

Attorney or Party Name, Address, Telephone & FAX Nos., State Bar No. & Email Address  Leonard M. Shulman – Bar No. 126349 Lynda T. Bui – Bar No. 201002 Rika Kido – Bar No. 273780 SHULMAN HODGES & BASTIAN LLP 100 Spectrum Center Drive, Suite 600 Irvine, California 92618 Telephone: (949) 340-3400 Facsimile: (949) 340-3000 Email: lshulman@shbllp.com; lbui@shbllp.com rkido@shbllp.com  <input type="checkbox"/> Individual appearing without attorney <input checked="" type="checkbox"/> Attorney for: Helen R. Frazer, Chapter 7 Trustee	FOR COURT USE ONLY
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**UNITED STATES BANKRUPTCY COURT  
CENTRAL DISTRICT OF CALIFORNIA - RIVERSIDE DIVISION**

In re:  HECTOR V. AVILES,       Debtor(s).	CASE NO.: 6:14-bk-22718-MW CHAPTER: 7       <p style="text-align: center;"><b>NOTICE OF SALE OF ESTATE PROPERTY</b></p>
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<b>Sale Date:</b> August 2, 2016	<b>Time:</b> 2:00 pm
<b>Location:</b> United States Bankruptcy Court, 3420 Twelfth Street, Video Hearing Room 225, Riverside, CA 92501	

**Type of Sale:**  Public  Private      **Last date to file objections:** 07/19/2016

**Description of property to be sold:** Real Property located at 10946 Oleander Avenue, Fontana, CA, APN: 0255-071-10

**Terms and conditions of sale:** Free and clear of liens, if any, pursuant to Bankruptcy Code §§ 363(b)(1) and (f)  
Purchase price of \$850,000.00

**Proposed sale price:** \$ 850,000.00

This form is mandatory. It has been approved for use in the United States Bankruptcy Court for the Central District of California.

Overbid procedure (if any): N/A

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If property is to be sold free and clear of liens or other interests, list date, time and location of hearing:

August 2, 2016 at 2:00 p.m.

Video Hearing Room 225

U.S. Bankruptcy Court

3420 Twelfth Street

Riverside, CA 92501

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Contact person for potential bidders (include name, address, telephone, fax and/or email address):

Rika M. Kido, Esq.

SHULMAN HODGES & BASTIAN LLP

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Date: 07/12/2016

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7 Attorneys for Helen R. Frazer,  
Chapter 7 Trustee

8 **UNITED STATES BANKRUPTCY COURT**  
9 **CENTRAL DISTRICT OF CALIFORNIA, RIVERSIDE DIVISION**

10  
11 In re  
12 **HECTOR V. AVILES,**  
13 Debtor.

Case No. 6:14-bk-22718-MW  
Chapter 7

**CHAPTER 7 TRUSTEE’S MOTION FOR  
ORDER APPROVING THE SALE OF  
REAL PROPERTY OF THE ESTATE  
FREE AND CLEAR OF LIENS PURSUANT  
TO BANKRUPTCY CODE §§ 363(b)(1)  
AND (f) AND GRANTING RELATED  
RELIEF; MEMORANDUM OF POINTS  
AND AUTHORITIES AND  
DECLARATION OF HELEN R. FRAZER  
IN SUPPORT THEREOF**

[Real Property located at 10946 Oleander  
Avenue, Fontana, CA, APN: 0255-071-10]

**Hearing Date:**

Date: August 2, 2016  
Time: 2:00 p.m.  
Place: Video Hearing Room 225  
3420 Twelfth Street  
Riverside, California 92501

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1 **B. The Property and Sale of the Property**

2 On his Schedule A, the Debtor lists the Property, which is legally described on page 3 of  
3 the Preliminary Title Report dated January 29, 2016 (“Title Report”), a copy of which is attached  
4 as **Exhibit “1”** to the Declaration of Helen R. Frazer (“Frazer Decl.”). The Debtor valued his  
5 current interest in the Property at \$200,000.00. On his Schedule D, the Debtor lists a secured  
6 claim against the Property and in favor of Ocwen Loan Servicing in the amount of \$248,152.70.  
7 The Debtor did not claim any exemptions in the Property.<sup>1</sup>

8 The Buyer has offered to purchase the Property for \$850,000.00. The purchase price  
9 includes a deposit of \$25,500.00. Attached as **Exhibit “2”** to the Frazer Decl. is a true and  
10 correct copy of the California Residential Purchase Agreement and Joint Escrow Instructions and  
11 Counter Offer No. 1 (collectively the “Agreement”). The Buyer is a developer who has made  
12 offers to purchase the adjacent and/or neighboring real properties. As a result, the Buyer is  
13 willing to pay than the estimated market price for comparable real properties for the Property in  
14 order to ensure that it may purchase the Property and the Estate will have funds for a distribution  
15 to unsecured creditors. As provided in the Agreement, the Buyer’s purchase of the Property is  
16 subject to the Buyer’s ability to simultaneously close upon certain parcels of real estate.<sup>2</sup>

