutes at Date of Policy for the purpose of imparting constructive notice of matters relating to real property to purchasers for value and without knowledge.

(i) "unmarketability of the title": an alleged or apparent matter affecting the title to the land, not excluded or excepted from coverage, which would entitle a purchaser of the estate or interest described in Schedule A or the insured mortgage to be released from the obligation to purchase by virtue of a contractual condition requiring the delivery of marketable title.

### 2. CONTINUATION OF INSURANCE.

(a) **After Acquisition of Title by Insured Lender.** If this policy insures the owner of the indebtedness secured by the insured mortgage, the coverage of this policy shall continue in force as of Date of Policy in favor of (i) such insured lender who acquires all or any part of the estate or interest in the land by foreclosure, trustee's sale, conveyance in lieu of foreclosure, or other legal manner which discharges the lien of the insured mortgage; (ii) a transferee of the estate or interest so acquired from an insured corporation, provided the transferee is the parent or wholly-owned subsidiary of the insured corporation, and their corporate successors by operation of law and not by purchase, subject to any rights or defenses the Company may have against any predecessor insureds; and (iii) any governmental agency or governmental instrumentality which acquires all or any part of the estate or interest pursuant to a contract of insurance or guaranty insuring or guaranteeing the indebtedness secured by the insured mortgage.

(b) **After Conveyance of Title by an Insured.** The coverage of this policy shall continue in force as of Date of Policy in favor of an insured only so long as the insured retains an estate or interest in the land, or holds an indebtedness secured by a purchase money mortgage given by a purchaser from the insured, or only so long as the insured shall have liability by reason of covenants of warranty

made by the insured in any transfer or conveyance of the estate or interest. This policy shall not continue in force in favor of any purchaser from an insured of either (i) an estate or interest in the land, or (ii) an indebtedness secured by a purchase money mortgage given to an insured.

**(c) Amount of Insurance.** The amount of insurance after the acquisition or after the conveyance by an insured lender shall in neither event exceed the least of:

(i) The amount of insurance stated in Schedule A:

(ii) The amount of the principal of the indebtedness secured by the insured mortgage as of Date of Policy, interest thereon, expenses of foreclosure, amounts advanced pursuant to the insured mortgage to assure compliance with laws or to protect the lien of the insured mortgage prior to the time of acquisition of the estate or interest in the land and secured thereby and reasonable amounts expended to prevent deterioration of improvements, but reduced by the amount of all payments made; or

(iii) The amount paid by any governmental agency or governmental instrumentality, if the agency or the instrumentality is the insured claimant, in the acquisition of the estate or interest in satisfaction of its insurance contract or guaranty.

**3. NOTICE OF CLAIM TO BE GIVEN BY INSURED CLAIMANT.**

An insured shall notify the Company promptly in writing (i) in case of any litigation as set forth in 4(a) below, (ii) in case knowledge shall come to an insured hereunder of any claim of title or interest which is adverse to the title to the estate or interest or the lien of the insured mortgage, as insured, and which might cause loss or damage for which the Company may be liable by virtue of this policy, or (iii) if title to the estate or interest or the lien of the insured mortgage, as insured, is rejected as unmarketable. If prompt notice shall not be given to the Company, then as to that insured all liability of the Company shall terminate with regard to the matter or matters for which prompt notice is required; provided, however, that failure to notify the Company shall in no case prejudice the rights of any insured under this policy unless the Company shall be prejudiced by the failure and then only to the extent of the prejudice.

**4. DEFENSE AND PROSECUTION OF ACTIONS; DUTY OF INSURED CLAIMANT TO COOPERATE.**

(a) Upon written request by an insured and subject to the options contained in Section 6 of these Conditions and Stipulations, the Company, at its own cost and without unreasonable delay, shall provide for the defense of such insured in litigation in which any third party asserts a claim adverse to the title or interest as insured, but only as to those causes of action alleging a defect, lien or encumbrance or other matter insured against by this policy. The Company shall have the right to select counsel of its choice (subject to the right of such insured to object for reasonable cause) to represent the insured as to those stated causes of action and shall not be liable for and will not pay the fees of any other counsel. The Company will not pay any fees, costs or expenses incurred by an insured in the defense of those causes of action which allege matters not insured against by this policy.

(b) The Company shall have the right, at its own cost, to institute and prosecute any action or proceeding or to do any other act which in its opinion may be necessary or desirable to establish the title to the estate or interest or the lien of the insured mortgage, as insured, or to prevent or reduce loss or damage to an insured. The Company may take any appropriate action under the terms of this policy, whether or not it shall be liable hereunder, and shall not thereby concede liability or waive any provision of this policy. If the Company shall exercise its rights under this paragraph, it shall do so diligently.

(c) Whenever the Company shall have brought an action or interposed a defense as required or permitted by the provisions of this policy, the Company may pursue any litigation to final determination by a court of competent jurisdiction and expressly reserves the right, in its sole discretion, to appeal from any adverse judgment or order.

(d) In all cases where this policy permits or requires the Company to prosecute or provide for the defense of any action or proceeding, an insured shall secure to the Company the right to so prosecute or provide defense in the action or proceeding, and all

appeals therein, and permit the Company to use, at its option, the name of such insured for this purpose. Whenever requested by the Company, an insured, at the Company's expense, shall give the Company all reasonable aid (i) in any action or proceeding, securing evidence, obtaining witnesses, prosecuting or defending the action or proceeding, or effecting settlement, and (ii) in any other lawful act which in the opinion of the Company may be necessary or desirable to establish the title to the estate or interest or the lien of the insured mortgage, as insured. If the Company is prejudiced by the failure of an insured to furnish the required cooperation, the Company's obligations to such insured under the policy shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation, with regard to the matter or matters requiring such cooperation.

