





CALIFORNIA ASSOCIATION OF REALTORS®

CALIFORNIA RESIDENTIAL PURCHASE AGREEMENT AND JOINT ESCROW INSTRUCTIONS For Use With Single Family Residential Property - Attached or Detached (C.A.R. Form RPA-CA, Revised 11/07)

Date August 7, 2008, at Paso Robles, California.

- 1. OFFER: A. THIS IS AN OFFER FROM Charlie R. Reed Jr., Melanie Reed ("Buyer"). B. THE REAL PROPERTY TO BE ACQUIRED is described as 412 Montebello Oaks Drive, Paso Robles CA 93446... C. THE PURCHASE PRICE offered is Four Hundred Thirty-Seven Thousand Dollars \$ 437,000.00... D. CLOSE OF ESCROW shall occur on... 2. FINANCE TERMS: Obtaining the loans below is a contingency of this Agreement unless... A. INITIAL DEPOSIT: Buyer has given a deposit in the amount of \$ 1,000.00... B. INCREASED DEPOSIT: Buyer shall deposit with Escrow Holder an increased deposit in the amount of... C. FIRST LOAN IN THE AMOUNT OF \$ 425,890.00... D. ADDITIONAL FINANCING TERMS: Seller financing, (C.A.R. Form SFA); secondary financing... E. BALANCE OF PURCHASE PRICE (not including costs of obtaining loans and other closing costs) in the amount of \$ 12,110.00... F. PURCHASE PRICE (TOTAL): \$ 437,000.00... G. LOAN APPLICATIONS: Within 7 (or 10) Days After Acceptance, Buyer shall provide Seller a letter from lender or mortgage loan broker stating that, based on a review of Buyer's written application and credit report, Buyer is prequalified or preapproved for the NEW loan specified in 2C above... H. VERIFICATION OF DOWN PAYMENT AND CLOSING COSTS: Buyer (or Buyer's lender or loan broker pursuant to 2G) shall, within 7 (or 10) Days After Acceptance, provide Seller written verification of Buyer's down payment and closing costs... I. LOAN CONTINGENCY REMOVAL: (i) Within 17 (or 30) Days After Acceptance, Buyer shall, as specified in paragraph 14, remove the loan contingency or cancel this Agreement; OR (ii) (if checked) the loan contingency shall remain in effect until the designated loans are funded... J. APPRAISAL CONTINGENCY AND REMOVAL: This Agreement is (OR, if checked, NOT) contingent upon the Property appraising at no less than the specified purchase price... K. NO LOAN CONTINGENCY (if checked): Obtaining any loan in paragraphs 2C, 2D or elsewhere in this Agreement is NOT a contingency of this Agreement... L. ALL CASH OFFER (if checked): No loan is needed to purchase the Property. Buyer shall, within 7 (or 10) Days After Acceptance, provide Seller written verification of sufficient funds to close this transaction.

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Buyer's Initials ( ) ( ) Seller's Initials ( ) ( ) Reviewed by Date



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C. Tenant-occupied property: (I) Property shall be vacant at least 5 (or  \_\_\_\_\_ ) Days Prior to Close Of Escrow, unless otherwise agreed in writing. Note to Seller: If you are unable to deliver Property vacant in accordance with rent control and other applicable Law, you may be in breach of this Agreement.

OR (II) (if checked)  Tenant to remain in possession. The attached addendum is incorporated into this Agreement (C.A.R. Form PAA, paragraph 3);

OR (III) (if checked)  This Agreement is contingent upon Buyer and Seller entering into a written agreement regarding occupancy of the Property within the time specified in paragraph 14B(1). If no written agreement is reached within this time, either Buyer or Seller may cancel this Agreement in writing.

D. At Close Of Escrow, Seller assigns to Buyer any assignable warranty rights for items included in the sale and shall provide any available Copies of such warranties. Brokers cannot and will not determine the assignability of any warranties.

E. At Close Of Escrow, unless otherwise agreed in writing, Seller shall provide keys and/or means to operate all locks, mailboxes, security systems, alarms and garage door openers. If Property is a condominium or located in a common interest subdivision, Buyer may be required to pay a deposit to the Homeowners' Association ("HOA") to obtain keys to accessible HOA facilities.

4. ALLOCATION OF COSTS (if checked): Unless otherwise specified here, this paragraph only determines who is to pay for the report, inspection, test or service mentioned, if not specified here or elsewhere in this Agreement, the determination of who is to pay for any work recommended or identified by any such report, inspection, test or service shall be by the method specified in paragraph 14B(2).

A. WOOD DESTROYING PEST INSPECTION:

(1)  Buyer  Seller shall pay for an inspection and report for wood destroying pests and organisms ("Report") which shall be prepared by \_\_\_\_\_, a registered structural pest control company. The Report shall cover the accessible areas of the main building and attached structures and, if checked:  detached garages and carports,  detached decks,  the following other structures or areas \_\_\_\_\_

\_\_\_\_\_ The Report shall not include roof coverings. If Property is a condominium or located in a common interest subdivision, the Report shall include only the separate interest and any exclusive-use areas being transferred and shall not include common areas, unless otherwise agreed. Water tests of shower pans on upper level units may not be performed without consent of the owners of property below the shower.

OR (2)  (if checked) The attached addendum (C.A.R. Form WPA) regarding wood destroying pest inspection and allocation of cost is incorporated into this Agreement.

B. OTHER INSPECTIONS AND REPORTS:

(1)  Buyer  Seller shall pay to have septic or private sewage disposal systems inspected \_\_\_\_\_

(2)  Buyer  Seller shall pay to have domestic wells tested for water potability and productivity \_\_\_\_\_

(3)  Buyer  Seller shall pay for a natural hazard zone disclosure report prepared by PATEL \_\_\_\_\_

(4)  Buyer  Seller shall pay for the following inspection or report \_\_\_\_\_

(5)  Buyer  Seller shall pay for the following inspection or report \_\_\_\_\_

C. GOVERNMENT REQUIREMENTS AND RETROFIT:

(1)  Buyer  Seller shall pay for smoke detector installation and/or water heater bracing, if required by Law. Prior to Close Of Escrow, Seller shall provide Buyer a written statement of compliance in accordance with state and local Law, unless exempt.

(2)  Buyer  Seller shall pay the cost of compliance with any other minimum mandatory government retrofit standards, inspections and reports if required as a condition of closing escrow under any Law. \_\_\_\_\_

D. ESCROW AND TITLE:

(1)  Buyer  Seller shall pay escrow fee and 3% toward buyer accounting Non Recurring Closing cost. Escrow Holder shall be First American Title - Shelly McGill

(2)  Buyer  Seller shall pay for owner's title insurance policy specified in paragraph 12E \_\_\_\_\_  
Owner's title policy to be issued by First American Title  
(Buyer shall pay for any title insurance policy insuring Buyer's lender, unless otherwise agreed in writing.)

E. OTHER COSTS:

(1)  Buyer  Seller shall pay County transfer tax or transfer fee \_\_\_\_\_

(2)  Buyer  Seller shall pay City transfer tax or transfer fee \_\_\_\_\_

(3)  Buyer  Seller shall pay HOA transfer fee \_\_\_\_\_

(4)  Buyer  Seller shall pay HOA document preparation fees \_\_\_\_\_

(5)  Buyer  Seller shall pay the cost, not to exceed \$ \_\_\_\_\_, of a one-year home warranty plan, issued by \_\_\_\_\_

with the following optional coverage: \_\_\_\_\_

(6)  Buyer  Seller shall pay for \_\_\_\_\_

(7)  Buyer  Seller shall pay for \_\_\_\_\_

6. STATUTORY DISCLOSURES (INCLUDING LEAD-BASED PAINT HAZARD DISCLOSURES) AND CANCELLATION RIGHTS:

A. (1) Seller shall, within the time specified in paragraph 14A, deliver to Buyer, if required by Law: (i) Federal Lead-Based Paint Disclosures and pamphlet ("Lead Disclosures"); and (ii) disclosures or notices required by sections 1102 et. seq. and 1103 et. seq. of the California Civil Code ("Statutory Disclosures"). Statutory Disclosures include, but are not limited to, a Real Estate Transfer Disclosure Statement ("TDS"), Natural Hazard Disclosure Statement ("NHD"), notice of actual knowledge of release of illegal controlled substance, notice of special tax and/or assessments (or, if allowed, substantially equivalent notice regarding the Mello-Rosa Community Facilities Act and Improvement Bond Act of 1916) and, if Seller has actual knowledge, an industrial use and military ordinance location disclosure (C.A.R. Form 88D).