17 Pursuant to the Title Report, the debtor Hector Aviles and his wife, Maria J. Aviles, hold  
18 title “Husband and Wife as Joint Tenants,” subject to this bankruptcy proceeding. The following  
19 chart sets forth the liens and encumbrances against the Property as detailed in the Title Report  
20 and the proposed treatment of such liens and encumbrances through the sale:

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<sup>1</sup> On his Schedule C, the Debtor claimed exemption under California Code of Civil Procedure (“C.C.P.”) Section 703. The Trustee anticipates that the Debtor may amend his Schedule C to claim an homestead exemption under C.C.P. Section 704. The Trustee would object to such an amendment, but believes any such exemption issues may be resolved to allow for funds for unsecured creditors.

<sup>2</sup> Parcels with APN: 0255-071-52, 255-071-53, 255-071-08, 255-071-11071-38, and 255-071-39.

<u>Creditor</u>	<u>Description</u>	<u>Estimated Amount Owing</u>	<u>Treatment of Lien Through the Sale</u>
San Bernardino County Tax Collector	Real property taxes – unpaid second installment of 2015-2016 assessment in the amount of \$885.13	\$1,372.85	All outstanding real property taxes will be paid through escrow on the sale transaction.
Ocwen Loan Servicing, LLC	Deed of Trust recorded against the Property on September 6, 2005 in favor of Nations First Lending, Inc., Document No. 2005-0694323.  Assignment of Deed of Trust from The Bank of New York, as Successor Trustee Under Novastar Mortgage Funding Trust 2005-3 c/o Ocwen Loan Servicing, LLC to The Bank of New York Mellon FKA The Bank of New York, as Successor Trustee for JPMorgan Chase Bank, N.A., as Trustee for Novastar Mortgage Funding Trust Series 2005-3 Novastar Home Equity Loan Asset-Backed Certificates, Series 2005-3 c/o Ocwen Loan Servicing, LLC recorded on December 4, 2012, Document No. 2012-1514761.	\$248,152.70 <sup>3</sup>	This lien will be paid through escrow on the sale transaction. Thus, this lien will be released, discharged and terminated at the close of escrow and the Property will be sold free and clear of this lien and the lien will <b>not</b> attach to the sale proceeds.
City of Fontana	Lien for unpaid rubbish charges and penalties recorded on October 13, 2010, Document No. 2010-0423850	\$102.42	This lien will be paid through escrow on the sale transaction. Thus, this lien will be released, discharged and terminated at the close of escrow and the Property will be sold free and clear of this lien and the lien will <b>not</b> attach to the sale proceeds.
City of Fontana	Lien for unpaid rubbish charges and penalties recorded on May 8, 2012, Document No. 2012-0177301.	\$102.42	This lien will be paid through escrow on the sale transaction. Thus, this lien will be released, discharged and terminated at the close of escrow and the Property will be sold free and clear of this lien and the lien will <b>not</b> attach to the sale proceeds.

<sup>3</sup> The Trustee is investigating the current amount due on this lien, but based on communications with the Debtor, believes that the amount due is less than the amount listed on the Debtor’s Schedule D.

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<u>Creditor</u>	<u>Description</u>	<u>Estimated Amount Owning</u>	<u>Treatment of Lien Through the Sale</u>
City of Fontana	Lien for unpaid rubbish charges and penalties recorded on July 12, 2012, Document No. 2012-0279744.	\$102.42	This lien will be paid through escrow on the sale transaction. Thus, this lien will be released, discharged and terminated at the close of escrow and the Property will be sold free and clear of this lien and the lien will <b>not</b> attach to the sale proceeds.
City of Fontana Code Compliance	Lien for public nuisance recorded on November 23, 2015, Document No. 2015-0512900.	\$7,386.57	This lien will be paid through escrow on the sale transaction. Thus, this lien will be released, discharged and terminated at the close of escrow and the Property will be sold free and clear of this lien and the lien will <b>not</b> attach to the sale proceeds.
Sims Creditor Services, Inc.	Abstract of Judgment recorded against the Property on December 31, 2007 for a judgment against Maria J. Aviles aka Julieta Aviles, individually and doing business as X-Treme Pools by Aviles Construction aka Xtreme by Aviles, Document No. 2007-0719505.	\$27,061.11 (on closing date of September 29, 2016)	This lien will be paid through escrow on the sale transaction. Thus, this lien will be released, discharged and terminated at the close of escrow and the Property will be sold free and clear of this lien and the lien will <b>not</b> attach to the sale proceeds.
San Bernardino Tax Collector	Lien for unsecured property taxes recorded on November 19, 2009, Document No. 2009-0516904.	\$421.86	This lien will be paid through escrow on the sale transaction. Thus, this lien will be released, discharged and terminated at the close of escrow and the Property will be sold free and clear of this lien and the lien will <b>not</b> attach to the sale proceeds.
Coachella Valley Collection Service	Abstract of Judgment recorded against the Property on September 28, 2010 for a judgment against Maria Julieta Aviles, an individual dba Xtreme Pools by Aviles Construction aka X-Treme Pools by Aviles Construction, Document No. 2010-0402546.	\$11,721.12 (on closing date of September 29, 2016)	This lien will be paid through escrow on the sale transaction. Thus, this lien will be released, discharged and terminated at the close of escrow and the Property will be sold free and clear of this lien and the lien will <b>not</b> attach to the sale proceeds.