**5. PROOF OF LOSS OR DAMAGE.**

In addition to and after the notices required under Section 3 of these Conditions and Stipulations have been provided the Company, a proof of loss or damage signed and sworn to by each insured claimant shall be furnished to the Company within 90 days after the insured claimant shall ascertain the facts giving rise to the loss or damage. The proof of loss or damage shall describe the defect in, or lien or encumbrance on the title, or other matter insured against by this policy which constitutes the basis of loss or damage and shall state, to the extent possible, the basis of calculating the amount of the loss or damage. If the Company is prejudiced by the failure of an insured claimant to provide the required proof of loss or damage, the Company's obligations to such insured under the policy shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation, with regard to the matter or matters requiring such proof of loss or damage.

In addition, an insured claimant may reasonably be required to submit to examination under oath by any authorized representative of the Company and shall produce for examination, inspection and copying, at such reasonable times and places as may be designated by any authorized representative of the Company, all records, books, ledgers, checks, correspondence and memoranda, whether bearing a date before or after Date of Policy, which reasonably pertain to the loss or damage. Further, if requested by any authorized representative of the Company, the insured claimant shall grant its permission, in writing, for any authorized representative of the Company to examine, inspect and copy all records, books, ledgers, checks, correspondence and memoranda in the custody or control of a third party, which reasonably pertain to the loss or damage. All information designated as confidential by an insured claimant provided to the Company pursuant to this Section shall not be disclosed to other unless, in the reasonable judgment of the Company, it is necessary in the administration of the claim. Failure of an insured claimant to submit for examination under oath, produce other reasonably requested information or grant permission to secure reasonably necessary information from third parties as required in this paragraph, unless prohibited by law or governmental regulation, shall terminate any liability of the Company under this policy as to that insured for that claim.

**6. OPTIONS TO PAY OR OTHERWISE SETTLE CLAIMS; TERMINATION OF LIABILITY.**

In case of a claim under this policy, the Company shall have the following additional options:

**(a) To Pay or Tender Payment of the Amount of Insurance or to Purchase the Indebtedness.**

(i) to pay or tender payment of the amount of insurance under this policy together with any costs, attorneys' fees and expenses incurred by the insured claimant, which were authorized by the Company, up to the time of payment or tender of payment and which the Company is obligated to pay; or

(ii) in case loss or damage is claimed under this policy by the owner of the indebtedness secured by the insured mortgage, to purchase the indebtedness secured by the insured mortgage for the amount owing thereon together with any costs, attorneys' fees and expenses incurred by the insured claimant which were authorized by the Company up to the time of purchase and which the Company is obligated to pay.

If the Company offers to purchase the indebtedness as herein provided, the owner of the indebtedness shall transfer, assign, and

convey the indebtedness and the insured mortgage, together with any collateral security, to the Company upon payment therefor.

Upon the exercise by the Company of the option provided for in paragraph a(i), all liability and obligations to the insured under this policy, other than to make the payment required in that paragraph, shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation, and the policy shall be surrendered to the Company for cancellation.

Upon the exercise by the Company of the option provided for in paragraph a(ii) the Company's obligation to an insured lender under this policy for the claimed loss or damage, other than the payment required to be made, shall terminate, including any liability or obligation to defend, prosecute or continue any litigation.

**(b) To Pay or Otherwise Settle With Parties Other than the Insured or With the Insured Claimant.**

(i) to pay or otherwise settle with other parties for or in the name of an insured claimant any claim insured against under this policy, together with any costs, attorneys' fees and expenses incurred by the insured claimant which were authorized by the Company up to the time of payment and which the Company is obligated to pay; or

(ii) to pay or otherwise settle with the insured claimant the loss or damage provided for under this policy, together with any costs, attorneys' fees and expenses incurred by the insured claimant which were authorized by the Company up to the time of payment and which the Company is obligated to pay.

Upon the exercise by the Company of either of the options provided for in paragraphs b(i) or b(ii), the Company's obligations to the insured under this policy for the claimed loss or damage, other than the payments required to be made, shall terminate, including any liability or obligation to defend, prosecute or continue any litigation.

**7. DETERMINATION AND EXTENT OF LIABILITY.**

This policy is a contract of indemnity against actual monetary loss or damage sustained or incurred by the insured claimant who has suffered loss or damage by reason of matters insured against by this policy and only to the extent herein described.

(a) The liability of the Company under this policy to an insured lender shall not exceed the least of:

(i) the Amount of Insurance stated in Schedule A, or, if applicable, the amount of insurance as defined in Section 2(c) of these Conditions and Stipulations;

(ii) the amount of the unpaid principal indebtedness secured by the insured mortgage as limited or provided under Section 8 of these Conditions and Stipulations or as reduced under Section 9 of these Conditions and Stipulations, at the time the loss or damage insured against by this policy occurs, together with interest thereon; or

(iii) the difference between the value of the insured estate or interest as insured and the value of the insured estate or interest subject to the defect, lien or encumbrance insured against by this policy.

(b) In the event the insured lender has acquired the estate or interest in the manner described in Section 2(a) of these Conditions and Stipulations or has conveyed the title, then the liability of the Company shall continue as set forth in Section 7(a) of these Conditions and Stipulations.