(2) Buyer shall, within the time specified in paragraph 14B(1), return Signed Copies of the Statutory and Lead Disclosures to Seller.

(3) In the event Seller, prior to Close Of Escrow, becomes aware of adverse conditions materially affecting the Property, or any material inaccuracy in disclosures, information or representations previously provided to Buyer of which Buyer is otherwise unaware, Seller shall promptly provide a subsequent or amended disclosure or notice, in writing, covering those items. However, a subsequent or amended disclosure shall not be required for conditions and material inaccuracies disclosed in reports ordered and paid for by Buyer.

Buyer's Initials ( [Signature] )  
Seller's Initials ( [Signature] )

Reviewed by \_\_\_\_\_ Date \_\_\_\_\_



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(4) If any disclosure or notice specified in 5A(1), or subsequent or amended disclosure or notice is delivered to Buyer after the offer is Signed, Buyer shall have the right to cancel this Agreement within 3 Days After delivery in person, or 5 Days After delivery by deposit in the mail, by giving written notice of cancellation to Seller or Seller's agent. (Lead Disclosures sent by mail must be sent certified mail or better.)

(5) Note to Buyer and Seller Waiver of Statutory and Lead Disclosures is prohibited by Law.

B. NATURAL AND ENVIRONMENTAL HAZARDS: Within the time specified in paragraph 14A, Seller shall, if required by Law; (i) deliver to Buyer earthquake guides (and questionnaire) and environmental hazards booklet; (ii) even if exempt from the obligation to provide a NHD, disclose if the Property is located in a Special Flood Hazard Area; Potential Flooding (Inundation) Area; Very High Fire Hazard Zone; State Fire Responsibility Area; Earthquake Fault Zone; Seismic Hazard Zone; and (iii) disclose any other zone as required by Law and provide any other information required for those zones.

C. MEGAN'S LAW DATABASE DISCLOSURE: Notice: Pursuant to Section 280.46 of the Penal Code, information about specified registered sex offenders is made available to the public via an Internet Web site maintained by the Department of Justice at www.meganslaw.ca.gov. Depending on an offender's criminal history, this information will include either the address at which the offender resides or the community of residence and ZIP Code in which he or she resides. (Neither Seller nor Brokers are required to check this website. If Buyer wants further information, Broker recommends that Buyer obtain information from this website during Buyer's inspection contingency period. Brokers do not have expertise in this area.)

6. CONDOMINIUM/PLANNED UNIT DEVELOPMENT DISCLOSURES:

A. SELLER HAS: 7 (or  \_\_\_\_\_) Days After Acceptance to disclose to Buyer whether the Property is a condominium, or is located in a planned unit development or other common interest subdivision (C.A.R. Form SSD).

B. If the Property is a condominium or is located in a planned unit development or other common interest subdivision, Seller has 3 (or  \_\_\_\_\_) Days After Acceptance to request from the HOA (C.A.R. Form HOA): (i) Copies of any documents required by Law; (ii) disclosure of any pending or anticipated claim or litigation by or against the HOA; (iii) a statement containing the location and number of designated parking and storage spaces; (iv) Copies of the most recent 12 months of HOA minutes for regular and special meetings; and (v) the names and contact information of all HOAs governing the Property (collectively, "CI Disclosures"). Seller shall itemize and deliver to Buyer all CI Disclosures received from the HOA and any CI Disclosures in Seller's possession. Buyer's approval of CI Disclosures is a contingency of this Agreement as specified in paragraph 14B(3).

7. CONDITIONS AFFECTING PROPERTY:

A. Unless otherwise agreed: (i) the Property is sold (a) in its PRESENT physical condition as of the date of Acceptance and (b) subject to Buyer's investigation rights; (ii) the Property, including pool, spa, landscaping and grounds, is to be maintained in substantially the same condition as on the date of Acceptance; and (iii) all debris and personal property not included in the sale shall be removed by Close Of Escrow.

B. SELLER SHALL, within the time specified in paragraph 14A, DISCLOSE KNOWN MATERIAL FACTS AND DEFECTS affecting the Property, including known insurance claims within the past five years, AND MAKE OTHER DISCLOSURES REQUIRED BY LAW (C.A.R. Form SSD).

C. NOTE TO BUYER: You are strongly advised to conduct investigations of the entire Property in order to determine its present condition since Seller may not be aware of all defects affecting the Property or other factors that you consider important. Property improvements may not be built according to code, in compliance with current Law, or have had permits issued.

D. NOTE TO SELLER: Buyer has the right to inspect the Property and, as specified in paragraph 14B, based upon information discovered in those inspections: (i) cancel this Agreement; or (ii) request that you make repairs or take other action.

8. ITEMS INCLUDED AND EXCLUDED:

A. NOTE TO BUYER AND SELLER: Items listed as included or excluded in the MLS, flyers or marketing materials are not included in the purchase price or excluded from the sale unless specified in BB or C.

B. ITEMS INCLUDED IN SALE:

- (1) All EXISTING fixtures and fittings that are attached to the Property;
- (2) Existing electrical, mechanical, lighting, plumbing and heating fixtures, ceiling fans, fireplace inserts, gas logs and grates, solar systems, built-in appliances, window and door screens, awnings, shutters, window coverings, attached floor coverings, television antennas, satellite dishes, private integrated telephone systems, air coolers/conditioners, pool/spa equipment, garage door openers/remotes controls, mailbox, in-ground landscaping, trees/shrubs, water softeners, water purifiers, security systems/alarms; and
- (3) The following items: \_\_\_\_\_

(4) Seller represents that all items included in the purchase price, unless otherwise specified, are owned by Seller.

(5) All items included shall be transferred free of liens and without Seller warranty.

C. ITEMS EXCLUDED FROM SALE: \_\_\_\_\_

9. BUYER'S INVESTIGATION OF PROPERTY AND MATTERS AFFECTING PROPERTY:

A. Buyer's acceptance of the condition of, and any other matter affecting the Property, is a contingency of this Agreement as specified in this paragraph and paragraph 14B. Within the time specified in paragraph 14B(1), Buyer shall have the right, at Buyer's expense unless otherwise agreed, to conduct inspections, investigations, tests, surveys and other studies ("Buyer Investigations"), including, but not limited to, the right to: (i) inspect for lead-based paint and other lead-based paint hazards; (ii) inspect for wood destroying pests and organisms; (iii) review the registered sex offender database; (iv) confirm the insurability of Buyer and the Property; and (v) satisfy Buyer as to any matter specified in the attached Buyer's Inspection Advisory (C.A.R. Form BIA). Without Seller's prior written consent, Buyer shall neither make nor cause to be made: (i) invasive or destructive Buyer Investigations; or (ii) inspections by any governmental building or zoning inspector or government employee, unless required by Law.

B. Buyer shall complete Buyer Investigations and, as specified in paragraph 14B, remove the contingency or cancel this Agreement. Buyer shall give Seller, at no cost, complete Copies of all Buyer Investigation reports obtained by Buyer. Seller shall make the Property available for all Buyer Investigations. Seller shall have water, gas, electricity and all operable pilot lights on for Buyer's Investigations and through the date possession is made available to Buyer.

Buyer's Initials (XME)  
Seller's Initials

Reviewed by \_\_\_\_\_ Date \_\_\_\_\_



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**10. REPAIRS:** Repairs shall be completed prior to final verification of condition unless otherwise agreed in writing. Repairs to be performed at Seller's expense may be performed by Seller or through others, provided that the work complies with applicable Law, including governmental permit, inspection and approval requirements. Repairs shall be performed in a good, skilful manner with materials of quality and appearance comparable to existing materials. It is understood that exact restoration of appearance or cosmetic items following all Repairs may not be possible. Seller shall: (i) obtain receipts for Repairs performed by others; (ii) prepare a written statement indicating the Repairs performed by Seller and the date of such Repairs; and (iii) provide Copies of receipts and statements to Buyer prior to final verification of condition.

