

GLEN OAKS ESCROW
6100 San Fernando Road
Glendale, California 91201
Telephone: (818) 502-0400
Facsimile: (818) 502-0607

Date: _____, _____
Unit No.: _____

Escrow No. _____
Escrow Officer: _____

GRISMER VILLAS

AGREEMENT AND ESCROW INSTRUCTIONS

THIS AGREEMENT CONTAINS PROVISIONS REQUIRING BINDING ARBITRATION TO RESOLVE DISPUTES AND WAIVER OF THE RIGHT TO LITIGATE AND A JURY TRIAL.

This Agreement is made and entered into by and between TOMATOBANK, N.A. ("Seller"), and _____ ("Buyers").

1. Sale and Purchase. Seller agrees to sell to Buyers and Buyers agree to purchase from Seller the Dwelling and appurtenant rights ("Property") described in Exhibit "A", attached hereto. The Property is more commonly known as: _____, Burbank, California.

Title to the Property shall vest as follows:

THE MANNER OF TAKING TITLE MAY HAVE SIGNIFICANT LEGAL AND/OR TAX CONSEQUENCES. BUYER IS ENCOURAGED TO DISCUSS THIS SUBJECT WITH THE BUYER'S LEGAL AND/OR TAX ADVISOR. If the vesting of title will be different from that which is indicated herein, Buyer shall notify Escrow Holder and Seller in writing, not more than ten (10) days after the execution of this Agreement by Buyer.

Seller agrees to convey the Property to Buyers by Grant Deed and Buyers agree to accept the same subject to:

A. Non-delinquent real property general and special taxes for the current fiscal year ____-____ and subsequent years, including reassessments, if any, and including any special district levies or personal taxes, payment for which are included therein and collected therewith, and any special improvement bond or assessment bonds of record, when applicable.

B. The lien of supplemental taxes, if any, assessed pursuant to the provisions of Chapter 3.5 (commencing with Section 75) of the Revenue Taxation Code of the State of California.

C. Covenants, conditions, restrictions, reservations, rights, rights of way and easements of record, if any, specifically including all restrictions and matters contained within the Declaration hereafter defined. The grant deed conveying the Property shall contain a recital setting forth the fact that Buyers are taking title subject to said Declaration.

D. Deed or deeds of trust to record as hereinafter provided.

2. Definitions: For purposes hereof, the following terms are defined as set forth below:

A. The "Association" means 1613 GRISMER VILLAS HOMEOWNERS ASSOCIATION, a California Non-Profit Mutual Benefit Corporation.

B. The "Declaration" means that certain document entitled "Declaration of Covenants, Conditions and Restrictions" recorded on _____, _____, as Instrument No. _____, Official Records of Los Angeles County, California, and any and all amendments thereto.

C. The "Dwelling" means that part of Buyers' condominium which is not owned in common with owners of other condominiums in the Project and is used as Buyers' residence.

D. The "Escrow Holder" means Glen Oaks Escrow.

E. The "Execution Date" means the date that Seller executed this Agreement and Escrow Instructions.

F. The "Project" means GRISMER VILLAS, a condominium project of which the Property is a part.

G. The "Property" or "said real property" means the real property and improvements thereon being purchased by Buyers pursuant to these escrow instructions.

3. Purchase Price. Seller agrees to sell the Property to Buyers and Buyers agree to pay to Seller for the Property the sum of _____ Dollars (\$ _____) ("Purchase Price"), payable as follows:

A. Initial Deposit: Buyers have given a deposit in the amount of \$ _____ to the agent submitting the offer (or to _____), by personal check (or _____), made payable to _____, which shall be held uncashed until the Execution Date and then deposited within 3 business days after the Execution Date, (or _____), with Escrow Holder, (or into Broker's trust account).

B. Increased Deposit: Buyer shall deposit with Escrow Holder an increased deposit in the amount of \$ _____ within ____ Days after the Execution Date.

C. First Loan in the Amount of \$ _____

(1) New First Deed of Trust in favor of lender, encumbering the Property, securing a note payable at maximum interest of _____% fixed rate, or _____% initial adjustable rate with a maximum interest rate of _____%, balance due in _____ years, amortized over _____ years. Buyers shall pay loan fees/points not to exceed _____. (These terms apply whether the designated loan is conventional, FHA or VA.)

(2) FHA VA: (The following terms only apply to the FHA or VA loan that is checked.) Seller shall pay _____% discount points. Seller shall pay other fees not allowed to be paid by Buyers. not to exceed \$ _____. Seller shall pay the cost of lender required repairs (including those for wood destroying pest) not otherwise provided for in this Agreement, not to exceed \$ _____. (Actual loan amount may increase if mortgage insurance premiums, funding fees or closing costs are financed.)

D. Additional Financing Terms: _____ \$ _____

E. Balance of Purchase Price (not including costs of obtaining loans and other closing costs) in the amount of \$ _____ to be deposited with Escrow Holder within sufficient time to close escrow.

F. Purchase Price (Total) \$ _____

Additional funds will be required for closing costs. The estimated amount of closing costs, after any adjustments between Buyer and Seller will be provided to Buyer prior to the close of escrow. Buyer shall deposit the amount of balance of down payment, together with any additional funds required for closing costs into Escrow in the form of either a local cashier's check or wire transfer forty-eight (48) hours prior to the Closing Date.

The initial deposit is hereafter referred to as the "Earnest Money Deposit". The Earnest Money Deposit shall be held uncashed until the next business day after acceptance of the offer at which time it shall then be deposited into Escrow.

4. Financing.

A. Financing: Buyers to obtain a new First Deed of Trust loan to be obtained at Buyers' sole expense, given to secure a Note in the principal amount as set forth in paragraph 3.A herein. Buyers' execution of the loan documents shall evidence their full approval of the terms and conditions contained therein.

Buyers hereby authorize and instruct lender to fully discuss every aspect of Buyers' loan, including but not limited to the terms, conditions, status, etc. with Seller and Escrow Holder, and to provide Seller and Escrow Holder with copies of all applications and other documents provided to and received from lender. Failure of lender and/or Buyers to cooperate with this instruction shall be a default by Buyers.

B. Loan Contingency. If within five (5) days From the Execution Date, Buyers apply for a new First Trust Deed loan and pay the applicable appraisal and credit report fees, if required by lender, Buyers' obligation to consummate this transaction shall be contingent upon Buyers' ability to secure a First Trust Deed loan on the Property within the Loan Contingency Period. If, for any reason, Buyers do not complete and forward to the lender a complete loan pre-approval application and all credit and other information required by lender within five (5) calendar days from the Execution Date, without further notice being required, Seller may, at its sole discretion, cancel this contract and return Buyers' deposit minus any escrow and title insurance costs at which time Seller shall no longer be obligated to sell the Property to Buyers.

C. Loan Contingency Period. The Loan Contingency shall remain in effect for _____ (___) days after the Execution Date ("Loan Contingency Period"). If through no fault of Buyers', Buyers are unable to obtain a loan and notify Seller and Escrow Holder in writing within the Loan Contingency Period, this escrow shall terminate, Escrow Holder shall return to Buyers any deposit given by Buyers to Escrow Holder, less document and processing fees, if any. Upon Escrow Holder's receipt of signed mutual cancellation instructions, Buyers and Seller shall be relieved of any further liability and/or obligation to each other under this Agreement and Seller may sell the Property to others.

The above-referenced financing contingency shall be deemed approved unless Escrow Holder has received written notification of any disapproval from Buyers or Buyer's lender within the Loan Contingency Period.

Buyers' Initials: _____ Seller's Initials: _____

D. Buyers' Obligation to Obtain Loan. IT IS EXPRESSLY UNDERSTOOD AND AGREED THAT OBTAINING FINANCING IS, AND SHALL REMAIN, THE BUYERS AND NOT THE SELLER'S OBLIGATION. SELLER MAKES NO REPRESENTATION NOR WARRANTY THAT A LOAN WILL BE AVAILABLE OR, IF AVAILABLE, THE AMOUNT, TERMS, AND/OR CONDITIONS THEREOF. BUYERS AGREE AT ALL TIMES TO USE THEIR BEST EFFORTS TO OBTAIN THE LOAN.

E. Interest Rate. THIS TRANSACTION IS NOT CONTINGENT UPON BUYERS' ABILITY TO RETAIN THE INTEREST RATE (FIXED OR ADJUSTABLE)

AND/OR OTHER LOAN TERMS, INCLUDING BUT NOT LIMITED TO LOAN ORIGINATION FEES QUOTED AT THE TIME OF LOAN APPROVAL, AND BUYERS WILL BE REQUIRED TO PAY THE INTEREST RATE CHARGED BY THE LENDER AT THE CLOSE OF ESCROW.

F. Verification of Funds. BUYERS SHALL BE OBLIGATED TO PROVIDE SELLER WITH REASONABLE VERIFICATION OF AVAILABILITY OF FUNDS FOR THE TOTAL DOWNPAYMENT AND ESTIMATED CLOSING COSTS WITHIN 5 DAYS OF THE EXECUTION DATE. IF BUYERS FAIL TO DO SO, SELLER SHALL HAVE THE RIGHT IN ITS SOLE DISCRETION TO CANCEL THIS AGREEMENT AND RETURN BUYERS' DEPOSIT MINUS ANY ESCROW OR TITLE COSTS AT WHICH TIME SELLER SHALL NO LONGER BE OBLIGATED TO SELL THE PROPERTY TO BUYERS.

F. Verification of Funds. BUYERS SHALL BE OBLIGATED TO VERIFY, WITHIN FIVE (5) DAYS FROM THE EXECUTION DATE, THE SOURCE OF FUNDS FOR THE TOTAL DOWN PAYMENT ON THE PURCHASE PRICE. FAILURE TO SO VERIFY SHALL BE A DEFAULT BY BUYERS.

G. Further Loan Application. Once Buyers have deposited into escrow the application for the loan commitment previously described herein, Buyers shall not be entitled to apply for or obtain any modified, additional, and/or new loan commitment from any other financing entity or other source, if the application or funding of the new loan would, in Seller's sole judgment, delay the close of escrow.