(c) The liability of the Company under this policy to an insured owner of the estate or interest in the land described in Schedule A shall not exceed the least of:

(i) the Amount of Insurance stated in Schedule A; or,

(ii) the difference between the value of the insured estate or interest as insured and the value of the insured estate or interest subject to the defect, lien or encumbrance insured against by this policy.

(d) The Company will pay only those costs, attorneys' fees and expenses incurred in accordance with Section 4 of these Conditions and Stipulations.

**8. LIMITATION OF LIABILITY.**

(a) If the Company establishes the title, or removes the alleged defect, lien or encumbrance, or cures the lack of a right of access to or from the land, or cures the claim of unmarketability of title, or otherwise establishes the lien of the insured mortgage, all as

insured, in a reasonably diligent manner by any method, including litigation and the completion of any appeals therefrom, it shall have fully performed its obligations with respect to that matter and shall not be liable for any loss or damage caused thereby.

(b) In the event of any litigation, including litigation by the Company or with the Company's consent, the Company shall have no liability for loss or damage until there has been a final determination by a court of competent jurisdiction, and disposition of all appeals therefrom, adverse to the title, or, if applicable, to the lien of the insured mortgage, as insured.

(c) The Company shall not be liable for loss or damage to any insured for liability voluntarily assumed by the insured in settling any claim or suit without the prior written consent of the Company.

(d) The Company shall not be liable to an insured lender for: (i) any indebtedness created subsequent to Date of Policy except for advances made to protect the lien of the insured mortgage and secured thereby and reasonable amounts expended to prevent deterioration of improvements; or (ii) construction loan advances made subsequent to Date of Policy, except construction loan advances made subsequent to Date of Policy for the purpose of financing in whole or in part the construction of an improvement to the land which at Date of Policy were secured by the insured mortgage and which the insured was and continued to be obligated to advance at and after Date of Policy.

**9. REDUCTION OF INSURANCE; REDUCTION OR TERMINATION OF LIABILITY.**

(a) All payments under this policy, except payments made for costs, attorneys' fees and expenses, shall reduce the amount of insurance pro tanto. However, as to an insured lender, any payments made prior to the acquisition of title to the estate or interest as provided in Section 2(a) of these Conditions and Stipulations shall not reduce pro tanto the amount of insurance afforded under this policy as to any such insured, except to the extent that the payments reduce the amount of the indebtedness secured by the insured mortgage.

(b) Payment in part by any person of the principal of the indebtedness, or any other obligation secured by the insured mortgage, or any voluntary partial satisfaction or release of the insured mortgage, to the extent of the payment, satisfaction or release, shall reduce the amount of insurance pro tanto. The amount of insurance may thereafter be increased by accruing interest and advances made to protect the lien of the insured mortgage and secured thereby, with interest thereon, provided in no event shall the amount of insurance be greater than the Amount of Insurance stated in Schedule A.

(c) Payment in full by any person or the voluntary satisfaction or release of the insured mortgage shall terminate all liability of the Company to an insured lender except as provided in Section 2(a) of these Conditions and Stipulations.

**10. LIABILITY NONCUMULATIVE.**

It is expressly understood that the amount of insurance under this policy shall be reduced by any amount the Company may pay under any policy insuring a mortgage to which exception is taken in Schedule B or to which the insured has agreed, assumed, or taken subject, or which is hereafter executed by an insured and which is a charge or lien on the estate or interest described or referred to in Schedule A, and the amount so paid shall be deemed a payment under this policy to the insured owner.

The provisions of this Section shall not apply to an insured lender, unless such insured acquires title to said estate or interest in satisfaction of the indebtedness secured by an insured mortgage.

**11. PAYMENT OF LOSS.**

(a) No payment shall be made without producing this policy for endorsement of the payment unless the policy has been lost or destroyed, in which case proof of loss or destruction shall be furnished to the satisfaction of the Company.

(b) When liability and the extent of loss or damage has been definitely fixed in accordance with these Conditions and Stipulations, the loss or damage shall be payable within 30 days thereafter.

**12. SUBROGATION UPON PAYMENT OR SETTLEMENT.**

(a) The Company's Right of Subrogation.

Whenever the Company shall have settled and paid a claim under this policy, all right of subrogation shall vest in the Company unaffected by any act of the insured claimant.

The Company shall be subrogated to and be entitled to all rights and remedies which the insured claimant would have had against any person or property in respect to the claim had this policy not been issued. If requested by the Company, the insured claimant shall transfer to the Company all rights and remedies against any person or property necessary in order to perfect this right of subrogation. The insured claimant shall permit the Company to sue, compromise or settle in the name of the insured claimant and to use the name of the insured claimant in any transaction or litigation involving these rights or remedies.

If a payment on account of a claim does not fully cover the loss of the insured claimant, the Company shall be subrogated (i) as to an insured owner, to all rights and remedies in the proportion which the Company's payment bears to the whole amount of the loss; and (ii) as to an insured lender, to all rights and remedies of the insured claimant after the insured claimant shall have recovered its principal, interest, and costs of collection.

If loss should result from any act of the insured claimant, as stated above, that act shall not void this policy, but the Company, in that event, shall be required to pay only that part of any losses insured against by this policy which shall exceed the amount, if any, lost to the Company by reason of the impairment by the insured claimant of the Company's right of subrogation.