**11. BUYER INDEMNITY AND SELLER PROTECTION FOR ENTRY UPON PROPERTY:** Buyer shall: (i) keep the Property free and clear of liens; (ii) Repair all damage arising from Buyer investigations; and (iii) indemnify and hold Seller harmless from all resulting liability, claims, demands, damages and costs. Buyer shall carry, or Buyer shall require anyone acting on Buyer's behalf to carry, policies of liability, workers' compensation and other applicable insurance, defending and protecting Seller from liability for any injuries to persons or property occurring during any Buyer investigations or work done on the Property at Buyer's direction prior to Close Of Escrow. Seller is advised that certain protections may be afforded Seller by recording a "Notice of Non-responsibility" (C.A.R. Form NNR) for Buyer investigations and work done on the Property at Buyer's direction. Buyer's obligations under this paragraph shall survive the termination of this Agreement.

**12. TITLE AND VESTING:**

- A. Within the time specified in paragraph 14, Buyer shall be provided a current preliminary (title) report, which is only an offer by the title insurer to issue a policy of title insurance and may not contain every item affecting title. Buyer's review of the preliminary report and any other matters which may affect title are a contingency of this Agreement as specified in paragraph 14B.
- B. Title is taken in its present condition subject to all encumbrances, easements, covenants, conditions, restrictions, rights and other matters, whether of record or not, as of the date of Acceptance except: (i) monetary liens of record unless Buyer is assuming those obligations or taking the Property subject to those obligations; and (ii) those matters which Seller has agreed to remove in writing.
- C. Within the time specified in paragraph 14A, Seller has a duty to disclose to Buyer all matters known to Seller affecting title, whether of record or not.
- D. At Close Of Escrow, Buyer shall receive a grant deed conveying title (or, for stock cooperative or long-term lease, an assignment of stock certificate or of Seller's leasehold interest), including oil, mineral and water rights if currently owned by Seller. Title shall vest as designated in Buyer's supplemental escrow instructions. **THE MANNER OF TAKING TITLE MAY HAVE SIGNIFICANT LEGAL AND TAX CONSEQUENCES. CONSULT AN APPROPRIATE PROFESSIONAL.**
- E. Buyer shall receive a OLTA/ALTA Homeowner's Policy of Title Insurance. A title company, at Buyer's request, can provide information about the availability, desirability, coverage, and cost of various title insurance coverages and endorsements. If Buyer desires title coverage other than that required by this paragraph, Buyer shall instruct Escrow Holder in writing and pay any increase in cost.

**13. SALE OF BUYER'S PROPERTY:**

- A. This Agreement is NOT contingent upon the sale of any property owned by Buyer.
- OR B.  (If checked): The attached addendum (C.A.R. Form COP) regarding the contingency for the sale of property owned by Buyer is incorporated into this Agreement.

**14. TIME PERIODS; REMOVAL OF CONTINGENCIES; CANCELLATION RIGHTS:** The following time periods may only be extended, altered, modified or changed by mutual written agreement. Any removal of contingencies or cancellation under this paragraph must be in writing (C.A.R. Form CR).

- A. **SELLER HAS:** 7 (or  \_\_\_\_\_ ) Days After Acceptance to deliver to Buyer all reports, disclosures and information for which Seller is responsible under paragraphs 4, 5A and B, 6A, 7B and 12.
- B. (1) **BUYER HAS:** 17 (or  \_\_\_\_\_ ) Days After Acceptance, unless otherwise agreed in writing, to:
  - (i) complete all Buyer investigations; approve all disclosures, reports and other applicable information, which Buyer receives from Seller; and approve all matters affecting the Property (including lead-based paint and lead-based paint hazards as well as other information specified in paragraph 5 and insurability of Buyer and the Property); and
  - (ii) return to Seller Signed Copies of Statutory and Lead Disclosures delivered by Seller in accordance with paragraph 5A.
- (2) Within the time specified in 14B(1), Buyer may request that Seller make repairs or take any other action regarding the Property (C.A.R. Form RR). Seller has no obligation to agree to or respond to Buyer's requests.
- (3) By the end of the time specified in 14B(1) (or 2I for loan contingency or 2J for appraisal contingency), Buyer shall, in writing, remove the applicable contingency (C.A.R. Form CR) or cancel this Agreement. However, if (i) government-mandated inspections/ reports required as a condition of closing; or (ii) Common Interest Disclosures pursuant to paragraph 6B are not made within the time specified in 14A, then Buyer has 5 (or  \_\_\_\_\_ ) Days After receipt of any such items, or the time specified in 14B(1), whichever is later, to remove the applicable contingency or cancel this Agreement in writing.

**C. CONTINUATION OF CONTINGENCY OR CONTRACTUAL OBLIGATION; SELLER RIGHT TO CANCEL:**

- (1) **Seller right to Cancel; Buyer Contingencies:** Seller, after first giving Buyer a Notice to Buyer to Perform (as specified below), may cancel this Agreement in writing and authorize return of Buyer's deposit if, by the time specified in this Agreement, Buyer does not remove in writing the applicable contingency or cancel this Agreement. Once all contingencies have been removed, failure of either Buyer or Seller to close escrow on time may be a breach of this Agreement.
- (2) **Continuation of Contingency:** Even after the expiration of the time specified in 14B, Buyer retains the right to make requests to Seller, remove in writing the applicable contingency or cancel this Agreement until Seller cancels pursuant to 14C(1). Once Seller receives Buyer's written removal of all contingencies, Seller may not cancel this Agreement pursuant to 14C(1).
- (3) **Seller right to Cancel; Buyer Contract Obligations:** Seller, after first giving Buyer a Notice to Buyer to Perform (as specified below), may cancel this Agreement in writing and authorize return of Buyer's deposit for any of the following reasons: (i) if Buyer fails to deposit funds as required by 2A or 2B; (ii) if the funds deposited pursuant to 2A or 2B are not good when deposited; (iii) if Buyer fails to provide a letter as required by 2G; (iv) if Buyer fails to provide verification as required by 2H or 2I; (v) if Seller reasonably disapproves of the verification provided by 2H or 2I; (vi) if Buyer fails to return Statutory and Lead Disclosures as required by paragraph 5A(2); or (vii) if Buyer fails to sign or initial a separate liquidated damage form for an increased deposit as required by paragraph 18. Seller is not required to give Buyer a Notice to Perform regarding Close of Escrow.
- (4) **Notice To Buyer To Perform:** The Notice to Buyer to Perform (C.A.R. Form NBP) shall: (i) be in writing; (ii) be signed by Seller; and (iii) give Buyer at least 24 (or 72) hours (or until the time specified in the applicable paragraph, whichever occurs last) to take the applicable action. A Notice to Buyer to Perform may not be given any earlier than 2 Days Prior to the expiration of the applicable time for Buyer to remove a contingency or cancel this Agreement or meet a 14C(3) obligation.

Buyer's Initials ( [Signature] ) ( X )  
 Seller's Initials ( [Signature] ) ( )

Reviewed by \_\_\_\_\_ Date \_\_\_\_\_



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Date: August 7, 2008

- D. **EFFECT OF BUYER'S REMOVAL OF CONTINGENCIES:** If Buyer removes, in writing, any contingency or cancellation rights, unless otherwise specified in a separate written agreement between Buyer and Seller, Buyer shall conclusively be deemed to have: (i) completed all Buyer investigations, and review of reports and other applicable information and disclosures pertaining to that contingency or cancellation right; (ii) elected to proceed with the transaction; and (iii) assumed all liability, responsibility and expense for Repairs or corrections pertaining to that contingency or cancellation right, or for inability to obtain financing.
- E. **EFFECT OF CANCELLATION ON DEPOSITS:** If Buyer or Seller gives written notice of cancellation pursuant to rights duly exercised under the terms of this Agreement, Buyer and Seller agree to Sign mutual instructions to cancel the sale and escrow and release deposits to the party entitled to the funds, less fees and costs incurred by that party. Fees and costs may be payable to service providers and vendors for services and products provided during escrow. Release of funds will require mutual Signed release instructions from Buyer and Seller, judicial decision or arbitration award. A party may be subject to a civil penalty of up to \$1,000 for refusal to sign such instructions if no good faith dispute exists as to who is entitled to the deposited funds (Civil Code §1057.3).
- 15. **FINAL VERIFICATION OF CONDITION:** Buyer shall have the right to make a final inspection of the Property within 5 (or \_\_\_\_\_) Days Prior to Close Of Escrow, NOT AS A CONTINGENCY OF THE SALE, but solely to confirm: (i) the Property is maintained pursuant to paragraph 7A; (ii) Repairs have been completed as agreed; and (iii) Seller has complied with Seller's other obligations under this Agreement.
- 16. **LIQUIDATED DAMAGES:** If Buyer fails to complete this purchase because of Buyer's default, Seller shall retain, as liquidated damages, the deposit actually paid. If the Property is a dwelling with no more than four units, one of which Buyer intends to occupy, then the amount retained shall be no more than 3% of the purchase price. Any excess shall be returned to Buyer. Release of funds will require mutual, Signed release instructions from both Buyer and Seller, judicial decision or arbitration award.  
**BUYER AND SELLER SHALL SIGN A SEPARATE LIQUIDATED DAMAGES PROVISION FOR ANY INCREASED DEPOSIT. (C.A.R. FORM RID)**