H. Information by Buyers. BUYERS HEREBY REPRESENT AND WARRANT TO SELLER THAT ALL INFORMATION GIVEN BY THEM TO SELLER, ESCROW HOLDER, A MORTGAGE BROKER AND/OR A LENDER, WHETHER ORALLY OR IN WRITING, SHALL BE COMPLETELY ACCURATE, TRUE AND CORRECT WHEN GIVEN . SHOULD ANY INFORMATION GIVEN BY BUYERS, PROVE TO BE INACCURATE IN ANY MATERIAL RESPECT, SELLER SHALL HAVE THE RIGHT, WITHOUT OBLIGATION, TO TERMINATE THIS AGREEMENT, CANCEL ESCROW AND PROCEED IN ACCORDANCE WITH PARAGRAPH 10 BELOW.

I. Preliminary Title Report and Governing Documents. Concurrently with the execution hereof, Seller has delivered to Buyers a Preliminary Title Report covering the Property, copies of the Declaration of Covenants, Conditions and Restrictions governing the Project, Articles of Incorporation and Bylaws of the Homeowner Association, the initial budget of the Association and the Condominium Plan for the Project. Buyers shall have a period of _____ (____) days from the Effective Date to review the foregoing and determine if they are acceptable or if they object thereto. If Buyers fail to deliver written objection to Escrow Holder and Seller within said _____ (____) day period, Buyers shall be deemed to have approved the same and this contingency shall be waived. If Buyers object, they shall specify in detail the nature of the objection. Seller shall, within ten (10) days after receipt of Buyers' notice of objection, have the right to either attempt to remove the objections (or advise Buyers that it will do so prior to Close of Escrow) or to cancel the escrow and refund Buyers' deposit and thereupon Buyers and Seller shall each be released of all liability hereunder. Failure by Seller to notify Buyer in writing within the ten (10) day period that it will remove the objections shall be deemed an election by Seller

to cancel the escrow. Seller agrees to remove all monetary encumbrances currently with the Close of Escrow.

J. Escrow Cancellation. In the event of cancellation, due to the inability of Buyers to obtain financing for the purchase of the Property within the Loan Contingency Period, Escrow Holder shall, within fifteen (15) days after date of cancellation, refund to Buyers all funds deposited by Buyers herein except as hereinafter provided and, thereafter, Buyers and Seller shall be released of any and all liability hereunder.

Notwithstanding the foregoing, Escrow Holder shall disburse from Buyers' funds amounts required to pay for credit reports, escrow services, preliminary title reports, appraisals and loan processing services prior to disbursing the balance of the deposit to Buyers in the amount estimated in Exhibit "B" hereto.

K. Contingencies. EXCEPT FOR THE CONTINGENCIES PROVIDED FOR IN THIS PARAGRAPH 4, THERE ARE NO CONTINGENCIES TO BUYERS OBLIGATIONS HEREUNDER UNLESS OTHERWISE SET FORTH IN AN ADDENDUM HERETO SIGNED BY BOTH PARTIES.

5. Execution of Documents by Buyers. Buyers agree that not later than five (5) days after demand, they will execute any and all documents which Seller, Buyers' mortgage broker, lender or Escrow Holder may deem necessary or desirable and pay all cash required in order to consummate this sale. If, within five (5) days after such demand, Buyers fail to comply with the demand, Buyers shall be in default hereunder and the provisions of paragraph 10 shall apply.

6. Preliminary Change of Ownership Report. In accordance with California Revenue & Taxation Code Sections 480.3 and 480.4, effective July 1, 1985, all deeds and other documents, when presented for recordation, that reflect a change of ownership, must include a Preliminary Change of Ownership Report. Said report is to be furnished to Escrow Holder by Buyers prior to close of escrow/recording and attached to required documents for delivery to the County Recorder. Should said report not be submitted to the Escrow Holder for submission with the documents as called for or should said form be rejected by the County Recorder for any reason whatsoever (i.e., missing information), then the Escrow Holder shall charge Buyers and pay the County Recorder a service charge of \$20.00 as required by said governmental agency. The Escrow Holder is not to be further concerned with said report and/or subsequent consequences now or in the future.

7. Title Policy, Pro-Rations, Etc. Seller and Buyers agree as follows:

A. Title Policy. Seller shall, at Seller's expense, furnish to Buyers a California Land Title Association Standard Coverage Policy issued by a title company insuring the title of Buyers to the Property, subject to matters set forth in paragraph 1 hereinabove.

B. Proration:

(i) Buyers acknowledge that real property taxes are to be prorated through the close of escrow, however at this time there is not a segregated tax bill for the

Property. Buyers are further aware that in view of the change in ownership of the Property after close of escrow, the Los Angeles County Assessor will reassess the Property and issue a supplemental tax bill which Buyers agree to pay when due. In the event that the taxes are not segregated at the time this escrow closes, Escrow Holder is instructed to estimate the taxes for an entire fiscal tax year on the basis of 1.25 percent of the purchase price. Escrow Holder shall prorate the taxes for the current fiscal tax year to the Close of Escrow based on the estimated taxes and shall also charge Buyers and credit Seller for the entire of the estimated taxes for the tax year _____ - _____ ("Succeeding Tax Year"). Seller shall be obligated to pay the taxes for the current fiscal tax year and the Succeeding Tax Year. Buyers shall be obligated to pay any supplemental tax bill for the period commencing after the Closing Date, as well as all taxes for tax periods after the Succeeding Tax Year. If Buyers receive the tax bill for the Succeeding Tax Year and fail to submit the same to Seller at least twenty (20) days prior to the delinquency date, Seller shall not be liable for penalties or interest assessed due to late payment.

Payments on Mello-Roos and other Assessment District bonds and assessments, if any, that are now a lien, if any, shall be paid current and prorated between Buyers and Seller as of Close of Escrow. Prorated payments on Mello-Roos and other Special Assessment District bonds and assessments that are now a lien but not yet due shall be assumed by Buyers without credit toward the Purchase Price.

Buyers and Seller do hereby agree that Escrow Holder shall not be liable for the difference between the actual tax bill(s) and the amount used herein for prorate purposes.

Notwithstanding the foregoing, in the event that there is a segregated tax bill for the Property, property taxes shall be prorated to the Close of Escrow based upon the latest available segregated tax bill.

(ii) The current monthly maintenance fee is in the amount of \$_____ as provided in the budget of the Association. Maintenance figures in the budget for maintenance and operational expenses represent the estimated operating expenses for the first twelve (12) months of operation of the Association and said budget has been approved as submitted to the California Department of Real Estate. However, because of inflation and general increases in costs of operation, the amount specified in the budget may or may not be sufficient to pay the first year's expenses of operation of the Project.

Buyers shall also pay through Escrow, at Close of Escrow, the maintenance fee prorated from Close of Escrow to the end of the month and the first full month's maintenance fee (\$_____), which shall be for the month following the month in which Escrow closes. At the Close of Escrow, Escrow Holder shall transmit to the Association the maintenance fee received from Buyers.

To ensure the availability of funds for ownership, operation and maintenance of the common areas and facilities in the Project for a period of six (6) months, Seller has deposited a surety bond with Escrow Holder in the amount of \$_____ in accordance with Real Estate Regulation Section 2792.9. Said surety bond

shall remain in effect in accordance with Real Estate Regulation Section 2792.9(b) until such time as 80% of the Dwellings in the Project have been sold and Escrow Holder has received written notice from the Association that Seller is not delinquent in the payment of assessments for which it is obligated.

(iii) It is understood by Buyers that there will be no transfer or assignment of the individual hazard insurance policy covering the Property being conveyed herein, as a master policy covers the Project. Said master policy contains certain coverage for fire, extended coverage, public liability and property damage, but does not contain coverage for contents within individual condominium units. Since Seller has prepaid the first years' premium for said master policy, Escrow Holder is hereby authorized and instructed to prorate said premium and credit Seller at the Close of Escrow based upon Buyers' 1/6th interest in the common area. All future premiums will be paid by the Homeowners Association and the monthly impound amount for said future premiums is to be included in the monthly maintenance fees. Buyers shall be responsible for providing coverage for their personal property.

C. Costs of Escrow. The costs of the escrow shall be borne as follows:

(i) Buyers shall pay the normal escrow fees charged by Escrow Holder and Seller shall pay the contracted fee.

(ii) Buyers shall pay the cost of recording the grant deed (and any deed of trust evidencing a loan procured by Buyers).

(iii) Seller shall pay all city and county documentary transfer taxes.

(iv) Buyers shall pay all fees and charges in connection with wire transfer of funds.

D. Possession. As a matter of memorandum for which Escrow Holder is not concerned, liable or responsible, possession of the Property shall be delivered to Buyers within twenty-four (24) hours after notice that escrow has closed and the Purchase Price has been funded unless Buyers and Seller shall agree otherwise in writing. Seller shall not be liable for any delay in delivering possession to Buyers.

8. Escrow. This Agreement shall be consummated through Escrow Holder. Buyers and Seller do hereby agree and authorize and instruct Escrow Holder as follows:

A. To demand, receive, hold, deliver and disburse to or for the parties thereto entitled all monies and documents contemplated by this Agreement and any additional monies necessary to make the prorations and pay the costs and expenses specified herein, and to credit and charge Seller and/or Buyers, as the case may be, for all prorations and costs and expenses as agreed to, all as set forth in this Agreement.

B. Effect the recordation of all instruments contemplated by this Agreement and to secure and effect the issuance of the title policy referred to above.

C. To close the escrow (record the deed to Buyers and deed or deeds of trust, if any) on or before _____, 200__ ("Closing Date"). Seller shall have the right, acting alone, to extend the Closing Date for a period not to exceed one hundred twenty (120) days. Seller agrees that if Escrow does not close within one hundred twenty (120) days of the Closing Date, Buyers shall have the right to terminate this escrow and obtain a refund of all funds deposited by them in escrow provided Buyers are not then in default hereunder.