**(b) The Insured's Rights and Limitations.**

Notwithstanding the foregoing, the owner of the indebtedness secured by an insured mortgage, provided the priority of the lien of the insured mortgage or its enforceability is not affected, may release or substitute the personal liability of any debtor or guarantor, or extend or otherwise modify the terms of payment, or release a portion of the estate or interest from the lien of the insured mortgage, or release any collateral security for the indebtedness.

When the permitted acts of the insured claimant occur and the insured has knowledge of any claim of title or interest adverse to the title to the estate or interest or the priority or enforceability of the lien of an insured mortgage, as insured, the Company shall be required to pay only that part of any losses insured against by this policy which shall exceed the amount, if any, lost to the Company by reason of the impairment by the insured claimant of the Company's right of subrogation.

**(c) The Company's Rights against Non-insured Obligors.**

The Company's right of subrogation against non-insured obligors shall exist and shall include, without limitation, the rights of the insured to indemnities, guaranties, other policies of insurance or bonds, notwithstanding any terms or conditions contained in those instruments which provide for subrogation rights by reason of this policy.

The Company's right of subrogation shall not be avoided by acquisition of an insured mortgage by an obligor (except an obligor described in Section 1(a)(ii) of these Conditions and Stipulations) who acquires the insured mortgage as a result of an indemnity, guarantee, other policy of insurance, or bond and the obligor will not

be an insured under this policy, notwithstanding Section 1(a)(i) of these Conditions and Stipulations.

**13. ARBITRATION.**

Unless prohibited by applicable law, either the Company or the insured may demand arbitration pursuant to the Title Insurance Arbitration Rules of the American Arbitration Association. Arbitrable matters may include, but are not limited to, any controversy or claim between the Company and the insured arising out of or relating to this policy, any service of the Company in connection with its issuance or the breach of a policy provision or other obligation. All arbitrable matters when the Amount of Insurance is \$1,000,000 or less shall be arbitrated at the option of either the Company or the insured. All arbitrable matters when the Amount of Insurance is in excess of \$1,000,000 shall be arbitrated only when agreed to by both the Company and the insured. Arbitration pursuant to this policy and under the Rules in effect on the date the demand for arbitration is made or, at the option of the insured, the Rules in effect at Date of Policy shall be binding upon the parties. The award may include attorneys' fees only if the laws of the state in which the land is located permit a court to award attorneys' fees to a prevailing party. Judgment upon the award rendered by the Arbitrator(s) may be entered in any court having jurisdiction thereof.

The law of the situs of the land shall apply to arbitration under the Title Insurance Arbitration Rules.

A copy of the Rules may be obtained from the Company upon request.

**14. LIABILITY LIMITED TO THIS POLICY; POLICY ENTIRE CONTRACT.**

(a) This policy together with all endorsements, if any, attached hereto by the Company is the entire policy and contract between the insured and the Company. In interpreting any provision of this policy, this policy shall be construed as a whole.

(b) Any claim of loss or damage, whether or not based on negligence, and which arises out of the status of the lien of the insured mortgage or of the title to the estate or interest covered hereby or by any action asserting such claim, shall be restricted to this policy.

(c) No amendment of or endorsement to this policy can be made except by a writing endorsed hereon or attached hereto signed by either the President, a Vice President, the Secretary, an Assistant Secretary, or validating officer or authorized signatory of the Company.

**15. SEVERABILITY.**

In the event any provision of the policy is held invalid or unenforceable under applicable law, the policy shall be deemed not to include that provision and all other provisions shall remain in full force and effect.

**16. NOTICES, WHERE SENT.**

All notices required to be given the Company and any statement in writing required to be furnished the Company shall include the number of this policy and shall be addressed to the Company at P.O. Box 2029, Houston, Texas 77252-2029, and identify this policy by its printed policy serial number which appears on the bottom of the front of the first page of this policy.

# CLTA STANDARD POLICY

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## SCHEDULE A

LIABILITY: \$1,771,500.00

PREMIUM: \$3,359.00

ORDER NO.: 140-1176681-32

POLICY: O-2228-000405391

REFERENCE NO.: 1176681-IG

DATE OF POLICY: OCTOBER 21, 2010

TIME: 8:00 A.M.

1. NAME OF INSURED:

REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE, A PUBLIC BODY, CORPORATE AND POLITIC

2. THE ESTATE OR INTEREST IN THE LAND DESCRIBED IN SCHEDULE "A" AND WHICH IS COVERED BY THIS POLICY IS:

A FEE

3. THE ESTATE OR INTEREST REFERRED TO HEREIN, IS AT DATE OF POLICY VESTED IN:

REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE, A PUBLIC BODY, CORPORATE AND POLITIC

CLTA STANDARD POLICY

SCHEDULE A (CONTINUED)

4. THE LAND REFERRED TO IN THIS REPORT IS SITUATED IN THE STATE OF CALIFORNIA COUNTY OF RIVERSIDE AND IS DESCRIBED AS FOLLOWS:

PARCEL 1

THE SOUTH HALF OF FARM LOT 125 OF THE ESTUDILLO LAND AND WATER COMPANY'S ADDITION TO SAN JACINTO, AS SHOWN BY MAP ON FILE IN BOOK 9 PAGE 410 OF MAPS, RECORDS OF SAN DIEGO COUNTY, CALIFORNIA

EXCEPTING FROM SAID LOT 125 THE SOUTHERLY 425.00 FEET MEASURED FROM THE CENTER LINE OF MENLO AVENUE AND THE EASTERLY 330.00 FEET THEREOF MEASURED FROM THE CENTER LINE OF STATE STREET.