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<u>Creditor</u>	<u>Description</u>	<u>Estimated Amount Owing</u>	<u>Treatment of Lien Through the Sale</u>
State of California Board of Equalization	State Tax Lien recorded on November 17, 2010, Document No. 2010-0476233.	\$4,537.07	This lien will be paid through escrow on the sale transaction. Thus, this lien will be released, discharged and terminated at the close of escrow and the Property will be sold free and clear of this lien and the lien will <b>not</b> attach to the sale proceeds. <sup>4</sup>
Dave Lowenstein	Abstract of Judgment recorded against the Property on September 30, 2011 for a judgment against Hector Aviles, Maria Julieta Aviles and X-Treme Pools by Aviles Construction, Document No. 2011-0412450.	\$57,564.14 (on closing date of September 29, 2016)	This lien will be paid through escrow on the sale transaction. Thus, this lien will be released, discharged and terminated at the close of escrow and the Property will be sold free and clear of this lien and the lien will <b>not</b> attach to the sale proceeds.
Internal Revenue Service	Federal Tax Lien recorded on January 31, 2012, Document No. 2012-0038082	\$229,316.54	This lien will be paid through escrow on the sale transaction. Thus, this lien will be released, discharged and terminated at the close of escrow and the Property will be sold free and clear of this lien and the lien will <b>not</b> attach to the sale proceeds. <sup>4</sup>
State of California, Franchise Tax Board	State Tax Lien recorded on September 25, 2012, Document No. 2012-0396361.	\$62,717.97 (as per Proof of Claim No. 1)	This lien will be paid through escrow on the sale transaction. Thus, this lien will be released, discharged and terminated at the close of escrow and the Property will be sold free and clear of this lien and the lien will <b>not</b> attach to the sale proceeds. <sup>4</sup>
State of California Board of Equalization	State Tax Lien recorded on October 9, 2012, Document No. 2012-0416129.	\$965.24 (as per Proof of Claim No. 4)	This lien will be paid through escrow on the sale transaction. Thus, this lien will be released, discharged and terminated at the close of escrow and the Property will be sold free and clear of this lien and the lien will <b>not</b> attach to the sale proceeds. <sup>4</sup>

<u>Creditor</u>	<u>Description</u>	<u>Estimated Amount Owing</u>	<u>Treatment of Lien Through the Sale</u>
Richard Grinius	Abstract of Judgment recorded against the Property on February 8, 2013 for a judgment against Hector Aviles, Document No. 2013-0058692.	\$4,961.87 (on closing date of September 29, 2016)	This lien will be paid through escrow on the sale transaction. Thus, this lien will be released, discharged and terminated at the close of escrow and the Property will be sold free and clear of this lien and the lien will <b>not</b> attach to the sale proceeds.
State of California Board of Equalization	State Tax Lien recorded on October 9, 2012, Document No. 2012-0416129.	\$5,344.63 (as per Proof of Claim No. 4)	This lien will be paid through escrow on the sale transaction. Thus, this lien will be released, discharged and terminated at the close of escrow and the Property will be sold free and clear of this lien and the lien will <b>not</b> attach to the sale proceeds. <sup>4</sup>
Richard Grinius	Abstract of Judgment recorded against the Property on November 12, 2013 for a judgment against Hector Aviles, Document No. 2013-0484025.	\$3,397.06 (on closing date of September 29, 2016)	This lien will be paid through escrow on the sale transaction. Thus, this lien will be released, discharged and terminated at the close of escrow and the Property will be sold free and clear of this lien and the lien will <b>not</b> attach to the sale proceeds.

All costs of sale, including escrow fees and real estate commissions will be paid at closing.

### III. ARGUMENT<sup>5</sup>

#### A. The Property is Community Property and Thus Property of the Estate

Bankruptcy Code Section 541 provides in part as follows:

(a) The commencement of a case under section 301, 302 or 303 of this title creates an estate. Such estate is comprised of all the following property, wherever located and by whomever held:

<sup>4</sup> Notwithstanding the Trustee's intention to pay these tax liens through the sale based on the current numbers, the Trustee reserves the right to subordinate these tax liens under 11 U.S.C. § 724(a) and (b). The Trustee anticipates having a more complete picture by the time of the sale hearing after the calculations of the tax consequences of the sale.