D. BUYERS ARE AWARE THAT IN THE EVENT THEY FAIL TO SUBMIT ALL DOCUMENTS AND THE PURCHASE PRICE TO ENABLE ESCROW TO CONSUMMATE ON THE CLOSING DATE, SELLER SHALL INCUR ADDITIONAL COSTS IN CONNECTION WITH THE PROPERTY, WHICH COSTS INCLUDE, BUT ARE NOT LIMITED TO, INTEREST ON OUTSTANDING LOAN, ASSOCIATION MAINTENANCE FEES, REAL PROPERTY TAXES AND BOOKKEEPING AND ADMINISTRATIVE EXPENSES. ACCORDINGLY, BUYERS AGREE THAT FOR EACH DAY THE CLOSING DATE IS DELAYED DUE TO THE FAULT OR NEGLIGENCE OF BUYERS OR THEIR AGENTS OR LENDER (OTHER THAN SELLER'S PREFERRED LENDER) THEY WILL PAY THE SUM OF TWO HUNDRED DOLLARS (\$200.00) PER DAY TO SELLER, WHICH SHALL BE PAID BY THE BUYERS ON THE DATE ESCROW ACTUALLY CLOSES. PAYMENT OF SUCH SUM SHALL BE A CONTINGENCY TO THE CLOSING AND ESCROW HOLDER IS AUTHORIZED TO DEBIT BUYERS AND CREDIT SELLER IN SUCH AMOUNT. THE PROVISIONS OF THIS PARAGRAPH SHALL IN NO WAY BE CONSTRUED AS AN AGREEMENT BY SELLER TO EXTEND THE CLOSING DATE NOR SHALL IT BE CONSTRUED AS A WAIVER BY SELLER OF BUYERS' DEFAULT. IN THE EVENT OF BUYERS' DEFAULT, SELLER SHALL HAVE THE RIGHT TO TERMINATE THIS ESCROW AND SELLER SHALL THEN BE ENTITLED TO LIQUIDATED DAMAGES IN ACCORDANCE WITH THE PROVISIONS OF PARAGRAPH 10 HEREOF. NOTWITHSTANDING THE FOREGOING, IF, AFTER A PERIOD OF THIRTY (30) DAYS FROM THE CLOSING DATE, BUYERS HAVE NOT CONSUMMATED THIS ESCROW, THE ESCROW SHALL AUTOMATICALLY TERMINATE AND THE PROVISIONS OF PARAGRAPH 10 HEREOF SHALL APPLY UNLESS BUYERS AND SELLER SHALL ENTER INTO A WRITTEN EXTENSION AGREEMENT. BUYERS SHALL CONTINUE TO BE LIABLE TO PAY SELLER THE SUM OF TWO HUNDRED DOLLARS (\$200.00) PER DAY FOR EACH DAY THE CLOSING DATE IS DELAYED DUE TO THE FAULT OR NEGLIGENCE OF BUYERS OR THEIR AGENTS OR LENDER.

E. If Buyer shall not be in default and if escrow shall fail to consummate within one hundred twenty (120) days from the Closing Date (unless a later closing date is mutually agreed to by Buyers and Seller) Escrow Holder shall, if requested by Buyers, return to Buyers all funds deposited by them herein. In the event Escrow Holder should record or transmit any documents after the date for consummation of the escrow, but prior to the receipt by Escrow Holder of any demand for termination by either of the parties, Escrow Holder shall be held harmless and free from any and all liability on account thereof by the parties hereto.

Notwithstanding the foregoing, if Escrow shall fail to consummate within one (1) year from the Execution Date and, if Buyers are not in default, Escrow Holder shall, within fifteen (15) days after the one (1) year period, return to Buyers all funds

deposited by Buyers herein. Seller shall be responsible for all costs which may have been disbursed from Buyers' funds for the items set forth in Exhibit "B".

F. To comply with such other additional written instructions, signed by Seller and Buyers, as may be delivered to Escrow Holder.

G. Escrow Holder shall make payment to, or for, or deliver documents to, any party hereto only if in the sole judgment of Escrow Holder such payment or delivery may be made without Escrow Holder incurring any liability.

H. All deposits made by Buyers into the escrow in excess of \$5,000, including but not limited to the down payment referred to in paragraph 3 of this Agreement made more than thirty (30) days prior to the Closing Date, shall, if requested by Buyers, be deposited by Escrow Holder in a passbook savings account with a federally insured bank or savings and loan association, and left on deposit in such account until five (5) days before the Closing Date. Buyers shall pay a fee to Escrow Holder in the sum of \$_____ to establish such account. The interest earned on such passbook savings account and received by Escrow Holder shall be for the benefit of Buyers and shall be accounted for by Escrow Holder. The social security number to be used for the savings account is _____-_____-_____ which is the social security number of _____.

I. To order an ALTA Title Policy, if requested by lender and to further comply with lender's requirements in effecting the consummation of its loan. The cost of such policy in excess of the cost of the CLTA policy shall be paid for by Buyers.

J. Indicate on the Grant Deed, all future tax statements are to be mailed to Buyers at _____.

K. Escrow shall not close, funds shall not be released from escrow and title shall not be conveyed to Buyers until all of the following conditions have been met:

(1) You can obtain a policy of the title insurance as hereinbefore provided, showing the Property to be free and clear of any and all blanket encumbrances as defined in Section 11013 of the Business and Professions Code.

(2) The Common Area and all facilities on Lot 1 of Tract 68954 in the Project and the Building containing Buyers' Dwelling have been completed as evidenced by a recorded Notice of Completion (as defined in Civil Code Section 3093) covering such improvements.

(3) The statutory period for recordation of Mechanic's Liens has expired or, Buyers are provided with a policy of title insurance with an endorsement insuring against unrecorded Mechanics' Liens. The cost of such endorsement, if provided, shall be borne by Seller. Escrow Holder may rely upon written advice of the insuring title company as to the satisfaction of this condition.

(4) Escrow Holder has received written advice from a title company authorized to do business in the State of California that, as a condition to close of escrow, it will issue to Buyers an owner's policy of title insurance insuring that each monetary encumbrance of record immediately after close of escrow (including but not limited to deeds of trust and mortgages) encumbering all or any portion of the Project is subordinate to the Declaration.

(5) An undivided 1/6th interest in and to Lot 1 of Tract 68954 has been conveyed to Buyers with title to Buyers' condominium.

(6) If Buyers are obtaining financing from the FHA to fund a portion of the Purchase Price, this escrow shall not close until fifty-one percent (51%) of the Units in the Project have closed escrow and/or are in escrow.

L. Escrow is authorized to disburse from funds of Buyer payments to third parties as set forth in Exhibit "B" hereto.

M. Buyers of condominiums in this Project, including Buyers herein, may obtain new financing to purchase their Units. Buyer's lender(s) or Seller's construction lender, or Seller, may require the prior sale or concurrent closing of a certain number of condominiums before funding. Therefore, Seller, at its sole election, but without obligation to do so, may instruct Escrow Holder that no escrow, which may include Buyers' escrow herein, shall close until that number of condominiums or percentile that is equal to the lender's or Seller's required number or percentile, can close simultaneously. Such instruction from Seller alone will automatically extend the Closing Date of all open escrows until this minimum closing requirement is met.

9. Prohibition Against Assignment. BUYERS AGREE AND ACKNOWLEDGE THAT THEY MAY NOT ASSIGN OR TRANSFER THEIR RIGHTS AND/OR INTERESTS HEREUNDER OR, PRIOR TO THE CLOSE OF THIS ESCROW, ENTER INTO A CONTRACT OR AN ESCROW FOR THE RESALE OF SAID PROPERTY WITHOUT SELLER'S WRITTEN CONSENT. SELLER RESERVES THE UNRESTRICTED RIGHT TO WITHHOLD SUCH CONSENT. IF BUYERS ATTEMPT TO DO, OR DO, ANY OF THE FOREGOING, SELLER SHALL HAVE THE OPTION TO CANCEL THIS ESCROW.

10. Liquidated Damages. IF BUYERS FAIL TO COMPLETE THE PURCHASE OF THE PROPERTY BY REASON OF A DEFAULT OF BUYERS, SELLER SHALL BE RELEASED FROM ITS OBLIGATION TO SELL THE PROPERTY TO BUYERS, AND SELLER MAY PURSUE ANY REMEDY IN LAW OR EQUITY THAT IT MAY HAVE AGAINST BUYERS ON ACCOUNT OF THE DEFAULT; PROVIDED, HOWEVER, THAT BY PLACING THEIR INITIALS HERE:

BUYERS _____ SELLER _____ AGREE THAT:

A. AN AMOUNT EQUAL TO THREE PERCENT OF THE PURCHASE PRICE OF THE PROPERTY SHALL CONSTITUTE LIQUIDATED DAMAGES PAYABLE TO SELLER IN THE EVENT OF A DEFAULT BY BUYERS; AND

B. THE PAYMENT OF SUCH LIQUIDATED DAMAGES TO SELLER SHALL CONSTITUTE THE EXCLUSIVE REMEDY OF SELLER ON ACCOUNT OF THE DEFAULT OF BUYERS; AND

C. LIQUIDATED DAMAGES SHALL BE PAYABLE TO SELLER OUT OF BUYERS' DEPOSIT TOWARD THE PURCHASE OF THE PROPERTY ACCORDING TO THE FOLLOWING PROCEDURES.

AT ANY TIME AFTER THE DATE PROVIDED HEREIN FOR THE CLOSE OF ESCROW, OR ANY EXTENDED DATE FOR CLOSING, SELLER SHALL GIVE WRITTEN NOTICE TO ESCROW HOLDER AND TO BUYERS IN THE MANNER PRESCRIBED BY SECTION 116.340 OF THE CODE OF CIVIL PROCEDURE FOR SERVICE IN A SMALL CLAIMS ACTION OF SELLER'S DETERMINATION THAT BUYERS ARE IN DEFAULT UNDER THE CONTRACT, AND DEMANDING THAT ESCROW HOLDER SHALL REMIT \$ _____ FROM THE DEPOSIT TO SELLER AS LIQUIDATED DAMAGES, UNLESS WITHIN SAID TWENTY (20) DAYS FROM THE DATE OF THE RECEIPT OF THE NOTICE BY BUYERS, BUYERS GIVE WRITTEN OBJECTION TO DISBURSEMENT OF THE DEPOSIT AS LIQUIDATED DAMAGES.

BUYERS SHALL HAVE A PERIOD OF TWENTY (20) DAYS FROM THE DATE OF RECEIPT OF THE 20 DAY NOTICE AND DEMAND FROM SELLER IN WHICH TO GIVE ESCROW HOLDER BUYERS' WRITTEN OBJECTION TO DISBURSEMENT OF LIQUIDATED DAMAGES.

IF BUYERS FAIL TO GIVE THE TWENTY (20) DAYS NOTICE, ESCROW HOLDER BUYERS' OBJECTION WITHIN TWENTY (20) DAYS FROM RECEIPT OF SELLER'S DEFAULT NOTICE, ESCROW HOLDER SHALL AUTOMATICALLY DISBURSE THE LIQUIDATED DAMAGES TO SELLER WITHOUT WRITTEN AUTHORIZATION FROM BUYERS AND BUYERS HEREBY WAIVE ANY AND ALL CLAIMS OR ACTIONS AGAINST ESCROW HOLDER BY REASON OF THE DISBURSEMENT. THEREAFTER, SELLER SHALL BE RELEASED AND DISCHARGED FROM ANY FURTHER OBLIGATION TO SELL THE PROPERTY TO BUYERS.