ASSESSOR'S PARCEL NUMBER(S): 439-060-009-1

PARCEL 2

THE SOUTHERLY 425 FEET OF THE SOUTH HALF OF FARM LOT 125 OF THE ESTUDILLO LAND AND WATER COMPANY'S ADDITION TO SAN JACINTO, IN THE CITY OF HEMET, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS SHOWN BY MAP ON FILE IN BOOK 9, PAGE 410 OF MAPS, RECORDS OF SAN DIEGO COUNTY, CALIFORNIA, SAID DISTANCE OF 425 FEET BEING MEASURED FROM THE CENTER LINE OF MENLO AVENUE;

EXCEPT THEREFROM THE EASTERLY 330 FEET THEREOF.

ALSO EXCEPT THEREFROM THAT PORTION THEREOF INCLUDED IN MENLO AVENUE.

ASSESSOR'S PARCEL NUMBER(S): 439-060-010-1

PARCEL 3

THE NORTH 130 FEET OF THE EAST 330 FEET, MEASURED FROM THE CENTER LINE OF STATE STREET, OF THE SOUTH HALF OF FARM LOT 125 OF THE LANDS OF THE ESTUDILLO LAND AND WATER COMPANY'S ADDITION TO SAN JACINTO, IN THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS SHOWN BY MAP ON FILE IN BOOK 9 PAGE 410 OF MAPS, RECORDS OF SAN DIEGO COUNTY, CALIFORNIA;

EXCEPT THE EASTERLY RECTANGULAR 44 FEET.

ASSESSOR'S PARCEL NUMBER(S): 439-060-011-2

PARCELS 4

THE SOUTH 150.00 FEET OF THE FOLLOWING DESCRIBED PARCEL, IN THE CITY OF HEMET, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA:

BEGINNING AT THE INTERSECTION OF THE CENTER LINES OF STATE STREET AND MENLO AVENUE, SAID POINT BEING THE SOUTHEAST CORNER OF FARM LOT 125 OF THE ESTUDILLO LAND AND WATER COMPANY'S ADDITION TO SAN JACINTO, AS SHOWN BY MAP ON FILE IN BOOK 9 PAGE 410 OF MAPS, RECORDS OF SAN DIEGO COUNTY, CALIFORNIA; THENCE NORTH ALONG THE CENTER LINE OF STATE STREET, 156.00 FEET TO THE POINT OF BEGINNING;

THENCE NORTH ALONG THE CENTER LINE OF STATE STREET, A DISTANCE OF 150.00 FEET;

THENCE WEST AND PARALLEL WITH THE CENTER LINE OF MENLO AVENUE, A DISTANCE OF 320.00 FEET;

THENCE NORTH AND PARALLEL WITH THE CENTERLINE OF STATE STREET, A DISTANCE OF 119.00 FEET;

THENCE WEST AND PARALLEL WITH CENTER LINE OF MENLO AVENUE, A DISTANCE OF 10.00 FEET;

THENCE SOUTH AND PARALLEL WITH THE CENTER LINE OF STATE STREET, A DISTANCE OF 269.00 FEET;

THENCE EAST AND PARALLEL WITH THE CENTER LINE OF MENLO AVENUE, A DISTANCE OF 330.00 FEET, TO THE POINT OF BEGINNING.



EXCEPT THAT PORTION THEREOF INCLUDED IN STATE STREET AS CONVEYED TO THE COUNTY OF RIVERSIDE BY DOCUMENTS RECORDED JUNE 23, 1965 AS INSTRUMENT NO. 72678 AND JUNE 02, 1971 AS INSTRUMENT NO. 58757 BOTH OF OFFICIAL RECORDS OF RIVERSIDE COUNTY, CALIFORNIA.

ASSESSOR'S PARCEL NUMBER(S): 439-060-013-4

PARCEL 5

THE WEST 70 FEET OF THE EASTERLY 330 FEET OF THE SOUTHERLY 156 FEET OF THE SOUTHEAST QUARTER OF FARM LOT 125 OF ESTUDILLO LAND AND WATER COMPANY'S ADDITION TO SAN JACINTO, IN THE CITY OF HEMET, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS SHOWN BY MAP ON FILE IN BOOK 9, PAGE 410 OF RECORDS OF SAN DIEGO COUNTY. SAID SOUTHEAST QUARTER BEING MEASURED FROM THE INTERSECTION OF THE CENTER LINE OF MENLO AND STATE STREETS.

ASSESSOR'S PARCEL NUMBER(S): 439-060-014-5

PARCEL 6

PORTION OF THE EAST 330 FEET OF THE SOUTH HALF OF THE FARM LOT 125 ESTUDILLO LAND AND WATER COMPANY'S ADDITION TO SAN JACINTO, IN THE CITY OF HEMET, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS SHOWN BY MAP OF SAID LANDS IN BOOK 9, PAGE 410 OF MAPS, SAN DIEGO COUNTY RECORDS.