<sup>5</sup> Although Local Bankruptcy Rule 6004-1(c)(2)(C) does not require that a memorandum of points and authorities be filed in support of the Motion, the Trustee is nevertheless submitting one.

1 (1) Except as provided in subsection s (b) and (c)(2) of this section, all  
2 legal or equitable interests of the debtor in property as of the  
3 commencement of the case.

4 *See* 11 U.S.C. § 541(a)(1). Bankruptcy Code section 541 is broadly construed to include all  
5 property interests, whether reachable by state-law creditors or not, and whether vested or  
6 contingent. *United States v Rauer*, 963 F.2d 1332 (10th Cir. 1992); *In re Yonikus*, 996 F.2d 866  
7 (7th Cir. 1993) (virtually all property of debtor becomes property of estate; in fact, every  
8 conceivable interest of debtor, including future, non-possessory, contingent, speculative, and  
9 derivative, is within the scope of Section 541). Section 541(a)(1) is intended to include in the  
10 estate any property made available to the estate by other provisions of the Bankruptcy Code.

11 The general presumption (“CP Presumption”) in California is that all property acquired  
12 by a married person during the course of their marriage while domiciled in California is  
13 community property. *See* Cal. Fam. Code § 760. Property is separate property if: (1) the  
14 property is acquired before or after the marriage ended; or (2) the property is acquired by gift or  
15 inheritance. *See* Cal. Fam. Code § 770.

16 As provided by the Title Report, title in the Property is vested to the Debtor and Mrs.  
17 Aviles as “husband and wife.” Therefore, pursuant to the CP Presumption, the Property is  
18 community property<sup>6</sup> and thus property of the Estate pursuant to Section 541.

19 **B. There is a Good Business Reason for the Sale and the Sale is in the Best Interest of**  
20 **the Estate**

21 The duties of a trustee in a Chapter 7 filing are enumerated in Section 704 of the  
22 Bankruptcy Code, which provide in relevant part as follows:

23 (a) The trustee shall—

24 (1) collect and reduce to money the property of the estate for which  
25 such trustee serves, and close such estate as expeditiously as is  
compatible with the best interests of parties in interest;

26 <sup>6</sup> In *In re Obedian*, 546 B.R. 409 (Bankr. C.D. Cal. 2016), the Bankruptcy Court for the Central District of  
27 California confirmed that it would follow *In re Marriage of Valli*, 58 Cal. 4th 1396 (Cal. 2014), which held that the  
28 CP Presumption controls in characterizing property acquired during marriage. Specifically, in *Obedian*, the court  
held that, as provided in *Valli*, the form of title presumption does not trump the CP Presumption. Therefore, the  
court in *Obedian* determined that a property held in joint tenancy was community property. *Obedian*, 546 B.R. at  
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(2) be accountable for all property received;

11 U.S.C. § 704.

Further, the Trustee, after notice and hearing, may sell property of the estate. 11 U.S.C. § 363(b). Courts will ordinarily approve a proposed sale if there is a good business reason for the sale and the sale is in the best interests of the estate. *In re Wilde Horse Enterprises, Inc.*, 136 B.R. 830, 841 (Bankr. C.D. Cal. 1991); *In re Lionel Corp.*, 722 F.2d 1063, 1069 (2d Cir. 1983).

In this case, the Trustee expects to generate net proceeds of approximately \$167,772.01.<sup>7</sup> Accordingly, there is a good business reason for the sale and the sale is in the best interests of the Estate.

**C. The Proposed Sale Should be Allowed Free and Clear of Liens**

Bankruptcy Code Section 363(f) allows a trustee to sell property of the bankruptcy estate “free and clear of any interest in such property of an entity,” if any one of the following five conditions is met:

- (1) applicable non-bankruptcy law permits a sale of such property free and clear of such interest;
- (2) such entity consents;
- (3) such interest is a lien and the price at which such property is to be sold is greater than the aggregate value of all liens on such property;
- (4) such interest is in bona fide dispute; or
- (5) such entity could be compelled, in a legal or equitable proceeding, to accept money satisfaction of such interest.

11 U.S.C. § 363(f).

Here, the sales price is greater than the aggregate amount of all liens against the Property as shown above. As such, the Property can be sold free and clear of all liens pursuant to Section 363(f)(3).

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<sup>7</sup> Pursuant to the Agreement, the Buyer will cover its broker fees/costs outside of the transaction. The Trustee determined that it was more beneficial to the Estate to not hire a broker. Accordingly, the net proceeds include deduction of costs of sale (2%) and the liens and encumbrances listed above.

1 **D. The Court has the Authority to Waive the Fourteen-Day Stay of Sale**

2 Federal Rule of Bankruptcy Procedure 6004(h) provides that “[a]n order authorizing the  
3 use, sale or lease of property other than cash collateral is stayed until the expiration of 14 days  
4 after entry of the order, unless the Court orders otherwise.” Fed. Rule Bankr. P. 6004(h).