Buyer's Initials <u>[Signature]</u>	Seller's Initials <u>[Signature]</u>
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- 17. **DISPUTE RESOLUTION:**
  - A. **MEDIATION:** Buyer and Seller agree to mediate any dispute or claim arising between them out of this Agreement, or any resulting transaction, before resorting to arbitration or court action. Paragraphs 17B(2) and (3) below apply to mediation whether or not the Arbitration provision is Initialed. Mediation fees, if any, shall be divided equally among the parties involved. If, for any dispute or claim to which this paragraph applies, any party commences an action without first attempting to resolve the matter through mediation, or refuses to mediate after a request has been made, then that party shall not be entitled to recover attorney fees, even if they would otherwise be available to that party in any such action. THIS MEDIATION PROVISION APPLIES WHETHER OR NOT THE ARBITRATION PROVISION IS INITIALED.
  - B. **ARBITRATION OF DISPUTES:** (1) Buyer and Seller agree that any dispute or claim in Law or equity arising between them out of this Agreement or any resulting transaction, which is not settled through mediation, shall be decided by neutral, binding arbitration, including and subject to paragraphs 17B(2) and (3) below. The arbitrator shall be a retired judge or justice, or an attorney with at least 5 years of residential real estate Law experience, unless the parties mutually agree to a different arbitrator, who shall render an award in accordance with substantive California Law. The parties shall have the right to discovery in accordance with California Code of Civil Procedure §1283.05. In all other respects, the arbitration shall be conducted in accordance with Title 9 of Part III of the California Code of Civil Procedure. Judgment upon the award of the arbitrator(s) may be entered into any court having jurisdiction. Interpretation of this agreement to arbitrate shall be governed by the Federal Arbitration Act.  
(2) **EXCLUSIONS FROM MEDIATION AND ARBITRATION:** The following matters are excluded from mediation and arbitration: (i) a judicial or non-judicial foreclosure or other action or proceeding to enforce a deed of trust, mortgage or installment land sale contract as defined in California Civil Code §2986; (ii) an unlawful detainer action; (iii) the filing or enforcement of a mechanic's lien; and (iv) any matter that is within the jurisdiction of a probate, small claims or bankruptcy court. The filing of a court action to enable the recording of a notice of pending action, for order of attachment, receivership, injunction, or other provisional remedies, shall not constitute a waiver of the mediation and arbitration provisions.  
(3) **BROKERS:** Buyer and Seller agree to mediate and arbitrate disputes or claims involving either or both Brokers, consistent with 17A and B, provided either or both Brokers shall have agreed to such mediation or arbitration prior to, or within a reasonable time after, the dispute or claim is presented to Brokers. Any election by either or both Brokers to participate in mediation or arbitration shall not result in Brokers being deemed parties to the Agreement.

**"NOTICE: BY INITIALING IN THE SPACE BELOW YOU ARE AGREEING TO HAVE ANY DISPUTE ARISING OUT OF THE MATTERS INCLUDED IN THE 'ARBITRATION OF DISPUTES' PROVISION DECIDED BY NEUTRAL ARBITRATION AS PROVIDED BY CALIFORNIA LAW AND YOU ARE GIVING UP ANY RIGHTS YOU MIGHT POSSESS TO HAVE THE DISPUTE LITIGATED IN A COURT OR JURY TRIAL. BY INITIALING IN THE SPACE BELOW YOU ARE GIVING UP YOUR JUDICIAL RIGHTS TO DISCOVERY AND APPEAL, UNLESS THOSE RIGHTS ARE SPECIFICALLY INCLUDED IN THE 'ARBITRATION OF DISPUTES' PROVISION. IF YOU REFUSE TO SUBMIT TO ARBITRATION AFTER AGREEING TO THIS PROVISION, YOU MAY BE COMPELLED TO ARBITRATE UNDER THE AUTHORITY OF THE CALIFORNIA CODE OF CIVIL PROCEDURE. YOUR AGREEMENT TO THIS ARBITRATION PROVISION IS VOLUNTARY."**

**"WE HAVE READ AND UNDERSTAND THE FOREGOING AND AGREE TO SUBMIT DISPUTES ARISING OUT OF THE MATTERS INCLUDED IN THE 'ARBITRATION OF DISPUTES' PROVISION TO NEUTRAL ARBITRATION."**

Buyer's Initials _____ / _____	Seller's Initials _____ / _____
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Buyer's Initials [Signature] (XMR)  
 Seller's Initials [Signature] ( )  
 Reviewed by \_\_\_\_\_ Date \_\_\_\_\_



412 Montebello Oaks Drive

Property Address: Paso Robles, CA 93446

Date: August 7, 2008

- 18. **PRORATIONS OF PROPERTY TAXES AND OTHER ITEMS:** Unless otherwise agreed in writing, the following items shall be PAID CURRENT and prorated between Buyer and Seller as of Close Of Escrow: real property taxes and assessments, interest, rents, HOA regular, special, and emergency dues and assessments imposed prior to Close Of Escrow, premiums on insurance assumed by Buyer, payments on bonds and assessments assumed by Buyer, and payments on Mello-Roos and other Special Assessment District bonds and assessments that are now a lien. The following items shall be assumed by Buyer WITHOUT CREDIT toward the purchase price: prorated payments on Mello-Roos and other Special Assessment District bonds and assessments and HOA special assessments that are now a lien but not yet due. Property will be reassessed upon change of ownership. Any supplemental tax bills shall be paid as follows: (i) for periods after Close Of Escrow, by Buyer; and (ii) for periods prior to Close Of Escrow, by Seller. TAX BILLS ISSUED AFTER CLOSE OF ESCROW SHALL BE HANDLED DIRECTLY BETWEEN BUYER AND SELLER. Prorations shall be made based on a 30-day month.
- 19. **WITHHOLDING TAXES:** Seller and Buyer agree to execute any instrument, affidavit, statement or instruction reasonably necessary to comply with federal (FIRPTA) and California withholding Law, if required (C.A.R. Forms AS and AB).
- 20. **MULTIPLE LISTING SERVICE ("MLS"):** Brokers are authorized to report to the MLS a pending sale and, upon Close Of Escrow, the terms of this transaction to be published and disseminated to persons and entities authorized to use the information on terms approved by the MLS.
- 21. **EQUAL HOUSING OPPORTUNITY:** The Property is sold in compliance with federal, state and local anti-discrimination Laws.
- 22. **ATTORNEY FEES:** In any action, proceeding, or arbitration between Buyer and Seller arising out of this Agreement, the prevailing Buyer or Seller shall be entitled to reasonable attorney fees and costs from the non-prevailing Buyer or Seller, except as provided in paragraph 17A.
- 23. **SELECTION OF SERVICE PROVIDERS:** If Brokers refer Buyer or Seller to persons, vendors, or service or product providers ("Providers"), Brokers do not guarantee the performance of any Providers. Buyer and Seller may select ANY Providers of their own choosing.
- 24. **TIME OF ESSENCE; ENTIRE CONTRACT; CHANGES:** Time is of the essence. All understandings between the parties are incorporated in this Agreement. Its terms are intended by the parties as a final, complete and exclusive expression of their Agreement with respect to its subject matter, and may not be contradicted by evidence of any prior agreement or contemporaneous oral agreement. If any provision of this Agreement is held to be ineffective or invalid, the remaining provisions will nevertheless be given full force and effect. Neither this Agreement nor any provision in it may be extended, amended, modified, altered or changed, except in writing signed by Buyer and Seller.
- 25. **OTHER TERMS AND CONDITIONS, including attached supplements:**
  - A.  Buyer's Inspection Advisory (C.A.R. Form BIA)
  - B.  Purchase Agreement Addendum (C.A.R. Form PAA paragraph numbers: \_\_\_\_\_)
  - C.  Statewide Buyer and Seller Advisory (C.A.R. Form SBSA)
  - D.  Seller shall provide Buyer with a completed Seller Property Questionnaire (C.A.R. form SPQ) within the time specified in paragraph 14A
  - E. Seller to contribute 2% into the following fund.
- 26. **DEFINITIONS:** As used in this Agreement:
  - A. "Acceptance" means the time the offer or final counter offer is accepted in writing by a party and is delivered to and personally received by the other party or that party's authorized agent in accordance with the terms of this offer or a final counter offer.
  - B. "Agreement" means the terms and conditions of this accepted California Residential Purchase Agreement and any accepted counter offers and addenda.
  - C. "C.A.R. Form" means the specific form referenced or another comparable form agreed to by the parties.
  - D. "Close Of Escrow" means the date the grant deed, or other evidence of transfer of title, is recorded. If the scheduled close of escrow falls on a Saturday, Sunday or legal holiday, then close of escrow shall be the next business day after the scheduled close of escrow date.
  - E. "Copy" means copy by any means including photocopy, NCR, facsimile and electronic.
  - F. "Days" means calendar days, unless otherwise required by Law.
  - G. "Days After" means the specified number of calendar days after the occurrence of the event specified, not counting the calendar date on which the specified event occurs, and ending at 11:59PM on the final day.
  - H. "Days Prior" means the specified number of calendar days before the occurrence of the event specified, not counting the calendar date on which the specified event is scheduled to occur.
  - I. "Electronic Copy" or "Electronic Signature" means, as applicable, an electronic copy or signature complying with California Law. Buyer and Seller agree that electronic means will not be used by either party to modify or alter the content or integrity of this Agreement without the knowledge and consent of the other.
  - J. "Law" means any law, code, statute, ordinance, regulation, rule or order, which is adopted by a controlling city, county, state or federal legislative, judicial or executive body or agency.
  - K. "Notice to Buyer to Perform" means a document (C.A.R. Form NBP), which shall be in writing and signed by Seller and shall give Buyer at least 24 hours (or as otherwise specified in paragraph 14C(4)) to remove a contingency or perform as applicable.
  - L. "Repairs" means any repairs (including pest control), alterations, replacements, modifications or retrofitting of the Property provided for under this Agreement.
  - M. "Signed" means either a handwritten or electronic signature on an original document, Copy or any counterpart.
  - N. Singular and Plural terms each include the other, when appropriate.