BEGINNING AT A POINT WHICH IS 306 FEET NORTH AND 320 FEET WEST OF THE INTERSECTION OF THE CENTER LINE OF MENLO AVENUE AND STATE STREET;  
THENCE NORTH 119 FEET, PARALLEL WITH STATE STREET;  
THENCE WEST 10 FEET, PARALLEL WITH MENLO AVENUE;  
THENCE SOUTH 119 FEET, PARALLEL WITH STATE STREET;  
THENCE EAST 10 FEET, PARALLEL WITH MENLO AVENUE

ASSESSOR'S PARCEL NUMBER(S): 439-060-024-4

PARCEL 7

THAT PORTION OF LOT 127 OF THE ESTUDILLO LAND AND WATER COMPANY, ADDITION TO SAN JACINTO, AS SHOWN BY MAP ON FILE IN BOOK 9, PAGE 410 OF MAPS, RECORDS OF SAN DIEGO COUNTY.

BEGINNING AT THE SOUTHEAST CORNER OF LOT 127; THENCE WEST 205 FEET; THENCE NORTH 100 FEET; THENCE EAST 80 FEET; THENCE NORTH TO THE NORTH LINE OF LOT 127; THENCE EAST 125 FEET; THENCE SOUTH ON THE EAST LINE OF LOT 127 TO THE POINT OF BEGINNING.

EXCEPTING THEREFROM THE WESTERLY 83 FEET OF THE SOUTHERLY 100 FEET.

ASSESSOR'S PARCEL NUMBER(S): 439-281-035-7

CLTA STANDARD POLICY

SCHEDULE B – PART I

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EXCEPTIONS FROM COVERAGE

THIS POLICY DOES NOT INSURE AGAINST LOSS OR DAMAGE BY REASON OF THE MATTERS SHOWN IN PARTS ONE AND TWO FOLLOWING:

1. TAXES OR ASSESSMENTS WHICH ARE NOT SHOWN AS EXISTING LIENS BY THE RECORDS OF TAXING AUTHORITY THAT LEVIES TAXES OR ASSESSMENTS ON REAL PROPERTY OR BY THE PUBLIC RECORDS.
2. ANY FACTS, RIGHTS, INTERESTS, OR CLAIMS WHICH ARE NOT SHOWN BY THE PUBLIC RECORDS BUT WHICH COULD BE ASCERTAINED BY AN INSPECTION OF SAID LAND OR BY MAKING INQUIRY OF PERSONS IN POSSESSION THEREOF.
3. EASEMENT, CLAIMS OF EASEMENT OR ENCUMBRANCES, WHICH ARE NOT SHOWN BY THE PUBLIC RECORDS.
4. DISCREPANCIES, CONFLICTS IN BOUNDARY LINES, SHORTAGE OF AREA, ENCROACHMENTS, OR ANY OTHER FACTS WHICH A CORRECT SURVEY WOULD DISCLOSE, AND WHICH ARE NOT SHOWN BY PUBLIC RECORDS.
5. UNPATENTED MINING CLAIMS; RESERVATIONS OR EXCEPTIONS IN PATENTS OR IN ACTS AUTHORIZING THE ISSUANCE THEREOF: WATER RIGHTS, CLAIMS OR TITLE TO WATER.
6. ANY LIEN OR RIGHT TO A LIEN, FOR SERVICES, LABOR OR MATERIAL THERETOFORE OR HEREAFTER FURNISHED, IMPOSED BY LAW AND NOT SHOWN BY THE PUBLIC RECORDS.

## CLTA STANDARD POLICY

## SCHEDULE B - PART II

1. A RIGHT OF WAY FOR ONE DITCH, FLUME OR OTHER AQUEDUCT ACROSS THE LANDS OF ANY OTHER OWNER LYING BETWEEN HIM AND THE SAN JACINTO RIVER, AS RESERVED TO EACH AND EVERY OWNER OF THE LANDS IN THE RANCHO SAN JACINTO VIEJO, HIS HEIRS AND ASSIGNS, BY DECREE OF PARTITION OF SAID RANCHO, RECORDED IN BOOK 43 PAGE 161 OF DEEDS, RECORDS OF SAN DIEGO COUNTY, CALIFORNIA.
2. AN EASEMENT OVER SAID LAND FOR THE HEREINAFTER SPECIFIC PURPOSE AND INCIDENTAL PURPOSES, IN FAVOR OF SAN JACINTO AND PLEASANT VALLEY IRRIGATION DISTRICTS, IN INSTRUMENT RECORDED DECEMBER 5, 1882 IN BOOK 207 PAGE 417 OF DEEDS, RECORDS OF SAN DIEGO COUNTY, CALIFORNIA. SAID EASEMENT IS FOR PIPE LINES.
3. AN EASEMENT FOR PURPOSES HEREIN STATED, AND RIGHTS INCIDENTAL THERETO AS PROVIDED IN AN INSTRUMENT  
RECORDED: MAY 2, 1942 IN BOOK 542 PAGE 128, OF OFFICIAL RECORDS.  
FOR: EITHER OR BOTH POLE LINES, CONDUITS OR UNDERGROUND FACILITIES AND  
INCIDENTAL PURPOSES  
IN FAVOR OF: CALIFORNIA ELECTRIC POWER CO.  
AFFECTS: SAID LAND
4. AN EASEMENT FOR PURPOSES HEREIN STATED, AND RIGHTS INCIDENTAL THERETO AS PROVIDED IN AN INSTRUMENT  
RECORDED: FEBRUARY 21, 1963 AS INSTRUMENT NO. 18550, OF OFFICIAL RECORDS.  
FOR: ROAD AND WATER AND INCIDENTAL PURPOSES  
IN FAVOR OF: FLORENCE F. WIXOM, ET AL  
AFFECTS: SAID LAND

**SAID MATTER AFFECTS PARCEL 3.**

5. AN EASEMENT FOR PURPOSES HEREIN STATED, AND RIGHTS INCIDENTAL THERETO AS PROVIDED IN AN INSTRUMENT  
RECORDED: AUGUST 7, 1969 AS INSTRUMENT NO. 80987, OF OFFICIAL RECORDS.  
FOR: EITHER OR BOTH POLES LINES, CONDUITS OR UNDERGROUND FACILITIES AND  
INCIDENTAL PURPOSES  
IN FAVOR OF: GENERAL TELEPHONE COMPANY OF CALIFORNIA, A CORPORATION  
AFFECTS: SAID LAND.