5 The Trustee desires to close the sale of the Property as soon as practicable after entry of  
6 an order approving the sale. Accordingly, the Trustee requests that the Court, in the discretion  
7 provided it under Federal Rule of Bankruptcy Procedure 6004(h), waive the fourteen (14) day  
8 stay requirement.

9 **III. CONCLUSION**

10 **WHEREFORE**, based upon the foregoing, the Trustee respectfully submits that good  
11 cause exists for granting the Sale Motion and requests that the Court enter an order as follows:

12 1. Authorizing the Trustee to sell the Property, which is property of the Estate, on an  
13 as-is, where-is basis, without any warranties or representations, to the Buyer pursuant to the  
14 terms and conditions as set forth in the Agreement attached as **Exhibit “2”** to the Frazer  
15 Declaration.

16 2. Authorizing the sale of the Property free and clear of liens with liens not satisfied  
17 through the sale to attach to the sale proceeds in the same validity and priority as prior to the  
18 closing of the sale.

19 3. Authorizing the Trustee to pay from the proceeds of the sale of the Property all  
20 ordinary and customary costs of sale, including escrow fees.

21 4. Authorizing the Trustee to sign any and all documents convenient and necessary  
22 in pursuit of the sale as set forth above, including but not limited to any and all conveyances  
23 contemplated by the Agreement attached as **Exhibit “2”** to the Frazer Declaration.

24 5. A determination by the Court that the Buyer is in good faith pursuant to  
25 Bankruptcy Code Section 363(m).

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# **DECLARATION**

**DECLARATION OF HELEN R. FRAZER**

I, Helen R. Frazer, declare:

1. I am the duly appointed, qualified and acting Chapter 7 trustee for the bankruptcy estate of Hector V. Aviles (“Debtor”). I have personal knowledge of the facts set forth herein, and if called and sworn as a witness, I could and would competently testify thereto, except where matters are stated on information and belief, in which case I am informed and believe that the facts so stated are true and correct.

2. I make this Declaration in support of my Motion for Order Approving the Sale of Real Property of the Estate Free and Clear of Certain Liens Pursuant to Bankruptcy Code § 363(b)(1) and (f) and Granting Related Relief (“Motion”). All capitalized terms not otherwise defined herein shall have the meaning set forth in the Motion.

3. I have read and I am aware of the contents of the Motion and the accompanying Memorandum of Points and Authorities. The facts stated in the Motion and the Memorandum of Points and Authorities are true to the best of my knowledge.

4. The last day to timely file a proof of claim in the Debtors’ bankruptcy case was June 6, 2016. Currently, there are ten (10) claims filed in this case for a total amount of \$587,889.22, including secured claims for \$216,315.25 and priority claims for \$10,213.60.

5. On his Schedule A, the Debtor lists the Property, which is legally described on page 3 of the Preliminary Title Report dated January 29, 2016 (“Title Report”), a copy of which is attached hereto as **Exhibit “1”**. The Debtor valued his current interest in the Property at \$200,000.00. On his Schedule D, the Debtor lists a secured claim against the Property and in favor of Ocwen Loan Servicing in the amount of \$248,152.70. The Debtor did not claim any exemptions in the Property.<sup>8</sup>

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<sup>8</sup> On his Schedule C, the Debtor claimed exemption under California Code of Civil Procedure (“C.C.P.”) Section 703. I anticipate that the Debtor may amend his Schedule C to claim an homestead exemption under C.C.P. Section 704. I would object to such an amendment, but believe any such exemption issues may be resolved to allow for funds for unsecured creditors.

1           6. Ridge Development Company and/or its assignee (the "Buyer") has offered to  
2 purchase the Property for \$850,000.00. The purchase price includes a deposit of \$25,500.00.  
3 Attached hereto as **Exhibit "2"** is a true and correct copy of the California Residential Purchase  
4 Agreement and Joint Escrow Instructions and Counter Offer No. 1 (collectively the  
5 "Agreement"). The Buyer is a developer who has made offers to purchase neighboring  
6 properties. As a result, the Buyer is willing to pay more than what I believe is the estimated  
7 market value of the Property to ensure it may purchase the Property and the Estate will have  
8 funds for a distribution to unsecured creditors. As provided in the Agreement, the Buyer's  
9 purchase of the Property is subject to the Buyer's ability to simultaneously close upon certain  
10 parcels of real estate.<sup>9</sup>

11           7. Given the above, the sale to the Buyer is not subject to overbids. I have not been  
12 contacted by any potential overbidder and believe that, in my business judgment, there are no  
13 viable alternative purchasers.

14           8. Through the sale, I expect to generate proceeds of approximately \$167,772.01,  
15 which will benefit the Estate by providing funds for a distribution to the holders of unsecured  
16 claims.