Buyer's Initials [Signature]  
 Seller's Initials [Signature]  
 Reviewed by \_\_\_\_\_ Date \_\_\_\_\_



412 Montebello Oaks Drive

Property Address: Paso Robles, CA 93446

Date: August 7, 2008

27. AGENCY:

- A. **DISCLOSURE:** Buyer and Seller each acknowledge prior receipt of C.A.R. Form AD "Disclosure Regarding Real Estate Agency Relationships."
- B. **POTENTIALLY COMPETING BUYERS AND SELLERS:** Buyer and Seller each acknowledge receipt of a disclosure of the possibility of multiple representation by the Broker representing that principal. This disclosure may be part of a listing agreement, buyer-broker agreement or separate document (C.A.R. Form DA). Buyer understands that Broker representing Buyer may also represent other potential buyers, who may consider, make offers on or ultimately acquire the Property. Seller understands that Broker representing Seller may also represent other sellers with competing properties of interest to this Buyer.
- C. **CONFIRMATION:** The following agency relationships are hereby confirmed for this transaction:  
 Listing Agent Remax Forbairde Realtors (Print Firm Name) is the agent of (check one):  the Seller exclusively; or  both the Buyer and Seller.  
 Selling Agent Realty One Inc. (Print Firm Name) (if not same as Listing Agent) is the agent of (check one):  the Buyer exclusively; or  the Seller exclusively; or  both the Buyer and Seller. Real Estate Brokers are not parties to the Agreement between Buyer and Seller.

28. JOINT ESCROW INSTRUCTIONS TO ESCROW HOLDER:

- A. The following paragraphs, or applicable portions thereof, of this Agreement constitute the joint escrow instructions of Buyer and Seller to Escrow Holder, which Escrow Holder is to use along with any related counter offers and addenda, and any additional mutual instructions to close the escrow: 1, 2, 4, 12, 13B, 14E, 18, 19, 24, 25B and 25D, 26, 28, 29, 32A, 33 and paragraph D of the section titled Real Estate Brokers on page 8. If a Copy of the separate compensation agreement(s) provided for in paragraph 29 or 32A, or paragraph D of the section titled Real Estate Brokers on page 8 is deposited with Escrow Holder by Broker, Escrow Holder shall accept such agreement(s) and pay out from Buyer's or Seller's funds, or both, as applicable, the Broker's compensation provided for in such agreement(s). The terms and conditions of this Agreement not set forth in the specified paragraphs are additional matters for the information of Escrow Holder, but about which Escrow Holder need not be concerned. Buyer and Seller will receive Escrow Holder's general provisions directly from Escrow Holder and will execute such provisions upon Escrow Holder's request. To the extent the general provisions are inconsistent or conflict with this Agreement, the general provisions will control as to the duties and obligations of Escrow Holder only. Buyer and Seller will execute additional instructions, documents and forms provided by Escrow Holder that are reasonably necessary to close the escrow.
- B. A Copy of this Agreement shall be delivered to Escrow Holder within 3 business days after Acceptance (or  \_\_\_\_\_). Buyer and Seller authorize Escrow Holder to accept and rely on Copies and Signatures as defined in this Agreement as originals, to open escrow and for other purposes of escrow. The validity of this Agreement as between Buyer and Seller is not affected by whether or when Escrow Holder Signs this Agreement.
- C. Brokers are a party to the escrow for the sole purpose of compensation pursuant to paragraphs 29, 32A and paragraph D of the section titled Real Estate Brokers on page 8. Buyer and Seller irrevocably assign to Brokers compensation specified in paragraphs 29 and 32A, respectively, and irrevocably instruct Escrow Holder to disburse those funds to Brokers at Close Of Escrow or pursuant to any other mutually executed cancellation agreement. Compensation instructions can be amended or revoked only with the written consent of Brokers. Escrow Holder shall immediately notify Brokers: (i) if Buyer's initial or any additional deposit is not made pursuant to this Agreement, or is not good at time of deposit with Escrow Holder; or (ii) if Buyer and Seller instruct Escrow Holder to cancel escrow.
- D. A Copy of any amendment that affects any paragraph of this Agreement for which Escrow Holder is responsible shall be delivered to Escrow Holder within 2 business days after mutual execution of the amendment.

29. **BROKER COMPENSATION FROM BUYER:** If applicable, upon Close Of Escrow, Buyer agrees to pay compensation to Broker as specified in a separate written agreement between Buyer and Broker.

30. TERMS AND CONDITIONS OF OFFER:

This is an offer to purchase the Property on the above terms and conditions. All paragraphs with spaces for initials by Buyer and Seller are incorporated in this Agreement only if initialed by all parties. If at least one but not all parties initial, a counter offer is required until agreement is reached. Seller has the right to continue to offer the Property for sale and to accept any other offer at any time prior to notification of Acceptance. Buyer has read and acknowledges receipt of a Copy of the offer and agrees to the above confirmation of agency relationships. If this offer is accepted and Buyer subsequently defaults, Buyer may be responsible for payment of Brokers' compensation. This Agreement and any supplement, addendum or modification, including any Copy, may be Signed in two or more counterparts, all of which shall constitute one and the same writing.

Buyer's Initials ( XMR ) ( XMR )  
Seller's Initials ( XMR ) ( XMR )

Reviewed by \_\_\_\_\_ Date \_\_\_\_\_



412 Montebello Oaks Drive

Property Address: Paso Robles, CA 93446

Date: August 7, 2008

31. EXPIRATION OF OFFER: This offer shall be deemed revoked and the deposit shall be returned unless the offer is Signed by Seller and a Copy of the Signed offer is personally received by Buyer, or by \_\_\_\_\_, who is authorized to receive it by 8:00 PM on the third Day after this offer is signed by Buyer (or, if checked,  by \_\_\_\_\_ (date), at \_\_\_\_\_  AM  PM).