**SAID MATTER AFFECTS PARCELS 2 AND 3.**

6. AN EASEMENT FOR PURPOSES HEREIN STATED, AND RIGHTS INCIDENTAL THERETO AS PROVIDED IN AN INSTRUMENT  
RECORDED: AUGUST 7, 1969 AS INSTRUMENT NO. 80988, OF OFFICIAL RECORDS.  
FOR: EITHER OR BOTH POLE LINES, CONDUITS OR UNDERGROUND FACILITIES AND  
INCIDENTAL PURPOSES  
IN FAVOR OF: GENERAL TELEPHONE COMPANY OF CALIFORNIA  
AFFECTS: SAID LAND

**SAID MATTER AFFECTS PARCELS 1 AND 2**

7. AN EASEMENT FOR PURPOSES HEREIN STATED, AND RIGHTS INCIDENTAL THERETO AS SET FORTH IN AN INSTRUMENT  
RECORDED: JULY 17, 1984, AS INSTRUMENT NO. 154025, OF OFFICIAL RECORDS.  
FOR: ROAD AND WATER PIPE PURPOSES AND INCIDENTAL PURPOSES  
AFFECTS: OVER A STRIP OF LAND 14.99 FET IN WIDTH, THE NORTH LINE OF SAID EASEMENT  
BEING THE SOUTH LINE OF THE NORTH 130 FEET OF THE EAST 330 FEET OF THE  
SOUTH HALF OF FARM LOT 125 OF THE LANDS OF THE ESTUDILLO LAND AND WATER  
COMPANY'S ADDITION TO SAN JACINTO, AS SHOWN BY MAP ON FILE IN BOOK 9 PAGE  
410 OF MAPS, RECORDS OF SAN DIEGO COUNTY, CALIFORNIA;  
EXCEPT THE EASTERLY RECTANGULAR 44 FEEET.

**SAID MATTER AFFECTS PARCEL 6.**

8. THE FACT THAT SAID LAND IS WITHIN THE BOUNDARIES OF THE NORTH HEMET COMMUNITY REDEVELOPMENT AREA, AS DISCLOSED BY AN INSTRUMENT RECORDED DECEMBER 24, 1987 AS INSTRUMENT NO. 362716, OFFICIAL RECORDS.
9. AN EASEMENT FOR PURPOSES HEREIN STATED, AND RIGHTS INCIDENTAL THERETO AS PROVIDED IN AN INSTRUMENT  
RECORDED: OCTOBER 2, 1990 AS INSTRUMENT NO. 364766, OF OFFICIAL RECORDS.  
FOR : PUBLIC UTILITIES AND INCIDENTAL PURPOSES  
IN FAVOR OF : SOUTHERN CALIFORNIA EDISON COMPANY, A CORPORATION, ITS SUCCESSORS AND ASSIGNS  
AFFECTS : DESCRIBED AS FOLLOWS:

A STRIP OF LAND 12 FEET IN WIDTH LYING IN THE SOUTH HALF OF FARM LOT 125 OF ESTUDILLO LAND AND WATER COMPANY'S ADDITION TO SAN JACINTO, AS SHOWN BY MAP OF SAID LANDS IN BOOK 9 PAGE 410 OF MAPS, SAN DIEGO COUNTY RECORDS. THE SOUTHERLY LINE OF SAID STRIP BEING DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT WHICH IS THE INTERSECTION OF THE CENTERLINE OF MENLO AVENUE AND STATE STREET,  
THENCE NORTH 0°4'23" EAST A DISTANCE OF 306 FEET. THENCE NORTH 89°59'21" WEST A DISTANCE OF 55 FEET TO THE TRUE POINT OF BEGINNING. THENCE CONTINUING 89°59'21" WEST A DISTANCE OF 79 FEET.

**SAID MATTER AFFECTS PARCEL 6**

10. AN INSTRUMENT, UPON THE TERMS AND CONDITIONS CONTAINED THEREIN  
ENTITLED: RESOLUTION ESTABLISHING THE SANTA ANA WATERSHED BENEFIT ASSESSMENT AREA AND AUTHORIZING THE ANNUAL LEVY OF A BENEFIT ASSESSMENT TO PAY COSTS ASSOCIATED WITH THE NATIONAL POLLUTANT DISCHARGE ELIMINATION SYSTEM STORMWATER PERMIT  
RECORDED: JUNE 10, 1991 AS INSTRUMENT NO. 91-193749, OFFICIAL RECORDS.
11. AN INSTRUMENT, UPON THE TERMS AND CONDITIONS CONTAINED THEREIN  
ENTITLED: NOTICE OF PENDENCY OF ADMINISTRATIVE PROCEEDINGS  
RECORDED: JANUARY 8, 1999 AS INSTRUMENT NO. 7940, OFFICIAL RECORDS.  
**SAID MATTER AFFECTS PARCEL 1**