IF BUYERS GIVE SUCH WRITTEN INSTRUCTIONS TO ESCROW HOLDER, THE CONTROVERSY AND DISPOSITION OF THE FUNDS DEPOSITED INTO ESCROW BY BUYERS SHALL BE SETTLED BY BINDING ARBITRATION PURSUANT TO PARAGRAPH 12 HEREOF.

NOTE: CIVIL CODE §1675(D) IS APPLICABLE TO THIS PROVISION. SECTION 1675(D) PROVIDES "IF THE AMOUNT ACTUALLY PAID PURSUANT TO THE LIQUIDATED DAMAGES PROVISION EXCEEDS 3 PERCENT OF THE PURCHASE PRICE, THE PROVISION IS INVALID UNLESS THE PARTY SEEKING TO UPHOLD THE PROVISION ESTABLISHES THAT THE AMOUNT ACTUALLY PAID IS REASONABLE AS LIQUIDATED DAMAGES."

11. No Construction by Declarant -- Sale "As-Is". BUYERS ACKNOWLEDGE THAT: (i) SELLER IS NOT THE DEVELOPER OF THE PROJECT AND ACQUIRED TITLE BY FORECLOSURE AFTER CONSTRUCTION WAS SUBSTANTIALLY COMPLETED BY

THE DEVELOPER; AND (ii) SELLER WAS NOT INVOLVED IN (AND IS NOT RESPONSIBLE FOR) THE ORIGINAL PLANNING OR CONSTRUCTION OF THE PROJECT. THE CONDOMINIUM BEING PURCHASED BY BUYERS IS BEING SOLD **"AS IS, WHERE IS" WITH ALL FAULTS** AND SELLER DISCLAIMS AND MAKES NO WARRANTIES OR REPRESENTATIONS OF ANY KIND, EXPRESS OR IMPLIED, ABOUT THE CONDOMINIUMS, THE LAND UNDERLYING THE PROJECT OR THE PROJECT (INCLUDING THE COMMON ELEMENTS OF THE PROJECT), OR ABOUT ANY FIXTURES, MECHANICAL SYSTEMS, PLUMBING SYSTEMS, ELECTRICAL SYSTEMS, COOLING OR HEATING SYSTEMS, ROOF OR ANYTHING ELSE INSTALLED, ATTACHED, AFFIXED OR OTHERWISE CONTAINED IN THE BUILDING, THE LAND OR THE PROJECT EXCEPT AS STATED IN THIS AGREEMENT. SELLER MAKES NO REPRESENTATIONS, WARRANTIES OR PROMISES OF "MERCHANTABILITY", "WORKMANSHIP" OR "FITNESS FOR A PARTICULAR USE OR PURPOSE".

WITHOUT LIMITING THE GENERALITY OF ANY OF THE FOREGOING, SELLER DISCLAIMS AND MAKES NO WARRANTIES, REPRESENTATIONS OR PROMISES REGARDING: (A) USEFUL LIFE OF THE BUILDING, OR ANYTHING INSTALLED, ATTACHED, AFFIXED OR OTHERWISE CONTAINED IN THE BUILDING (INCLUDING THE COMMON ELEMENTS OF THE PROJECT); (B) STRUCTURAL, PHYSICAL OR ENVIRONMENTAL CONDITION OF THE PROJECT; OR (C) SUITABILITY, CONFORMANCE, COMPLIANCE OR LACK OF COMPLIANCE OF THE PROJECT WITH ANY STATE, FEDERAL, COUNTY OR LOCAL LAW, CODE, ORDINANCE, ORDER, PERMIT, ADMINISTRATIVE REQUIREMENT, OR REGULATION.

BUYERS FURTHER ACKNOWLEDGE AND AGREE THAT ANY RIGHTS OR REMEDIES, INCLUDING BUT NOT LIMITED TO, THOSE UNDER TITLE 7 OF PART 2 OF DIVISION 2 OF THE *CALIFORNIA CIVIL CODE* (§§895-945.5), THAT BUYERS OR THE ASSOCIATION MAY HAVE AGAINST THE DEVELOPER OF THE PROJECT WITH REGARD TO CONSTRUCTION DEFECTS MAY NOT BE ASSERTED AGAINST SELLER AND BUYERS HEREBY AGREE THAT THEY WILL NOT LOOK TO SELLER, NOR WILL SELLER BE LIABLE FOR, ANY DEFECTS IN THE CONSTRUCTION OF THE PROJECT OR ANY DWELLING.

12. Arbitration of Disputes. IF ANY DISPUTE SHOULD ARISE BETWEEN THE ASSOCIATION AND/OR A BUYER OR BUYERS ON THE ONE PART ("CLAIMANT") AND THE SELLER, OR ANY OFFICER, DIRECTOR, MANAGER, SHAREHOLDER, PARTNER, MEMBER, EMPLOYER, CONTRACTOR, SUBCONTRACTOR, MATERIAL SUPPLIER, DESIGN PROFESSIONALS, PROPERTY MANAGER, EMPLOYEE, OR AGENT OF THE SELLER ON THE OTHER PART (HEREAFTER COLLECTIVELY THE "SELLER GROUP") (A "DISPUTE"), THE DISPUTE SHALL BE RESOLVED IN THE MANNER PROVIDED IN PARAGRAPH 12 WHICH PROVIDES FOR ARBITRATION AND WAIVERS OF THE RIGHT TO LITIGATE AND A JURY TRIAL.

BUYERS HEREBY AGREE THAT THEY ARE WAIVING ANY RIGHTS THEY MAY POSSESS TO HAVE AN UNRESOLVED DISPUTE LITIGATED IN A COURT WITH A JURY TRIAL AND ARE GIVING UP JUDICIAL RIGHTS TO DISCOVERY AND APPEAL

UNLESS SUCH RIGHTS ARE SPECIFICALLY INCLUDED IN THIS SECTION. BUYERS ARE AGREEING TO RESOLVE ANY DISPUTE BY BINDING ARBITRATION.

Initials: Buyers: _____ Seller: _____

NOTWITHSTANDING THE FOREGOING, PRIOR TO SUBMITTING THE DISPUTE TO ARBITRATION, THE PARTIES SHALL MEET AND SHALL, IN GOOD FAITH, ATTEMPT TO RESOLVE THE DISPUTE.

A. Binding Arbitration. Any unresolved Disputes shall be submitted to binding and mandatory arbitration pursuant to the Federal Arbitration Act, and the California Arbitration Act to the extent the California Arbitration Act is not in conflict with the Federal Arbitration Act, and the procedures set forth in this Paragraph 12. The parties expressly agree that this Agreement and the transaction contemplated involve and concern interstate commerce and are governed by the provisions of the Federal Arbitration Act.

B. Forum for Arbitration. All disputes shall be submitted to binding arbitration by and pursuant to the streamlined arbitration rules and procedures of] Judicial Arbitration and Mediation Services (“JAMS”) in effect at the time of the initiation of the arbitration. In the event JAMS is for any reason unwilling or unable to serve as the arbitration service, the parties shall select another reputable arbitration service. If the parties are unable to agree on an alternative service, then either party may petition any court of competent jurisdiction in the county in which the Property is located to appoint such an alternative service, which shall be binding on the parties. The rules and procedures of such alternative service in effect at the time the request for arbitration is submitted shall be followed.

C. General Arbitration Provisions.

(1) Any and all communications by and between the parties, whether written or oral, which are delivered by the parties or their attorneys or other representatives in an effort to settle the dispute shall be considered communications undertaken in the course of effecting a settlement and compromise and, as such, shall not be admissible as the admission on the part of any party or any representative or agent of that party to be utilized for any purpose in any arbitration proceeding.

(2) The arbitration shall not be deemed a waiver of the attorney/client or attorney/work product privilege.

(3) The proceeding shall be held in the County where the Project is located.

(4) The proceeding shall commence on a date agreed to by the parties and, if the parties cannot agree, then at a date determined by the arbitrator.

(5) The parties shall promptly and diligently cooperate with one another and the arbitrator, and shall perform such acts as may be necessary to obtain a prompt and expeditious resolution of the dispute.

(6) The arbitrator shall have the power to decide all discovery disputes and all issues of fact and law and report his/her decision thereon, and to issue all legal and equitable relief appropriate under the circumstances of the controversy before him/her. The arbitrator shall conduct neutral and impartial proceedings in accordance with rules and procedures which are fair and reasonable to the parties.

(7) The arbitrator shall be selected according to the procedures of JAMS. [The arbitrator appointed to serve shall be a neutral and impartial person.

(8) The Seller shall advance all fees necessary to initiate the arbitration, and subsequent fees and costs of the arbitration and/or the arbitrator shall be paid equally by the parties to the arbitration, with the costs and fees of the arbitration and/or the arbitrator to ultimately be borne as determined by the arbitrator.

(9) A stenographic record of the proceeding shall be made if requested by the parties.

(10) The decision of the arbitrator upon all of the issues shall be final and binding upon the parties.

(11) If the Association or any Buyer shall breach the provisions of this paragraph, Seller shall be entitled to injunctive relief (without the necessity of proving any damages) to compel the Association and/or Buyers to comply with the procedures set forth in this Article.

(12) The arbitrators shall not have the power or authority to award attorney's and/or expert (consultant's) fees. Each party shall be obligated to pay its own attorney's and expert fees even though a party is determined to be the prevailing party by the arbitrator.

D. Judicial Reference. Solely in the event that the binding arbitration provisions herein should be challenged and found by a final order of court of competent jurisdiction to be unenforceable or otherwise inapplicable, then all unresolved disputes shall be resolved by general judicial reference, without a jury, pursuant to *California Code of Civil Procedures* §§638 and 641 through 645.1, or any successor and companion statutes. The parties shall cooperate in good faith to ensure that all necessary and appropriate parties are included.

E. Participation in Judicial Proceeding. The participation by any party, or any party whom Buyers and/or Seller contend is responsible for a Dispute, in any judicial proceeding concerning this arbitration agreement, or a Dispute, or any matter arbitral hereunder, shall not be asserted or accepted as a reason to delay or stay arbitration, to

refuse to participate in arbitration, to refuse to enforce this arbitration agreement, or to refuse to compel arbitration, including where the judicial proceeding involves parties not subject to this arbitration agreement and/or who cannot otherwise be compelled to arbitrate.