Date August 7, 2008  
BUYER [Signature]  
Charlie R. Reed Jr.  
(Print name)  
445 Olive Street, Paso Robles CA 93422  
(Address)

Date August 7, 2008  
BUYER [Signature]  
Melanie Reed  
(Print name)

32. BROKER COMPENSATION FROM SELLER:

- A. Upon Close Of Escrow, Seller agrees to pay compensation to Broker as specified in a separate written agreement between Seller and Broker.
- B. If escrow does not close, compensation is payable as specified in that separate written agreement.

33. ACCEPTANCE OF OFFER: Seller warrants that Seller is the owner of the Property, or has the authority to execute this Agreement. Seller accepts the above offer, agrees to sell the Property on the above terms and conditions, and agrees to the above confirmation of agency relationships. Seller has read and acknowledges receipt of a Copy of this Agreement, and authorizes Broker to deliver a Signed Copy to Buyer.

(If checked) SUBJECT TO ATTACHED COUNTER OFFER, DATED 8-5-08

Date 8-5-08  
SELLER [Signature]  
Chester R. Reed  
(Print name)  
Douglas L. Jensen  
(Address)

Date \_\_\_\_\_  
SELLER \_\_\_\_\_  
John Henry  
(Print name)

CONFIRMATION OF ACCEPTANCE: A Copy of Signed Acceptance was personally received by Buyer or Buyer's authorized agent on (date) \_\_\_\_\_ at \_\_\_\_\_  AM  PM. A binding Agreement is created when a Copy of Signed Acceptance is personally received by Buyer or Buyer's authorized agent whether or not confirmed in this document. Completion of this confirmation is not legally required in order to create a binding Agreement; it is solely intended to evidence the date that Confirmation of Acceptance has occurred.

REAL ESTATE BROKERS:

- A. Real Estate Brokers are not parties to the Agreement between Buyer and Seller.
- B. Agency relationships are confirmed as stated in paragraph 27.
- C. If specified in paragraph 2A, Agent who submitted the offer for Buyer acknowledges receipt of deposit.
- D. COOPERATING BROKER COMPENSATION: Listing Broker agrees to pay Cooperating Broker (Selling Firm) and Cooperating Broker agrees to accept, out of Listing Broker's proceeds in escrow: (i) the amount specified in the MLS, provided Cooperating Broker is a Participant of the MLS in which the Property is offered for sale or a reciprocal MLS; or (ii)  (if checked) the amount specified in a separate written agreement (C.A.R. Form CBO) between Listing Broker and Cooperating Broker.

Real Estate Broker (Selling Firm) Realty One Inc. DRE Lic. # 01388757  
By [Signature] Bill Nelson DRE Lic. # 01301845 Date August 7, 2008  
Address 8150 El Camino Real City Atascadero State CA Zip 93422  
Telephone (805) 462-3700 Fax (805) 462-3710 E-mail bill-nelson@charter.net

Real Estate Broker (Listing Firm) Remax Parkside Realtors License # 01421338  
By [Signature] License # 01023087 Date 8-7-08  
Address 70 12th Street City Paso Robles State CA Zip 93444  
Telephone 805-591-5247 Fax 805-591-5241 E-mail mcconnick@remax.net

ESCROW HOLDER ACKNOWLEDGMENT:

Escrow Holder acknowledges receipt of a Copy of this Agreement, (if checked,  a deposit in the amount of \$ \_\_\_\_\_), counter offer numbers \_\_\_\_\_ and \_\_\_\_\_, and agrees to act as Escrow Holder subject to paragraph 28 of this Agreement, any supplemental escrow instructions and the terms of Escrow Holder's general provisions.

Escrow Holder is advised that the date of Confirmation of Acceptance of the Agreement as between Buyer and Seller is \_\_\_\_\_

Escrow Holder First American Title - Sally Delford Escrow # \_\_\_\_\_  
By \_\_\_\_\_ Date \_\_\_\_\_  
Address \_\_\_\_\_  
Phone/Fax/E-mail //  
Escrow Holder is licensed by the California Department of  Corporations,  Insurance,  Real Estate. License # \_\_\_\_\_

(\_\_\_\_/\_\_\_\_) REJECTION OF OFFER: No counter offer is being made. This offer was reviewed and rejected by Seller on (Seller's Initials) \_\_\_\_\_ (Date) \_\_\_\_\_

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Reviewed by \_\_\_\_\_ Date \_\_\_\_\_





CALIFORNIA ASSOCIATION OF REALTORS®

**NEW CONSTRUCTION ADDENDUM TO RPA-CA**

(Use When Selling A Newly Constructed Completed Home Not Subject To A Public Report Or Not In An Exempt Subdivision) (C.A.R. Form NCRPA, 4/04)

This is an addendum ("Addendum") to the California Residential Purchase Agreement and Joint Escrow Instructions ("Agreement") dated August 7, 2008 on property known as 412 Montebello Oaks Drive, Paso Robles CA 93446 ("Property"), between Charlie R. Reed Jr., Melanie Reed ("Buyer"), and Chester E. Simon, John Henry ("Seller").

Buyer and Seller agree to amend the Agreement as follows:

1. **MAINTENANCE RECOMMENDATIONS:** Provided with the Agreement are Copies of all builder maintenance and preventative maintenance recommendations.
2. **MANUFACTURED PRODUCTS MAINTENANCE AND LIMITED WARRANTIES:** Provided with the Agreement are Copies of all manufactured products maintenance, preventative maintenance and limited warranty information.
3. **BUILDER LIMITED CONTRACTUAL WARRANTIES:** Provided with the Agreement are Copies of all builder limited contractual warranties not specified in paragraph 10 of this Addendum or elsewhere in writing.
4. **PROCEDURES FOR ACTIONS ON CONSTRUCTION DEFECTS AND ESCROW INSTRUCTION:**
  - A. "Notice: California law establishes procedures that must be followed prior to the filing of any action related to a claimed construction defect. These procedures impact the legal rights of a homeowner. These procedures may be found in Title 7 of Part 2 of Division 2 of the California Civil Code commencing with § 895."
  - B. Escrow Holder Instruction: By signing this document, the parties are instructing Escrow Holder to insert in the deed the language specified in quotes in paragraph 4A above.
  - C. Attached to the Agreement is a Copy of California Civil Code §§ 895 to 945.5. (NOTE: REALTORS® may obtain a PDF version of California Civil Code §§ 895 to 945.5 at: [http://www.car.org/libray/media/papers/pdf/CACivilCodes895\\_945.pdf](http://www.car.org/libray/media/papers/pdf/CACivilCodes895_945.pdf).)
  - D. By initialing here, Buyer and Seller acknowledge that each has read and understands this paragraph and the copy of California Civil Code §§ 895 to 945.5 provided.
5. **NON-ADVERSARIAL PROCEDURE OF CALIFORNIA CIVIL CODE:** Seller elects to engage in (or, if checked,  opts out of) the non-adversarial procedure set forth in California Civil Code § 914 for construction defect claims.
6. **AGENT FOR NOTICE:** Claims and requests for information relating to construction defect allegations made pursuant to Chapter 4 of Title 7 of Part 2 of Division 2 of the California Civil Code commencing with § 910 may be made to the following person at the following address: \_\_\_\_\_

Buyer's Initials [Signature] Seller's Initials [Signature]  
(or Seller's Representative)

By initialing here, Buyer and Seller acknowledge that each has read and understands this paragraph.