12. AN EASEMENT FOR PURPOSES HEREIN STATED, AND RIGHTS INCIDENTAL THERETO AS PROVIDED IN AN INSTRUMENT  
RECORDED: 05/23/2000 AS INSTRUMENT NO. 2000-195559, OF OFFICIAL RECORDS.  
FOR : PUBLIC UTILITIES AND INCIDENTAL PURPOSES  
IN FAVOR OF : SOUTHERN CALIFORNIA EDISON COMPANY, A CORPORATION  
AFFECTS : SAID LAND  
**SAID MATTER AFFECTS PARCEL 1 AND 3**

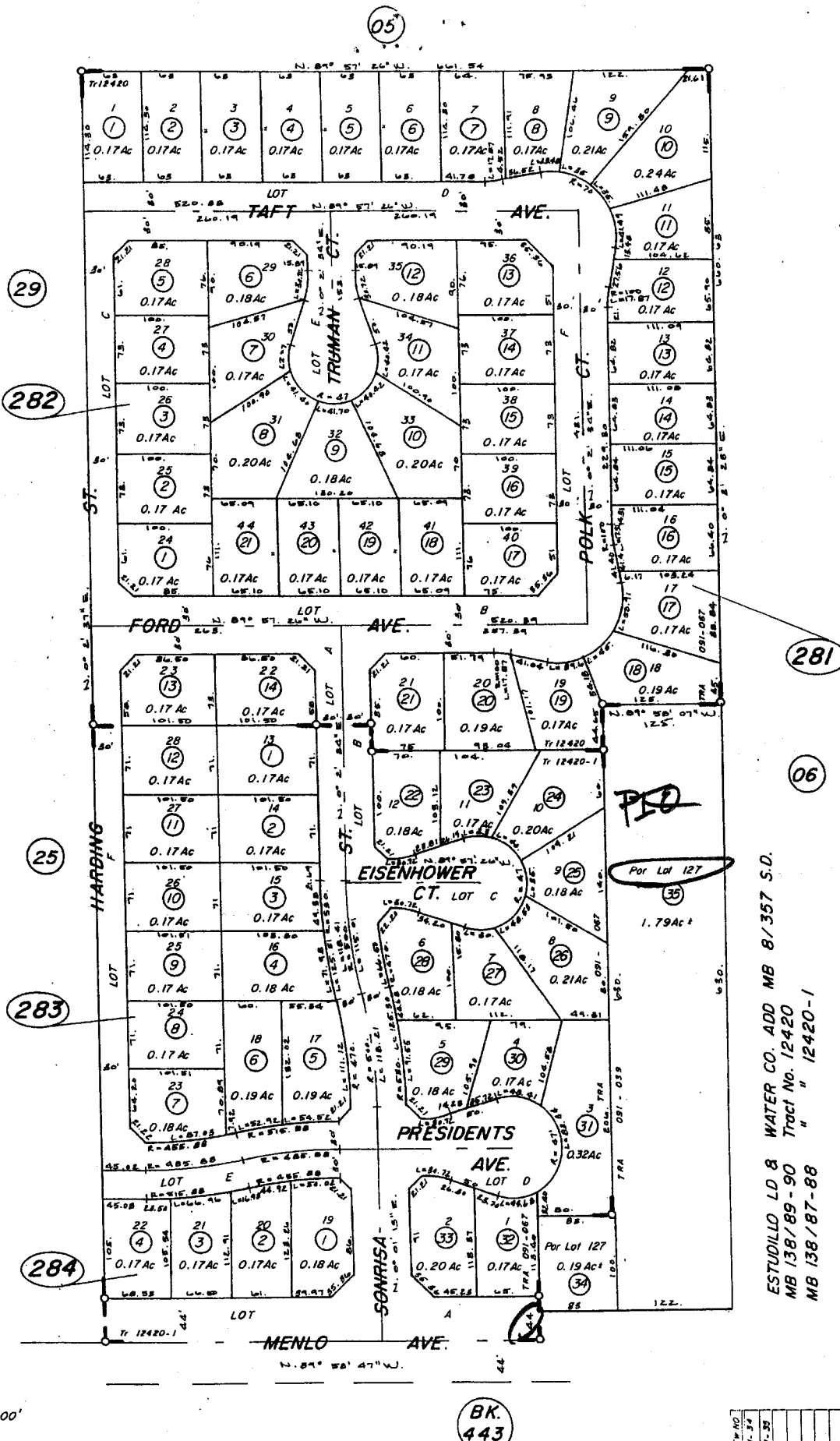
**END OF EXCEPTIONS**

MV/MF

439-28

THIS MAP SHOULD BE USED FOR REFERENCE PURPOSES ONLY. NO LIABILITY IS ASSUMED FOR THE ACCURACY OF THE DATA SHOWN. PARCELS MAY NOT BE IDENTICAL TO RECORDS ON FILE.

1" = 100'



ASSESSOR'S MAP BK. 439 PG. 28  
RIVERSIDE COUNTY, CALIF.  
PAC

ESTUDILLO LD & WATER CO. ADD MB 8/357 S.D.  
MB 138/89-90 Tract No. 12420  
" " 12420-1  
MB 138/87-88

JUNE 1984

BK. 443

| DATE | NEW NO. |
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| 1/84 | 150-07  |
| 1/84 | 150-08  |
| 1/84 | 150-09  |
| 1/84 | 150-10  |
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