13. Computation of Periods. All periods of time referred to in this Agreement shall include all Saturdays, Sundays, state or national holidays, provided, that if the date to perform any act or give any notice specified in this Agreement shall fall on a Saturday, Sunday, state or national holiday, such act or notice may be timely performed on the next succeeding day which is not a Saturday, Sunday, state or national holiday.

14. General Conditions. THE FOREGOING TERMS, CONDITIONS AND INSTRUCTIONS, AS WELL AS THE GENERAL PROVISIONS OF ESCROW HOLDER ATTACHED HERETO AND BY THIS REFERENCE MADE A PART HEREOF, HAVE BEEN READ AND ARE UNDERSTOOD BY EACH OF THE UNDER SIGNED AND EACH OF THE UNDERSIGNED AGREES THERETO.

15. Good Funds Law. All parties hereto acknowledge having been made aware of Assembly Bill 512 (frequently referred to as Good Funds Law), effective January 1, 1990, which adds Section 12413.1 to the California Insurance Code and sets forth the times for disbursement of monies after funds are deposited to the title company's escrow trust account.

Buyers have been made aware under said law if Buyers' lender deposits other than cash or makes other than an electronic payment (wire transfer) Buyers may be charged with an additional one, two or three (3) days interest for check clearance. If Buyers' lender makes an electronic payment (wire transfer), they may be charged a wire transfer fee by the lender. It is Buyers' responsibility to determine the type of funds their lender will be depositing to complete the escrow. Escrow Holder will not be responsible for accruals of interest resulting from compliance with the disbursement restrictions mandated by this law.

Buyers have been made aware that the sale proceeds cannot be disbursed by Escrow until such funds have been received and are available for withdrawal by Escrow Holder. (This could be one, two or three (3) days following the recording of documents.) Buyers are also aware that there may be an Electronic Transfer Fee charged by the title company to their account. Escrow Holder will not be responsible for accruals of interest resulting from compliance with the disbursement restrictions mandated by this law.

Regardless of the date of final disbursement of funds, all prorations shall be made as of the date of recordation of the Deed and the Closing Date shall be deemed to be the date of recordation of the Grant Deed to the Buyers herein.

16. Representations and Acknowledgments. BUYERS REPRESENT AND ACKNOWLEDGE AS FOLLOWS:

A. THIS AGREEMENT AND INSTRUCTIONS REPRESENT THE ENTIRE AND COMPLETE AGREEMENT AS BETWEEN SELLER AND BUYERS. ANY

AND ALL STATEMENTS, REPRESENTATIONS, WARRANTIES, AGREEMENTS AND THE LIKE, WHETHER CONTAINED IN ANY PRIOR WRITTEN DOCUMENT OR MADE ORALLY, AND WHICH ARE NOT CONTAINED HEREIN, SHALL BE DEEMED TO BE, AND ARE HEREBY DECLARED TO BE, NULL AND VOID AND SUPERSEDED HEREBY. BUYERS EXPRESSLY ACKNOWLEDGE THAT THEY ARE NOT RELYING ON ANY STATEMENTS, REPRESENTATIONS OR WARRANTIES MADE BY ANY ENTITY OR PERSONS, WRITTEN OR ORAL, EXPRESS OR IMPLIED, OTHER THAN THOSE SPECIFICALLY SET FORTH IN THIS AGREEMENT AND ESCROW INSTRUCTIONS OR ANY ADDENDUM HERETO. BUYERS UNDERSTAND AND ACKNOWLEDGE THAT IF ANY PERSON HAS MADE, OR MAKES IN THE FUTURE, EITHER ORALLY OR IN WRITING, ANY REPRESENTATION, AGREEMENT OR WARRANTY DIFFERENT FROM, OR IN ADDITION TO, THOSE EXPRESSLY SET FORTH HEREIN OR IN ANY ADDENDUM HERETO, EACH AND ALL OF THE SAME SHALL BE INVALID, UNENFORCEABLE AND NOT BINDING ON SELLER.

B. BUYERS REPRESENT THAT THEY HAVE MADE AN INDEPENDENT INVESTIGATION OF THE PROPERTY AND THE COMMON AREAS OF THE PROJECT AND HAVE SATISFIED THEMSELVES AS TO THE CONDITION THEREOF AND THAT THEY ARE MAKING THIS PURCHASE IN RELIANCE UPON SUCH INVESTIGATION.

C. UPON CLOSE OF ESCROW, BUYERS SHALL BECOME MEMBERS OF THE ASSOCIATION, A NONPROFIT CORPORATION FORMED FOR, AMONG OTHER THINGS, THE MAINTAINING, REPAIRING AND REPLACING THE COMMON AREA ASSOCIATED WITH OR INCLUDED WITHIN THE PROJECT.

D. EXECUTION OF THIS AGREEMENT BY BUYERS AND SELLER'S SALES REPRESENTATIVE SHALL CONSTITUTE ONLY AN OFFER TO PURCHASE WHICH SHALL NOT BE BINDING UNLESS SELLER DELIVERS TO BUYERS A COPY OF THIS AGREEMENT EXECUTED BY SELLER WITHIN TEN (10) BUSINESS DAYS AFTER THE DATE OF THIS AGREEMENT. FAILURE OF SELLER TO SO ACCEPT SHALL AUTOMATICALLY REVOKE THIS OFFER AND ALL FUNDS DEPOSITED BY BUYERS WITH SELLER SHALL BE PROMPTLY REFUNDED TO BUYERS.

E. SELLER'S SALES REPRESENTATIVES ARE NOT AUTHORIZED TO ACCEPT THIS OFFER. RECEIPT AND DEPOSIT OF BUYERS' FUNDS SHALL NOT CONSTITUTE AN ACCEPTANCE OF THIS OFFER BY SELLER. NO AGREEMENT OR REPRESENTATION HAS BEEN MADE BY SELLER, SELLER'S AGENTS OR REPRESENTATIVES THAT BUYERS' CREDIT WILL BE APPROVED BY A LENDER OR THAT A LOAN COMMITMENT WILL BE OBTAINED.

F. THE UNDERSIGNED BUYERS HEREBY REPRESENT AND WARRANT TO SELLER THAT THE UNDERSIGNED ARE THE SOLE BUYERS AND ONLY THE UNDERSIGNED WILL TAKE TITLE TO, AND POSSESSION OF, THE PROPERTY AND WILL EXECUTE, IN A TIMELY MANNER, ANY AND ALL PURCHASE AGREEMENTS, ESCROW INSTRUCTIONS, LOAN DOCUMENTS, LOAN GUARANTY AGREEMENTS, ETC., WITH RESPECT TO THIS TRANSACTION.

G. BUYERS ARE AWARE THAT THE SUBJECT PROPERTY MAY BE AFFECTED BY FUTURE DEVELOPMENT OF PROPERTY IN THE NEIGHBORHOOD OR SURROUNDING AREAS, INCLUDING WITHOUT LIMITATION, VIEW, NOISE, TRAFFIC, RIGHTS-OF-WAY, LOCAL SERVICES AND SAFETY. BUYERS UNDERSTAND THAT THIS PROJECT AND OTHER SURROUNDING PROJECTS ARE CURRENTLY AND MAY BE UNDER FUTURE DEVELOPMENT. BUYERS AGREE THAT SELLER MAKES NO REPRESENTATION AS TO THE PRESERVATION OF VIEWS, AND VIEWS MAY BE AFFECTED BY FUTURE DEVELOPMENT OR CONSTRUCTION/ALTERATION OF NEIGHBORING PROPERTIES. BUYERS ACKNOWLEDGE THAT ANY CONSTRUCTION OR IMPROVEMENT BY SELLER, THE ASSOCIATION, OR ANY OTHER OWNER OF A CONDOMINIUM IN THE PROJECT, OR THE OWNERS OF ANY PROPERTY CONTIGUOUS OR ADJACENT TO THE PROJECT, MAY IMPAIR OR OBSTRUCT ANY VIEW THAT BUYERS MAY HAVE ENJOYED AT THE TIME OF THE PURCHASE OF THE CONDOMINIUM. BUYERS HEREBY ACKNOWLEDGE THAT ANY RIGHTS ACQUIRED DO NOT INCLUDE THE PRESERVATION OF ANY VIEW.

H. SELLER MAKES NO REPRESENTATIONS REGARDING THE LOCATION OF THE PROPERTY. BUYERS ACKNOWLEDGE THAT THEY ARE RESPONSIBLE TO INFORM THEMSELVES AS TO THE PROXIMITY OF HOSPITALS, FACTORIES, HEAVILY TRAVELED STREETS, AIR CORRIDORS, OFF-SITE POWER SOURCES, PARKS AND OTHER SOURCES OF NOISE OR POLLUTION ADJACENT TO OR IN THE VICINITY OF THE PROPERTY AND THE LOCATION OF OTHER DESIRABLE OR UNDESIRABLE FACILITIES, INCLUDING BUT NOT LIMITED TO THE SEISMIC ACTIVITY IN THE AREA. SELLER MAKES NO REPRESENTATIONS ABOUT THE RELATIVE SAFETY OF THE COMMUNITY OR THE VICINITY IN WHICH SUBJECT PROPERTY IS LOCATED. AREAS NEAR SUBJECT PROPERTY MAY BE ZONED, AMONG OTHER THINGS, FOR RESIDENTIAL USE, COMMERCIAL USE, INDUSTRIAL USE OR SOME COMBINATION THEREOF. IT IS THE DUTY OF BUYERS TO EVALUATE THE ZONING AND PAST USE OF NEARBY PROPERTY TO DETERMINE WHETHER PAST, PRESENT OR FUTURE USES OF NEARBY PROPERTY MAY INTERFERE WITH BUYERS' INTENDED USE OF SUBJECT PROPERTY. BUYERS AGREE TO MAKE THEIR OWN INVESTIGATION AND HEREBY SIGNIFY THEIR AGREEMENT THAT SELLER NEED NOT LOCATE OR IDENTIFY FOR BUYERS KNOWN OR SUSPECTED HAZARDS, ENVIRONMENTAL OR OTHERWISE, WHICH DO NOT ARISE ON THE SUBJECT PROPERTY.