Buyer's Initials [Signature] Seller's Initials [Signature]  
(or Seller's Representative)

7. **DOCUMENTATION TO SUBSEQUENT PURCHASERS:** Buyer is instructed to give any subsequent purchaser all documents related to the sale and purchase that Buyer receives from Seller.
8. **MEDIATION AND ARBITRATION:** Paragraph 17B(2) of the Agreement is modified as follows, unless otherwise agreed in a separate written agreement signed by Buyer and Seller: Buyer and Seller agree that the procedures set forth in Title 7 of Part 2 of Division 2 of the California Civil Code commencing with § 895 shall apply to any construction defect disputes relating to the Property prior to any mediation or arbitration that may otherwise be required by the Agreement.
9. **INSULATION:** The Federal Trade Commission requires that a new home seller must include in every new home sales contract the following information regarding type, thickness and R-value of insulation to be installed in each part of the residence:

Exterior Walls: Type Per Code Thickness \_\_\_\_\_ R-Value \_\_\_\_\_  
 Ceilings: Type Per Code Thickness \_\_\_\_\_ R-Value \_\_\_\_\_  
 Interior Walls: Type Per Code Thickness \_\_\_\_\_ R-Value \_\_\_\_\_  
 Other \_\_\_\_\_: Type Per Code Thickness \_\_\_\_\_ R-Value \_\_\_\_\_

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Buyer's Initials [Signature] X X [Signature]  
 Seller's Initials [Signature] X \_\_\_\_\_  
 Reviewed by \_\_\_\_\_ Date \_\_\_\_\_



**NEW CONSTRUCTION ADDENDUM TO RPA-CA (NCRPA PAGE 1 OF 2)**

Agent: Bill Nelson Phone: (805) 237-7788 Fax: (805) 237-7788 Prepared using WinForms® software  
 Broker: Realty One Inc. 171 Niblick Road, Paso Robles CA 93448

Property Address: 412 Montaballo Oaks Drive, Paso Robles CA 93446

Date: August 7, 2008

10. WARRANTY:

- A. SELLER WARRANTY: Pursuant to Chapter 2 of Title 7 of Part 2 of Division 2 of the California Civil Code commencing with § 898, Seller warrants the Property including, but not limited to, fit and finish of cabinets, mirrors, flooring, interior and exterior walls, countertops, paint finishes and trim, against defective materials and workmanship for a period of 1 year from the date of occupancy ("Seller Warranty"), provided that Seller receives notice of such defect(s) within the 1-year period. Defects that were inspected and approved/waived by Buyer under paragraph 15 of the Agreement or thereafter, minor settling cracks, damage caused by Buyer or movers, or damage due to alterations or additions made other than by Seller, are excluded from Seller's Warranty. Seller will, at Seller's option, and within a reasonable time, repair or replace any defect in the Property. Seller will assign to Buyer all material and subcontractor warranties.
- B. Seller's obligations are subject to Chapter 2 of Title 7 of Part 2 of Division 2 of the California Civil Code commencing with § 898, unless Seller elects to offer an enhanced protection agreement ("EPA") in place of the provisions of Chapter 2. The protection offered in the EPA must be greater than or equal to the protection offered in Chapter 2. If Seller elects to offer an EPA the election shall be made in writing with Buyer no later than the Close Of Escrow and Seller shall provide Buyer a copy of Chapter 2 and advise Buyer of Seller's election not to be subject to its provisions.
- C. Seller shall not be liable for, or have any obligation to provide, warranty services with respect to any defect expressly noted and approved/waived by Buyer at Close Of Escrow.
- D. THE SELLER'S WARRANTY IS PROVIDED IN LIEU OF ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS, AND IN LIEU OF ANY STRICT LIABILITY OF SELLER IN TORT, TO THE EXTENT SUCH LIABILITY MAY BE DISCLAIMED UNDER CALIFORNIA LAW, THE SELLER'S WARRANTY ALSO EXCLUDES LIABILITY FOR CONSEQUENTIAL DAMAGES TO THE EXTENT THAT SUCH LIABILITY MAY BE DISCLAIMED UNDER CALIFORNIA LAW.
- E. WHETHER OR NOT SELLER WARRANTS ANY ASPECT OF THE PROPERTY, SELLER IS OBLIGATED TO DISCLOSE KNOWN MATERIAL FACTS, AND TO MAKE OTHER DISCLOSURES REQUIRED BY LAW.
- F. Buyer and Seller understand and acknowledge that Brokers shall not be liable for any breach of paragraph 10 of this addendum.

11. PROPOSITION 65 WARNING: MATERIALS INCLUDED IN THE CONSTRUCTION OF THIS HOUSE WILL EXPOSE YOU TO FORMALDEHYDE, A SUBSTANCE KNOWN TO CAUSE CANCER. FURTHER INFORMATION MAY BE OBTAINED FROM THE BUILDER/SELLER.

The following information is intended to explain the warning furnished by Seller of this home for exposures to formaldehyde, a substance known to the State of California to cause cancer. The exposures are caused by materials of which the house is or will be built.

The United States Environmental Protection Agency, the California Air Resources Board, and other agencies have measured the presence of formaldehyde in the indoor air of homes in California. Levels of formaldehyde that present a significant cancer risk have been measured in most homes. Formaldehyde is present in the air because it is emitted by a variety of building materials and home products purchased by Seller from materials suppliers. These materials include carpeting, pressed wood products, insulation, plastics, and glues.

This home, if constructed prior to entering into this Agreement, has not been tested, and if constructed after entering into this Agreement, will not be tested. Given the cost of testing, it is not feasible to test every home to ascertain the level of formaldehyde present. Most homes that have been tested elsewhere do contain formaldehyde, although the concentrations vary from home to home with no obvious explanation for the differences. One of the problems is that many suppliers of building materials and home products do not provide information on chemical ingredients to builders. In the absence of specific information on these homes, and in light of the materials used in their construction, Seller believes that a warning is necessary.

Buyer may have further questions about these issues. Seller is willing to share any further information Seller has obtained and will provide, upon request, a list of known materials suppliers that may be contacted for further information, and whether any inquiry has been made by Seller.

12. LEGAL ADVICE: Buyer and Seller are advised to consult with legal counsel: (i) about whether to elect to engage in an alternate non-adversarial procedure other than the procedure set forth in California Civil Code § 914 and (ii) regarding the effect of an EPA, as specified in paragraph 10B above, and the implications to each party in this transaction if construction defect claims are not subject to the provisions of Chapter 2. Seller is also advised to consult with legal counsel: (i) to determine whether it is advisable to record on title, in addition to the Notice provided in paragraph 4A above, additional documents, and if so, which ones and when, and (ii) whether Seller should elect to offer an EPA in place of the protection granted by Chapter 2.

By signing below, Buyer and Seller acknowledge that each has read, understands, received a copy of, and agrees to the terms of this New Construction Addendum.

Buyer *[Signature]* Charlie R. Reed Jr. Date August 7, 2008

Buyer *[Signature]* Melania Reed Date August 7, 2008

Seller *[Signature]* Chester E. Simon Date 8-8-08

Seller *[Signature]* John Henry Date

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Reviewed by \_\_\_\_\_ Date \_\_\_\_\_





CALIFORNIA  
ASSOCIATION  
OF REALTORS®

### COUNTER OFFER No. ONE

For use by Seller or Buyer. May be used for Multiple Counter Offer.  
(C.A.R. Form CO, Revised 10/04)

Date August 28, 2008, at PASO ROBLES, California.  
This is a counter offer to the:  California Residential Purchase Agreement,  Counter Offer, or  Other ("Offer"),  
dated August 7, 2008, on property known as 412 MONTEBELLO OAKS ("Property"),  
between CHARLIE R. REED JR., MELANIE REED ("Buyer") and  
DOUGLAS L. JENSEN, ETAL ("Seller").

1. TERMS: The terms and conditions of the above referenced document are accepted subject to the following:
- A. Paragraphs in the Offer that require initials by all parties, but are not initialed by all parties, are excluded from the final agreement unless specifically referenced for inclusion in paragraph 1C of this or another Counter Offer.
  - B. Unless otherwise agreed in writing, down payment and loan amount(s) will be adjusted in the same proportion as in the original Offer.
  - C. 1) PURCHASE PRICE TO BE \$439,500.00. 2) ESCROW TO CLOSE ON OR BEFORE 9/30/08. 3) DOUGLAS L. JENSEN IS SIGNING ON BEHALF OF ALL THE OWNERS, REMAINDER OF OWNERS SIGNATURES WILL BE OBTAINED IN ESCROW. SALE IS SUBJECT TO APPROVAL BY ESTATE FINANCIAL COURT APPOINTED TRUSTEES AND THE BANKRUPTCY COURT. 4) PARAGRAPH 8 OF THE NEW CONSTRUCTION ADDENDUM IS TO BE DELETED AND SUPERSEDED BY THE ARBITRATION ADDENDUM. 5) HOME WARRANTY SHALL BE PROVIDED AT SELLER EXPENSE THROUGH 2-10 HOME BUYERS WARRANTY.
  - D. The following attached supplements are incorporated into this Counter Offer:  Addendum No. ONE (1)

2. RIGHT TO ACCEPT OTHER OFFERS: Seller has the right to continue to offer the Property for sale or for other transaction, and to accept any other offer at any time prior to notification of acceptance, as described in paragraph 3. If this is a Seller Counter Offer, Seller's acceptance of another offer prior to Buyer's acceptance and communication of notification of this Counter Offer, shall revoke this Counter Offer.
3. EXPIRATION: This Counter Offer shall be deemed revoked and the deposits, if any, shall be returned unless this Counter Offer is signed by the Buyer or Seller to whom it is sent and a Copy of the signed Counter Offer is personally received by the person making this Counter Offer or JIM MCCORMICK who is authorized to receive it, by 5:00 PM on the third Day After this Counter Offer is made or, (if checked) by  (date), at  AM  PM. This Counter Offer may be executed in counterparts.