17           9. I believe that good cause exists to grant the Motion including approval of the  
18 Bidding Procedures to ensure receiving the highest and best offer for the Property.

19           10. For the reasons set forth in the Motion and this Declaration, I respectfully request  
20 that the Court grant the Motion so that I do not lose this favorable business opportunity to net a  
21 substantial amount of money for the Estate.

22           I declare under penalty of perjury under the laws of the United States of America that the  
23 foregoing is true and correct.

24           Executed on July 11, 2016, at Newport Beach, California.

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Helen R. Frazer

28  
<sup>9</sup> Parcels with APN: 0255-071-52, 255-071-53, 255-071-08, 255-071-11071-38, and 255-071-39.

**EXHIBIT “1”**  
**PRELIMINARY TITLE REPORT**



4210 Riverwalk Parkway, Suite 100  
Riverside, CA 92505  
Phone: (951) 710-5941  
Fax: (951) 710-5955

Issuing Policies of Fidelity National Title Insurance Company

Title Officer: Steven Gomez (BS-RIV)  
Escrow Officer: Janette DeLap

Order No.: 012-23076235-SG4

TO:

Ridge Development Company  
2211 Michelson Drive, Suite 650  
Irvine, CA 92612

ATTN: **Dennis Rice**  
YOUR REFERENCE:

**PROPERTY ADDRESS: 10946 Oleander Avenue, Fontana, CA**

**PRELIMINARY REPORT**

*In response to the application for a policy of title insurance referenced herein, **Fidelity National Title Company** hereby reports that it is prepared to issue, or cause to be issued, as of the date hereof, a policy or policies of title insurance describing the land and the estate or interest therein hereinafter set forth, insuring against loss which may be sustained by reason of any defect, lien or encumbrance not shown or referred to as an exception herein or not excluded from coverage pursuant to the printed Schedules, Conditions and Stipulations or Conditions of said policy forms.*

*The printed Exceptions and Exclusions from the coverage and Limitations on Covered Risks of said policy or policies are set forth in Attachment One. The policy to be issued may contain an arbitration clause. When the Amount of Insurance is less than that set forth in the arbitration clause, all arbitrable matters shall be arbitrated at the option of either the Company or the Insured as the exclusive remedy of the parties. Limitations on Covered Risks applicable to the CLTA and ALTA Homeowner's Policies of Title Insurance which establish a Deductible Amount and a Maximum Dollar Limit of Liability for certain coverages are also set forth in Attachment One. Copies of the policy forms should be read. They are available from the office which issued this report.*

*This report (and any supplements or amendments hereto) is issued solely for the purpose of facilitating the issuance of a policy of title insurance and no liability is assumed hereby. If it is desired that liability be assumed prior to the issuance of a policy of title insurance, a Binder or Commitment should be requested.*

*The policy(s) of title insurance to be issued hereunder will be policy(s) of Fidelity National Title Insurance Company, a California Corporation.*

*Please read the exceptions shown or referred to herein and the exceptions and exclusions set forth in Attachment One of this report carefully. The exceptions and exclusions are meant to provide you with notice of matters which are not covered under the terms of the title insurance policy and should be carefully considered.*

*It is important to note that this preliminary report is not a written representation as to the condition of title and may not list all liens, defects and encumbrances affecting title to the land.*

Countersigned by:

Authorized Signature



4210 Riverwalk Parkway, Suite 100  
Riverside, CA 92505  
Phone: (951) 710-5941  
Fax: (951) 710-5955

## PRELIMINARY REPORT

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**EFFECTIVE DATE:** January 29, 2016 at 7:30 a.m.

**ORDER NO.:** 012-23076235-SG4

The form of policy or policies of title insurance contemplated by this report is:

**CLTA Standard Coverage Policy (04-08-14)**

1. THE ESTATE OR INTEREST IN THE LAND HEREINAFTER DESCRIBED OR REFERRED TO COVERED BY THIS REPORT IS:

**Fee Estate**

2. TITLE TO SAID ESTATE OR INTEREST AT THE DATE HEREOF IS [VESTED IN:](#)

**HECTOR AVILES and MARIA J. AVILES, Husband and Wife as Joint Tenants, subject to proceedings pending in the bankruptcy court where a petition for relief was filed.**

**Name of Debtor:** Hector V Aviles  
**Date of Filing:** October 14, 2014  
**U.S. District Court:** Central District of California (Riverside)  
**Case No:** 6:14-bk-22718-MW

3. THE LAND REFERRED TO IN THIS REPORT IS DESCRIBED AS FOLLOWS:

**See Exhibit A attached hereto and made a part hereof.**

PRELIMINARY REPORT  
Your Reference:

Fidelity National Title Company  
Order No.: 012-23076235-SG4

**EXHIBIT A**  
**LEGAL DESCRIPTION**

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF FONTANA, IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