I. SELLER MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO THE PRICE OR VALUE OF ANY OF THE CONDOMINIUMS. IT IS UNDERSTOOD, ACKNOWLEDGED AND AGREED THAT: THE CONDOMINIUM BEING PURCHASED MAY APPRECIATE OR DEPRECIATE IN VALUE AND PRICE; OTHER CONDOMINIUMS IN THE PROJECT MAY BE SOLD FOR HIGHER OR LOWER PRICES THAN THAT PAID FOR THE CONDOMINIUM BEING PURCHASED BY BUYERS; INCENTIVES, PROMOTIONS OR CONCESSIONS NOT OFFERED TO BUYERS MAY BE OFFERED TO OTHERS; AND SELLER RESERVES THE RIGHT, IN ITS SOLE DISCRETION, AND WITHOUT NOTICE TO BUYERS, TO INCREASE OR DECREASE THE PRICE OF CONDOMINIUMS IN THE PROJECT AT ANY TIME. BUYERS SHALL HAVE NO RIGHTS TO PARTICIPATE IN INCENTIVES, PROMOTIONS

OR CONCESSIONS OFFERED TO OTHERS NOR SHALL THEY HAVE THE RIGHT TO MODIFY OR RESCIND THE TERMS OF THIS AGREEMENT OR THEIR PURCHASE OF THE CONDOMINIUM BY REASON OF THE SAME.

J. SELLER MAKES NO REPRESENTATION OR WARRANTY OF ANY KIND OR NATURE WITH REGARD TO THE INCOME TAX OR OTHER BENEFITS OF OWNERSHIP OF THE PROPERTY.

K. BUYERS ARE AWARE THAT THE DECLARATION IMPOSES CERTAIN RESTRICTIONS AND OBLIGATIONS REGARDING THE USE AND OCCUPANCY OF THE PROPERTY. BUYERS ARE ADVISED TO CAREFULLY REVIEW THE DECLARATION.

L. BUYERS ARE AWARE THAT THE DECLARATION REQUIRES THAT THE BOARD OF DIRECTORS MAINTAIN LIABILITY INSURANCE AND ERRORS AND OMISSION INSURANCE IN A MINIMUM AMOUNT AND IF THEY FAIL TO DO SO, OWNERS MAY BE INDIVIDUALLY LIABLE FOR THE ENTIRE AMOUNT OF A JUDGMENT RENDERED AGAINST THE ASSOCIATION.

M. ALL CONSTRUCTION PLANS, BLUEPRINT DRAWINGS, PLOT PLANS, SALES MATERIALS AND OTHER DOCUMENTS REGARDING THE PROPERTY AND THE PROJECT CONTAIN DIMENSIONS AND SQUARE FOOTAGE WHICH ARE APPROXIMATE. THEY ARE NOT INTENDED TO BE A PRECISE REPRESENTATION OF EXACT DIMENSIONS OR SQUARE FOOTAGE WITH REGARD TO THE PROPERTY OR THE PROJECT AND SELLER MAKES NO REPRESENTATION OR WARRANTY OF ANY KIND OR NATURE REGARDING THE SAME. BUYERS ACKNOWLEDGE THAT THE SQUARE FOOTAGE OF THE DWELLING REPRESENTED BY SELLER MAY NOT BE THE ACTUAL LIVEABLE AREA OF THE DWELLING. BUYERS ARE ADVISED TO CONDUCT THEIR OWN INVESTIGATION REGARDING THE LIVEABLE SQUARE FOOTAGE OF THE DWELLING.

N. SELLER MAKES NO WARRANTY AS TO THE EXISTENCE ON, IN, UNDER, OR ABOUT THE PROJECT, OR ON ANY ADJOINING PROPERTY, OF ANY HAZARDOUS OR TOXIC SUBSTANCES OR PETROLEUM PRODUCTS (COLLECTIVELY, "HAZARDOUS MATERIALS"), EXCEPT THAT SELLER REPRESENTS THAT IT HAS NO ACTUAL KNOWLEDGE AS OF THE CLOSE OF ESCROW OF THE EXISTENCE OF ANY HAZARDOUS MATERIALS ON, IN OR UNDER THE PROJECT OR ANY ADJOINING PROPERTIES. BUYERS ACKNOWLEDGE THAT THEY ARE ASSUMING THE RISK OF THE EXISTENCE OF SUCH HAZARDOUS MATERIALS IN, OR, ON ABOUT THE PROJECT, EXCEPT TO THE EXTENT THE SAME WERE PLACED ON THE PROJECT BY SELLER OR SELLER HAD ACTUAL KNOWLEDGE OF THE SAME AS OF THE CLOSE OF ESCROW, AND BUYERS HEREBY WAIVE ANY CLAIM OR CAUSE OF ACTION AGAINST SELLER ARISING OUT OF THE EXISTENCE OF ANY SUCH UNKNOWN HAZARDOUS MATERIALS. BUYERS ARE ADVISED TO ENGAGE QUALIFIED EXPERTS AND INQUIRE OF GOVERNMENTAL OFFICIALS REGARDING ALL POSSIBLE HAZARDS.

O. CERTAIN TILES HAVE A COLOR VARIANCE FROM TILE TO TILE AND THE CONSISTENCY OF COLOR IN TILES IS NOT WARRANTIED BY SELLER. COLORED TILE GROUT MAY BE USED AS A DECORATOR FEATURE ON CERTAIN TILE AREAS AND THE COLOR SHADE MAY VARY ON A PARTICULAR INSTALLATION DUE TO THE WIDE VARIETY OF TILES AVAILABLE, JOB SITE CONDITIONS AND FINISHING TECHNIQUES. THE ELEMENTS OF NATURE, INCLUDING, BUT NOT LIMITED TO, SUN, TEMPERATURE, FOOD OR CHEMICAL REACTIONS, MAY COMBINE WITH THE AGING PROCESS TO CHANGE THE COLOR OF GROUT IN VARYING DEGREES FROM TIME TO TIME. IN THE EVENT THAT REPAIRS OR REPLACEMENT OF TILE GROUT ARE REQUIRED IN THE FUTURE, IT MAY BE IMPOSSIBLE TO MATCH THE ORIGINAL COLOR OF THE TILE OR TILE GROUT. THE USE OF COLORED GROUT MAY RESULT IN DISCOLORATION, FLECKING AND/OR CRACKED APPEARANCE OF THE CERAMIC TILE IN THE AREAS WHERE COLORED GROUT IS USED. BECAUSE MARBLE, STONE AND SOME TILES ARE NATURAL MATERIALS, THE COLOR OF ANY SUCH PRODUCT INSTALLED AS AN OPTION MAY VARY FROM THE MODEL SAMPLE.

P. STUCCO, LIKE CONCRETE, IS A CEMENT-BASED PRODUCT SUBJECT TO HAIRLINE CRACKS DUE TO, AMONG OTHER REASONS, DRYING SHRINKAGE, SETTLEMENT, WOOD SHRINKAGE, EARTHQUAKES AND WEATHER CONDITIONS. BUYERS ARE ADVISED THAT SOME CRACKING IS CUSTOMARY AT THE CORNERS OF WINDOWS AND DOORS. BUYERS ACKNOWLEDGE THAT, IF REPAIRS ARE MADE TO SUCH CRACKS, A PERFECT MATCH OF COLORS IS NOT POSSIBLE.

Q. NATURAL WOOD PRODUCTS MAY BE USED IN THE MANUFACTURING OF THE CABINETS, ENTRY DOORS, STAIR RAILS, WINDOWS, FLOORS AND EXTERIORS. WOOD, BY NATURE, IS NOT UNIFORM IN REGARDS TO COLOR OR GRAIN AND MAY HAVE SIGNIFICANT COLOR VARIATIONS. EVERY PIECE OF WOOD WILL ACCEPT STAINS DIFFERENTLY DEPENDING ON ITS COLOR, POROSITY AND GRAINING. THEREFORE, SELLER MAKES NO REPRESENTATION THAT THE WOOD USED IN OR ON BUYERS' DWELLING WILL BE THE SAME AS THE MODEL OR ANY SAMPLES, OR THAT THE COLORING WILL NOT VARY. EXTERIOR FINISHED WOOD SURFACES, SUCH AS SIDING, DOORS, RAILINGS AND EAVES, WILL REQUIRE MAINTENANCE AND REPAINTING. THE FREQUENCY AND EXTENT OF THE MAINTENANCE REQUIRED IS DEPENDENT UPON EXPOSURE TO DIRECT SUN, MOISTURE, SMOG OR PARTICULATES IN THE AIR. BUYERS ACKNOWLEDGE THAT WOOD PRODUCTS ARE SUBJECT TO COLOR VARIATIONS AS THEY AGE AND/OR DEPENDING ON THE EXPOSURE TO SUNLIGHT.

R. BUYERS ARE AWARE THAT THERE IS A COMMON WALL AND FLOOR CEILING FOR EACH DWELLING WITHIN THE PROJECT AND THAT THE DWELLING BEING PURCHASED BY BUYERS HEREUNDER IS NOT "SOUND PROOF". DESPITE THE SOUND INSULATION PROVIDED IN THE PROJECT, BOTH LATERAL AND VERTICAL SOUND TRANSMISSION FROM ADJACENT DWELLINGS IS INEVITABLE, INCLUDING THE TRANSMISSION OF PLUMBING, TELEVISION AND/OR STEREO NOISE, CONVERSATION AND OTHER NOISES FROM THE COMMON AREA, FOOTSTEPS AND IMPACT NOISES. THE FOREGOING DISCLOSURE IS MADE BY

SELLER IN ORDER TO INFORM BUYERS CERTAIN NOISES WILL INEVITABLY RESULT FROM ACTIVITY IN THE SURROUNDING DWELLINGS AND THE COMMON AREAS.

17. Receipt of Documents. Buyers' initials in the space provided below acknowledge that they have received each of the following:

A. Final Subdivision Public Report (Yes ___ No ___) or Conditional Public Report (Yes _____ No _____) issued by the Department of Real Estate of the State of California on _____, _____, under Department of Real Estate File No. _____.

B. Declaration and amendments thereto, if any.

C. Bylaws and Articles of Incorporation of the Association and amendments thereto, if any.

D. The initial budget of the Association.

E. Condominium Plan

Buyers acknowledge that the documents described in subparagraphs B, C and D above have been reviewed by the California Department of Real Estate. Buyers hereby approve all of such documents and agree to take title to the Property subject to each and all of the same as well as any rules and regulations which may be adopted on behalf of the Association.