4.  (If checked;) MULTIPLE COUNTER OFFER: Seller is making a Counter Offer(s) to another prospective buyer(s) on terms that may or may not be the same as in this Counter Offer. Acceptance of this Counter Offer by Buyer shall not be binding unless and until it is subsequently re-signed by Seller in paragraph 7 below and a Copy of the Counter Offer Signed in paragraph 7 is personally received by Buyer or by DOUGLAS L. JENSEN, ETAL, who is authorized to receive it, by 5:00PM on the third Day after this Counter Offer is made or, (if checked) by  (date), at  AM  PM. Prior to the completion of all of these events, Buyer and Seller shall have no duties or obligations for the purchase or sale of the Property.

5. OFFER:  BUYER OR  SELLER MAKES THIS COUNTER OFFER ON THE TERMS ABOVE AND ACKNOWLEDGES RECEIPT OF A COPY.  
DOUGLAS L. JENSEN, ETAL Date August 28, 2008

6. ACCEPTANCE: I/we accept the above Counter Offer (if checked  SUBJECT TO THE ATTACHED COUNTER OFFER) and acknowledge receipt of a copy.  
Melanie Reed Date 8/29/08 Time 11:30  AM  PM  
Date 8/29/08 Time 11:30  AM  PM

7. MULTIPLE COUNTER OFFER SIGNATURE LINE: By signing below, Seller accepts this Multiple Counter Offer.  
NOTE TO SELLER: Do NOT sign in this box until after Buyer signs in paragraph 6. (Paragraph 7 applies only if paragraph 4 is checked.)
- Date \_\_\_\_\_ Time \_\_\_\_\_  AM  PM  
Date \_\_\_\_\_ Time \_\_\_\_\_  AM  PM

8. JM (Initials) Confirmation of Acceptance: A Copy of Signed Acceptance was personally received by the maker of the Counter Offer, or that person's authorized agent as specified in paragraph 3, or, if this is a Multiple Counter Offer, the Buyer or Buyer's authorized agent as specified in paragraph 4) on (date) 8/29/08, at 12:30  AM  PM. A binding Agreement is created when a Copy of Signed Acceptance is personally received by the maker of the Counter Offer, or that person's authorized agent (or, if this is a Multiple Counter Offer, the Buyer or Buyer's authorized agent) whether or not confirmed in this document. Completion of this confirmation is not legally required in order to create a binding Agreement; it is solely intended to evidence the date that Confirmation of Acceptance has occurred.

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CO REVISED 10/04 (PAGE 1 OF 1)

### COUNTER OFFER (CO PAGE 1 OF 1)

Agent: Jim McCormick Phone: (805)2393310 Fax: (805)5915296 Prepared using WINForms® software  
Broker: Re/Max Parkside Real Estate 711 12th St, Paso Robles, CA 93446



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**ADDENDUM**

(C.A.R. Form ADM, Revised 10/01)

No. ONE

The following terms and conditions are hereby incorporated in and made a part of the:  Residential Purchase Agreement,  Manufactured Home Purchase Agreement,  Business Purchase Agreement,  Residential Lease or Month-to-Month Rental Agreement,  Vacant Land Purchase Agreement,  Residential Income Property Purchase Agreement,  Commercial Property Purchase Agreement,  other COUNTER OFFER NUMBER ONE

dated August 7, 2008, on property known as 412 MONTEBELLO OAKS

in which CHARLIE R. REED JR., MELANIE REED is referred to as ("Buyer/Tenant") and DOUGLAS L. JENSEN, ETAL is referred to as ("Seller/Landlord").

1) BUYERS ARE AWARE THAT DOUGLAS L. JENSEN IS A LICENSED REAL ESTATE BROKER IN THE STATE OF CALIFORNIA.

2. SUBJECT PROPERTY IS TO BE SOLD IN THE "AS IS" CONDITION. BUYERS ARE HEREBY MADE AWARE THAT THE SELLERS WERE THE BENEFICIARIES OF THE CONSTRUCTION TRUST DEED AND OBTAINED TITLE TO THE SUBJECT PROPERTY BY DEED IN LIEU OF FORECLOSURE AND NOT THE BUILDERS OF THE SUBJECT PROPERTY THEREFORE THEY WILL NOT WARRANT THE SUBJECT PROPERTY.

3. BY SIGNING THIS ADDENDUM, BUYER ACKNOWLEDGES THAT THEY HAVE RECEIVED A COPY OF THE HOME OWNERS MAINTENANCE MANUAL, COPY OF SENATE BILL 800 AND A SAMPLE COPY OF THE 2-10 HOME BUYER'S WARRANT. AN ELECTRONIC COPY OF EACH WILL BE DELIVERED VIA EMAIL TO BILL NELSON WITH THIS ADDENDUM.

4. SELLER(S) AND BUYER(S) AGREE THAT THE SELLER(S) TIMEFRAME FOR RESPONSE TO THE ORIGINAL OFFER IS EXTENDED TO 8/28/08 AT 5:00 PM.

The foregoing terms and conditions are hereby agreed to and the undersigned acknowledge receipt of a copy of this document.

Date 8/29/08  
Buyer/Tenant [Signature]  
CHARLIE R. REED JR.  
Buyer/Tenant [Signature]  
MELANIE REED

Date August 28, 2008  
Seller/Landlord [Signature]  
DOUGLAS L. JENSEN, ETAL  
Seller/Landlord [Signature]

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Broker or Designee \_\_\_\_\_



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ADDENDUM (ADM-11 PAGE 1 OF 1)

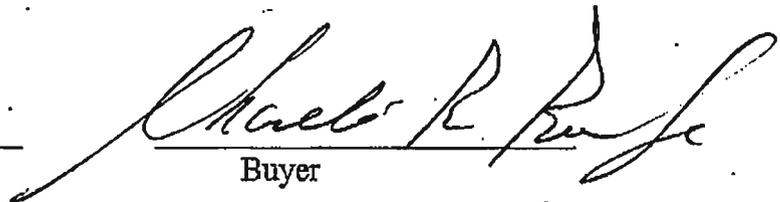
Re/Max Parkside Real Estate 711 12th St, Paso Robles CA 93446  
Phone: (805)2393310 Fax: (805)5915296 Jim McCormick

REED zfk

ARBITRATION ADDENDUM for 412 Montebello Oaks, Paso Robles

Arbitration. Any and all disputes arising from or relating to the Residential Purchase Agreement and Joint Escrow Instruction, this Addendum or the Right to Repair Law (to the extent that the parties are unable to reach a resolution of matters covered by the Right to Repair Law after completion of the prelitigation procedures required by the Right to Repair Law) shall be subject to the mediation and arbitration provisions of Section 17 of the Residential Purchase Agreement and Joint Escrow Instructions, except for any and all disputes arising from or relating to the 2-10 Homebuyers Warranty or items covered by the 2-10 Homebuyers Warranty which instead shall be resolved pursuant to the arbitration agreement contained in the most recent edition of the HBW Asset Protection Program Booklet as of the date of execution of this Agreement. That Booklet has been made available to Buyer(s), and the arbitration agreement therein is incorporated in and made a part of this Agreement.

Date: 8/29/08

  
Buyer

Date: 8/29/08

  
Buyer

Date: 8-8-08

Seller: Douglas L. Jensen, etal

By: 