THE NORTH ONE ACRE OF THE SOUTH THREE ACRES OF THE EAST FIVE ACRES OF FARM LOT 764, IN THE CITY OF FONTANA, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, ACCORDING TO MAP SHOWING SUBDIVISION OF LANDS BELONGING TO SEMI-TROPIC LAND AND WATER COMPANY, AS PER PLAT RECORDED IN [BOOK 11 OF MAPS, PAGE 12](#), IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

APN: 0255-071-10

## EXCEPTIONS

### AT THE DATE HEREOF, ITEMS TO BE CONSIDERED AND EXCEPTIONS TO COVERAGE IN ADDITION TO THE PRINTED EXCEPTIONS AND EXCLUSIONS IN SAID POLICY FORM WOULD BE AS FOLLOWS:

- A. Property taxes, which are a lien not yet due and payable, including any assessments collected with taxes to be levied for the fiscal year 2016-2017.
- B. Property taxes, including any personal property taxes and any assessments collected with taxes, are as follows:

Tax Identification No.: 0255-071-10-0-000  
Fiscal Year: 2015-2016  
1st Installment: \$795.62, PAID  
2nd Installment: \$795.56, OPEN (Delinquent after April 10)  
Penalty and Cost: \$89.57  
Homeowners Exemption: \$7,000.00  
Code Area: 010-251

- C. The lien of supplemental or escaped assessments of property taxes, if any, made pursuant to the provisions of Chapter 3.5 (commencing with Section 75) or Part 2, Chapter 3, Articles 3 and 4, respectively, of the Revenue and Taxation Code of the State of California as a result of the transfer of title to the vestee named in Schedule A or as a result of changes in ownership or new construction occurring prior to Date of Policy.

- D. Any liens or other assessments, bonds, or special district liens including without limitation, Community Facility Districts, that arise by reason of any local, City, Municipal or County Project or Special District.

1. Water rights, claims or title to water, whether or not disclosed by the public records.
2. Easement(s) in favor of the public over any existing roads lying within said Oleander Avenue.
3. Easement(s) for the purpose(s) shown below and rights incidental thereto as set forth in a document:

Purpose: Public utilities and rights incidental thereto  
Recording Date: April 7, 1934  
Recording No: [Book 954, Page 53, Official Records](#)  
Affects: A portion of said land as more particularly described in said document.

Reference is hereby made to said document for full particulars.

4. Covenants, conditions and restrictions but omitting any covenants or restrictions, if any, including but not limited to those based upon race, color, religion, sex, sexual orientation, familial status, marital status, disability, handicap, national origin, ancestry, source of income, gender, gender identity, gender expression, medical condition or genetic information, as set forth in applicable state or federal laws, except to the extent that said covenant or restriction is permitted by applicable law, as set forth in the document

Recording Date: April 7, 1934  
Recording No: [Book 954, Page 53, Official Records](#)

**EXCEPTIONS**  
**(Continued)**

5. A deed of trust to secure an indebtedness in the amount shown below,

Amount: \$198,000.00  
Dated: September 6, 2005  
Trustor/Grantor: Hector Aviles and Maria J. Aviles, Husband and Wife as Joint Tenants  
Trustee: United Title Company  
Beneficiary: Nations First Lending, Inc., a California corporation  
Loan No.: 0001015728  
Recording Date: September 16, 2005  
Recording No: [Instrument No. 05-694323, Official Records](#)

By various assignments, the beneficial interest thereunder is now held of record in:

Assignee: The Bank of New York Mellon fka The Bank of New York, as Successor Trustee for JPMorgan Chase Bank, N.A., as Trustee for Novastar Mortgage Funding Trust, Series 2005-3 Novastar Home Equity Loan Asset-Backed Certificates, Series 2005-3  
Recording Date: December 04, 2012  
Recording No: [Instrument No. 2012-0514761, Official Records](#)

A substitution of trustee under said deed of trust which names, as the substituted trustee, the following

Trustee: Western Progressive, LLC  
Recording Date: December 12, 2013  
Recording No: [Instrument No. 2013-0533396, Official Records](#)

6. A lien in favor of the City of Fontana,

For: Unpaid rubbish charges and penalties  
Name of Owner: Hector Aviles  
Amount: \$93.03  
Recording Date: October 13, 2010  
Recording No: [Instrument No. 2010-0423850, Official Records](#)

7. A lien in favor of the City of Fontana,

For: Unpaid rubbish charges and penalties  
Name of Owner: Hector Aviles  
Amount: \$102.42  
Recording Date: December 28, 2011  
Recording No: [Instrument No. 2011-0548415, Official Records](#)

8. A lien in favor of the City of Fontana,

For: Unpaid rubbish charges and penalties  
Name of Owner: Hector Aviles  
Amount: \$102.42  
Recording Date: May 08, 2012  
Recording No: [Instrument No. 2012-0177301, Official Records](#)

**EXCEPTIONS  
(Continued)**

9. A lien in favor of the City of Fontana,

For: Unpaid rubbish charges and penalties  
Name of Owner: Hector Aviles  
Amount: \$102.42  
Recording Date: July 12, 2012  
Recording No: [Instrument No. 2012-0279744, Official Records](#)

10. Notice of Pendency of Administrative Proceedings, and the lien of any assessment arising therefrom by the Department of Building and Safety of the County of San Bernardino, in the matter of unlawful or unsafe conditions on the herein described Land.