In connection with the Department of Real Estate Final Subdivision Public Report, Seller or Buyers shall deposit into escrow a copy of the Receipt therefor previously executed by Buyers as required by Department of Real Estate Regulation Section 2795.1 for delivery to Seller at close of escrow.

18. Submission of Documents to Subsequent Purchaser. Buyers covenant and agree that upon their sale of the Property to a subsequent purchaser, they will provide such purchaser with a copy of all documents provided by Seller to Buyers regarding the Property and the Project. Buyers covenant and agree that if they should fail to provide such documents to their purchaser, they will indemnify and hold Seller free and harmless from any and all claims, costs, expenses (including attorneys fees), obligations, liabilities, actions and judgments which Seller may sustain, incur or be subject to as a result of Buyers' breach of this covenant.

19. Restrictions on Possession and Use of the Dwelling. Buyers' right to possession, use and occupancy of the Dwelling being constructed on the Property shall commence at the Close of Escrow. Prior to the Close of Escrow, neither Buyers nor their agents shall: (i) enter the Dwelling for the purpose of showing the same to any prospective purchaser thereof or for any other purpose without the consent of Seller; (ii) place any signs on, about or near the Dwelling, or the Project; (iii) commence any improvements, alterations, modifications or changes to the Dwelling or to the real property in any manner

or store any materials therein. No work of any nature may be performed in the Dwelling until after the Close of Escrow.

Buyers shall not enter the Project prior to the Close of Escrow. If Buyers enter the Project prior to the Close of Escrow, Buyers assume all risks, liabilities and obligations for any injuries or damages to Buyers and to any guests, contractors, materialmen, licensees or invitees of Buyers and to any property of any of the foregoing persons, and Buyers hereby agree to defend, indemnify and hold Seller, its sales personnel and all officers, agents, servants, and employees of Seller, harmless from and against any claims, losses, costs, fees, liabilities, damages and expenses, including, without limitation, attorneys' fees and costs arising from or related to such entry.

20. Time of the Essence. Time is hereby specifically declared to be of the essence.

21. Disclosure Statements. Seller shall be deemed to have joined in the execution and delivery of any Disclosure Statements, if any, given by any lender to Buyers as may be required under the Federal Truth in Lending Law.

22. Notices. All notices of any kind which Seller or Buyers may be required or desire to serve upon the other may be served by personal service or by certified or registered mail, postage prepaid, return receipt requested, addressed to the party to receive such notice at the address shown below or by a national overnight carrier, such as Federal Express. In case of service by mail, it shall be deemed complete the earlier of: (i) seventy-two (72) hours after the date of mailing, or (ii) actual receipt by the addressee.

23. FIRPTA. ("FIRPTA") *Internal Revenue Code* §1445, requires every buyer of U.S. real property to deduct and withhold from a Seller's proceeds ten percent (10%) of the sales price unless an exemption applies. One exemption which excuses the requirements to withhold is the providing by a seller to a buyer of an affidavit under penalty of perjury that seller is not a "foreign person". In this regard, at close of escrow Seller agrees to furnish Buyers with such an affidavit. This affidavit will also serve as an exemption for purposes of *California Revenue and Taxation Code* §18805 which otherwise would also require Buyers to deduct and withhold an additional tax equal to one-third (1/3) of the amount required to be withheld under Section 1445.

24. California Franchise Tax - Withholding. In accordance with Section 18662 of the *Revenue and Taxation Code* a buyer may be required to withhold an amount equal to three and one-third percent (3-1/3%) of the sales price or the amount that is specified in a written certificate executed by the transferor in the case of a disposition of California real property interest by either: (1) A seller who is an individual, trust, or estate or when the disbursement instructions authorize the proceeds to be sent to a financial intermediary of the seller, or (2) A corporate seller that has no permanent place of business in California immediately after the transfer of title to the California real property. The buyer may become subject to penalty for failure to withhold an amount equal to the greater of 10 percent of the amount required to be withheld or Five Hundred Dollars (\$500.00). However, notwithstanding any other provision included in the California statutes referenced above, no buyer will be required to withhold any amount or be subject to penalty for failure

to withhold if: (1) The sales price of the California real property conveyed does not exceed One Hundred Thousand Dollars (\$100,000.00), OR (2) The seller executes a written certificate, under penalty of perjury, certifying that the seller is a corporation with a permanent place of business in California, OR (3) The seller, who is an individual, trust, estate or a corporation without a permanent place of business in California executes a written certificate, under penalty of perjury, of any of the following: A. The California real property being conveyed is the seller's or decedent's principal residence, within the meaning of Section 121 of the *Internal Revenue Code*. B. The last use of the property being conveyed was used by the transferor as the transferor's principal residence within the meaning of Section 121 of the *Internal Revenue Code*. C. The California real property being conveyed is or will be exchanged for property of like kind, within the meaning of Section 1031 of the *Internal Revenue Code*, but only to the extent of the amount of gain not required to be recognized for California income tax purposes under Section 1031 of the *Internal Revenue Code*. D. The California real property has been compulsorily or involuntarily converted, within the meaning of Section 1033 of the *Internal Revenue Code*, and that the seller intends to acquire property similar or related in service or use so as to be eligible for nonrecognition of gain for California income tax purposes under Section 1033 of the *Internal Revenue Code*. E. The California real property transaction will result in a loss or a net gain not required to be recognized for California income tax purposes. The seller is subject to penalty for knowingly filing a fraudulent certificate for the purpose of avoiding the withholding requirement." (3) The real estate escrow person is not liable under this subdivision if the tax due as a result of the disposition of California real property is paid by the original or extended due date of the transferor's return for the taxable year in which the disposition occurred. (4) The real estate escrow person or transferee is not liable under paragraph (1) or subdivision (d), if the failure to withhold is the result of his or her reliance, based on good faith and on all the information of which he or she has knowledge, upon a written certificate executed by the transferor under penalty of perjury pursuant to subparagraph (D) of paragraph (3) of subdivision (e) of Section 18662. (5) Any transferor who for the purpose of avoiding the withholding requirements of subdivision (e) of Section 18662 knowingly executes a false certificate pursuant to that section is liable for twice the amount specified in subdivision (d). F. The amount of tax required to be deducted and withheld under this article shall be assessed, collected, and paid in the same manner and subject to the same provisions and limitations, including penalties, as are applicable with respect to the taxes imposed by Part 10 (commencing with Section 17001) or Part 11 (commencing with Section 23001).

25. Proposition 65 and Possible Hazardous Substances Disclosure. Seller hereby notifies Buyers that certain substances known to cause cancer, birth defects of reproductive harm may have been used in the construction of the residence and any improvements located on the common area. These substances include but are not limited to, the following: paint, oil, gasoline, plywood and particle board (from which some amount of formaldehyde gases have been known to emanate), metals and organic toxins from piping systems, wood preservatives in decks and patios, and emissions from heavy duty construction equipment. Detectable amounts of some or all of such substances may still be present in the residence and surrounding property within the Project.

Seller also notifies Buyers that because of the natural aging process of the soils and the decay of other elements underneath the Property, there may be certain gases

released (such as radon, which has been linked to increased risk of cancer through elevated levels of exposure) which can become trapped in the residence if fresh air is not regularly circulated through the residence. These gases may seep into the residence through floor drains, sumps, joints and tiny cracks or pores in the walls, if any. Since the quality of air we breath can affect our health, Seller recommends frequent airing by simply opening windows to introduce air uncontaminated with such gases. Other air transfer methods are also available and helpful such as circulating systems using outside air intake. Seller claims no expertise regarding either the identification or methods to reduce radon exposure. The U.S. Environmental Protection Agency and state and local environmental authorities are best equipped to provide advice regarding the risk which may exist in a particular location, the risks associated with radon exposure, methods available to detect and measure radon levels and what, if any, remedial measures may be advisable in particular circumstances to reduce the risk of radon exposure. Buyers may obtain information by calling or writing to the government agencies as follows:

The U.S. Environmental Protection Agency
EPA Region 9, 215 Fremont Street
San Francisco, California 94105
(415) 974-8378;
and
State of California
714 "P" Street, Suite 616
Sacramento, California 95814
(916) 324-2213 (Radon Hotline) or
(916) 322-2040

26. Megan's Law Disclosure. The California Department of Justice, Sheriff's Departments, Police Departments serving jurisdictions of 200,000 or more and many other local law enforcement authorities maintain for public access a data base of the locations of persons required to register pursuant to paragraph (1) of subdivision (a) of Section 290.4 of the *Penal Code*. Information regarding Megan's law offenders residing in a neighborhood can be obtained through the California Department of Justice website at www.meganslaw.ca.gov.

27. Escrow Holder Disclosures. The parties are made aware that Escrow Holder is an independent escrow company which is licensed by the Department of Corporations, Escrow Division, State of California. The license is dated _____, _____ and is No. _____. Escrow Holder has no affiliation with the Developer/ Seller or any broker or title company. Buyers are further made aware that Seller has chosen Escrow Holder to handle the sales of condominiums in the Project.

28. Survival. All obligations referred to herein to be performed at a time or times after the Close of Escrow, all provisions hereof relating to a time after the Close of Escrow, and all representations, warranties and acknowledgments contained herein, shall survive the Close of Escrow and the delivery of Seller's Grant Deed, regardless of whether the same expressly so provide.

29. Agency Confirmation. The following agency relationship(s) are hereby confirmed for this transaction:

A. Listing Agent: _____ is the Agent of (check one):

- the Seller exclusively, or
- both Buyer and Seller.

B. Selling Agent: _____ (if not the same as listing agent) is the agent of (check one):

- the Buyer exclusively, or
- the Seller exclusively, or
- both the Buyer and Seller.

30. Disclosures. Seller represents that the Property, as of the close of escrow, will be in compliance with *Health and Safety Code* §13113.8(b) having operable smoke detector(s) approved and listed by the State Fire Marshal installed in accordance with State Fire Marshal's regulations and in accordance with applicable local ordinance(s).

Seller represents that the Property, as of the close of escrow, will be in compliance with *Health and Safety Code* §19211 by having water heaters braced, anchored, or strapped in place, in accordance with those requirements.

31. Optional Items.

A. Selections: Buyers agree to make any color and optional item selections, if applicable, from the choices offered by Seller or Seller's agents within five (5) days after such choices are offered. If Buyers do not make such selections within said time period, Seller may make such selection, which shall be final. Any selection of color or optional items by Buyers shall not cause a delay in the Close of Escrow.

B. Upgrades; Increase in Purchase Price; Treatment of Option Deposit: If, subsequent to the execution of this Agreement, Buyers request any changes or extras from Seller, an Options and Upgrades Addendum shall be executed by Buyers and Seller, and Buyers shall deposit into escrow a cash deposit against the agreed cost of such changes ("Option Deposit"). The Option Deposit shall be held in escrow and be paid to Seller at closing. If escrow does not close and Seller deems Buyers are in default, disposition of the Option Deposit shall be made in accordance with the provisions of the Options and Upgrades Addendum. In the event of Seller default, any Option Deposit paid pursuant to this paragraph shall be returned to Buyers.

32. Preliminary Public Report. If a reservation agreement was signed under the authority of a Preliminary Public Report, Buyers have a right to cancel (rescind) this agreement and to the return of all money paid toward the Purchase Price until midnight of the fifth calendar day following the day this agreement was signed by Buyers. In the event that Buyers have deposited funds with Escrow Holder under a "Preliminary Public Report",

by Buyers' execution of this agreement, Buyers hereby authorize and instruct Escrow Holder to transfer Buyers' Deposit into this Escrow as a part of the Purchase Price.

33. Buyer's Right to Cancel: BUYERS MAY CANCEL BUYERS' OFFER TO PURCHASE THE PROPERTY, AND THIS AGREEMENT RESULTING FROM SELLER'S ACCEPTANCE OF BUYER'S OFFER, AND RECEIVE A FULL REFUND OF THEIR DEPOSIT UNTIL MIDNIGHT OF THE THIRD (3RD) CALENDAR DAY AFTER THE DAY ON WHICH BUYERS SIGN THIS AGREEMENT (THE "BUYER CANCELLATION DEADLINE"), BY NOTIFYING SELLER, IN WRITING AT THE ADDRESS SET FORTH IN PARAGRAPH 22G AND IN THE MANNER SET FORTH IN PARAGRAPH 29. IF BUYERS DO NOT DELIVER THE CANCELLATION NOTICE BY THE CANCELLATION DEADLINE, BUYERS WILL BE CONCLUSIVELY DEEMED TO HAVE WAIVED THEIR CANCELLATION RIGHT UNDER THIS SECTION.

34. Provisions for VA Loans.

A. Buyers shall not incur any penalty by forfeiture of earnest money or otherwise to be obligated to complete the purchase of the Property, if the Purchase Price or cost exceeds the reasonable value of the Property established by the V.A. Buyers shall have the option of proceeding with the consummation of this escrow without regard to the amount of the reasonable value established by the V.A.

B. If Buyers' application for V.A. financing is rejected by the V.A., Buyers shall be relieved of all obligations hereunder and Escrow Holder shall return to Buyers all funds deposited with it by Buyers.

C. IF BUYERS' LOAN IS GUARANTEED BY THE V.A., BUYERS MAY NOT BE CHARGED WITH ANY SPECIAL ASSESSMENTS OR IMPROVEMENT BONDS FOR LAND IMPROVEMENTS OF RECORD AND/OR KNOWN AT THE DATE OF CLOSING.

35. Federal Housing Administration (FHA) Escape Clause: It is expressly agreed that notwithstanding any other provisions of this contract, Buyers shall not be obligated to complete the purchase of the Property described herein or to incur any penalty by forfeiture of earnest money deposits or otherwise unless the mortgagee has delivered to Buyers a written statement issued by the Federal Housing Commissioner or a Direct Endorsement Lender setting forth the appraised value of the Property (excluding closing costs) of not less than the amount as set forth on Page 2 hereof which statement the mortgagee shall deliver to Buyers promptly after such appraised value statement is made available to the mortgagee. The Buyers shall, however, have the privilege and option of proceeding with consummation of the contract without regard to the amount of the appraised valuation. The appraised valuation is arrived at to determine the maximum mortgage the Department of Housing and Urban Development will insure. HUD does not warrant the value nor the condition of the Property. Buyers should satisfy themselves that the price and condition of the Property are acceptable.

36. Capital Contributions. In addition to the annual assessments described in the Declaration, Buyer must make an initial capital contribution equal to two months' monthly

assessments in order for the Association to have sufficient "start-up funds for common areas and/or property owned by the Association. At the Close of Escrow, Escrow Holder is instructed to debit Buyer the amounts specified above. THESE FUNDS REPRESENT BUYER'S INITIAL CAPITAL CONTRIBUTION, AND ARE NOT A PREPAYMENT OF ASSESSMENTS OR A PART OF THE PURCHASE PRICE OF THE RESIDENTIAL UNIT.

37. Insulation Rating. Insulation has been installed in the Dwelling as follows: (a) exterior walls are insulated with R-13 insulation to a thickness of 3½ inches, which thickness, according to the manufacturer, will yield an R-value of 13; and (b) ceilings in all areas are insulated with R-30 insulation having a thickness of 10 inches, which thickness according to the manufacturer, will yield an R-value of 30 inches.

38. Walk Through. Buyers and Seller shall conduct one walk through and an inspection of the Dwelling approximately five (5) days prior to the Closing Date so long as Buyers execute and deposit into Escrow all documents and funds as required by the lender, Escrow Holder and Seller. At such inspection, Buyers and Seller's representative shall prepare a written itemized list to be signed by Buyers and Seller's representative identifying items or conditions which Buyers and Seller agree are in need of further work or completion by Seller within a reasonable period of time. The parties hereto hereby agree that (a) such items need not be completed prior to Close of Escrow, and (b) the fact that such items have not been completed prior to the Close of Escrow shall not be a condition precedent to Close of Escrow, nor entitle Buyers to extend or otherwise delay the Close of Escrow. Seller will use the best efforts to complete the walk-through pick-up work within thirty (30) days after the Closing Date, taking into consideration the nature of the pick-up work, the ability to schedule sub-trades, if applicable, and Seller's ability to arrange access to the Dwelling with Buyers.

39. General Provisions.

A. Severability. If any term, condition or provision of this Agreement is declared illegal or invalid for any reason by any arbitrator or court of competent jurisdiction, such portion shall be deemed severed from this Agreement and the remaining terms, conditions or provisions of this Agreement shall remain in full force and effect, as fully as though such severed portion had never been part of this Agreement.

B. Notices. Any approval, disapproval, demand, document or other notice ("Notice") which either party may desire to give to another party must be in writing and may be given by personal delivery with written receipt signed by the party to whom the notice is directed or by any commercial courier, Federal Express, UPS Next Day Air, or U.S. Postal Service (Express Mail or certified mail only, return receipt requested, postage prepared), to the party to whom the notice is directed at the address of the party set forth below, or any other address as the parties may later designate in writing, or by facsimile machine.

Any notice given under this paragraph shall be deemed received upon: (i) actual receipt by the intended party, or (ii) if by mail (other than Express Mail), within two (2) days after deposit in the U.S. mails, postage prepaid, certified, return receipt requested, or (iii) if by U.S. Express Mail, Federal Express or UPS Next Day Air upon notice of

IN WITNESS WHEREOF, Buyers and Seller have executed this Agreement as of the date indicated below.

Date of Execution by Seller:

_____, 200__

Date of Execution by Buyers:

_____, 200__

TOMATOBANK, N.A.

By _____

Buyer

By _____

Buyer

Address: _____

Address: _____

Phone: _____

Phone: () ____ - _____

DECLARATION

The undersigned does hereby declare that the attached Agreement and Escrow Instructions are the instructions which will be used by Escrow Holder in connection with sales of condominiums in the Project.

The undersigned each declare, under penalty of perjury, that the foregoing is true and correct.

Executed this _____ day of _____, 200__

TOMATOBANK, N.A.

GLEN OAKS ESCROW

By _____

Title _____

By _____

Address: _____

Phone: _____

EXHIBIT "A"

A CONDOMINIUM COMPRISED OF:

Parcel 1: An undivided 1/6th interest in and to Lot 1 of Tract 68954 in the County of Los Angeles, State of California, as per map recorded in Book _____, Pages ___ and ___ of Maps, in the Office of the County Recorder of said County, as defined as "Common Area" on the Condominium Plan recorded on _____, as Instrument No. _____ of Official Records of said County.

EXCEPTING therefrom Units _____, inclusive, and the Exclusive Use Common Areas if any, as shown and defined on the above-referred-to Condominium Plan.

Reserving therefrom easements, as such easements are set forth on the Condominium Plan and in the Declaration (defined below).

Parcel 2: All that portion of Lot 1 of Tract 68954 shown and defined as Unit No. ____ on said Condominium Plan.

Parcel 3: Exclusive Use Common Areas, bearing the same Unit Number as set forth in Parcel 2 above shown and defined on the Condominium Plan.

Parcel 4: Nonexclusive easements for the benefit of and appurtenant to Parcels 1 and 2 above, as such easements are set forth in the Declaration defined below.

This deed is made and accepted upon the covenants, conditions and restrictions and other matters of record, including but not limited to, the Declaration of Covenants, Conditions and Restrictions recorded on _____, _____ as Instrument No. _____ of Official records of Los Angeles County (the "Declaration"), all of which are incorporated herein by reference to said Declaration with the same force and effect as though fully set forth herein. Grantee, by acceptance and recordation of this deed, expressly accepts, covenants and agrees to be bound by and assume performance of all of the applicable provisions and requirements set forth in the Declaration which are acknowledged to be reasonable and this grant is expressly conditioned upon the performance of such provisions to be performed by Grantee. The use for which the Unit is intended is residential, and the restrictions on its use are fully set forth in the Declaration, Condominium Plan and the Map described above, to which this deed is expressly made subject.

WAIVERS OF RIGHT TO LITIGATE AND JURY TRIAL. BY ACCEPTING THIS DEED, GRANTEE AGREES TO HAVE ANY DISPUTE WITH GRANTOR OR THE DECLARANT GROUP (AS DEFINED IN THE DECLARATION) DECIDED BY NEUTRAL ARBITRATION. GRANTEE HEREBY GIVES UP ANY RIGHTS HE MIGHT POSSESS TO HAVE THE

EXHIBIT "B"

DISBURSEMENTS

Buyers hereby authorize Escrow to disburse from funds deposited by Buyers payments to third parties as follows:

<u>Item</u>	Estimated Amount
Credit Report	\$
Escrow Services	\$
Preliminary Title Reports	\$
Appraisals	\$
Loan Processing Services	\$ _____
Total Estimated Disbursements	\$