Property Owner: Hector & Maria Aviles, its Successors or Assigns  
Recording Date: September 11, 2014  
Recording No.: [Instrument No. 2014-0335530, Official Records](#)

Reference is hereby made to said document for full particulars.

11. Matters contained in that certain document

Entitled: Notice of Non-Compliance Case No. CED14-001878  
Dated: September 11, 2014  
Executed by: City of Fontana, Code Compliance Unit  
Recording Date: September 11, 2014  
Recording No: [Instrument No. 2014-0336135, Official Records](#)

Reference is hereby made to said document for full particulars.

12. A lien in favor of the City of Fontana Code Compliance,

For: Public nuisance  
Name of Owner: Hector & Maria Aviles; their Successors or Assigns  
Amount: \$7,386.57  
Recording Date: November 23, 2015  
Recording No: [Instrument No. 2015-0512900, Official Records](#)

13. An abstract of judgment for the amount shown below and any other amounts due:

Amount: \$14,157.01  
Debtor: Maria J. Aviles aka Julieta Aviles, individually and doing business as X-Treme Pools by Aviles Construction aka XTreme by Aviles  
Creditor: Sims Creditor Services, Inc.  
Date entered: August 21, 2007  
County: San Bernardino  
Court: Superior  
Case No.: CIVSS701910  
Recording Date: December 31, 2007  
Recording No: [Instrument No. 2007-0719505, Official Records](#)

**EXCEPTIONS**  
**(Continued)**

14. A lien for unsecured property taxes filed by the tax collector of the county shown, for the amount set forth, and any other amounts due.

County: San Bernardino  
Fiscal Year: 2009-2010  
Taxpayer: Hector M Villanueva Aviles  
County Identification Number: 441749  
Amount: \$421.86  
Recording Date: November 19, 2009  
Recording No: [Instrument No. 2009-0516904, Official Records](#)

15. An abstract of judgment for the amount shown below and any other amounts due:

Amount: \$7,253.67  
Debtor: Maria Julieta Aviles, an individual dba XTreme Pools by Aviles Construction aka X-Treme Pools by Aviles Construction  
Creditor: Coachella Valley Collection Service  
Date entered: August 04, 2010  
County: San Bernardino  
Court: Superior  
Case No.: CIVDS1006610  
Recording Date: September 28, 2010  
Recording No: [Instrument No. 2010-0402546, Official Records](#)

16. A state tax lien for the amount shown and any other amounts due,

State Identification No: BE-1261785  
Filed by: State of California, Board of Equalization  
Taxpayer: Hector Villanueva Aviles  
Amount: \$4,537.07  
Recording Date: November 17, 2010  
Recording No: [Instrument No. 2010-0476233, Official Records](#)

17. An abstract of judgment for the amount shown below and any other amounts due:

Amount: \$38,015.00  
Debtor: Hector Aviles, Maria Julieta Aviles and X-Treme Pools by Aviles Construction  
Creditor: Dave Lowenstein  
Date entered: August 10, 2011  
County: San Bernardino  
Court: Superior  
Case No.: CIVRS1101822  
Recording Date: September 30, 2011  
Recording No: [Instrument No. 2011-0412450, Official Records](#)

18. A tax lien for the amount shown and any other amounts due, in favor of the United States of America, assessed by the District Director of Internal Revenue.

Federal Serial No.: 844112212  
Taxpayer: Hector & Maria J Aviles  
Amount: \$229,316.54  
Recording Date: January 31, 2012  
Recording No: [Instrument No. 2012-0038082, Official Records](#)

**EXCEPTIONS**  
**(Continued)**

19. A state tax lien for the amount shown and any other amounts due,

State Identification No: 12269603786  
Filed by: State of California, Franchise Tax Board  
Taxpayer: Hector Aviles, Maria J Aviles  
Amount: \$59,048.62  
Recording Date: September 25, 2012  
Recording No: [Instrument No. 2012-0396361, Official Records](#)

20. A state tax lien for the amount shown and any other amounts due,

State Identification No: BE-1299305  
Filed by: State of California, Board of Equalization  
Taxpayer: Hector Villanueva Aviles  
Amount: \$550.00  
Recording Date: October 09, 2012  
Recording No: [Instrument No. 2012-0416129, Official Records](#)

21. An abstract of judgment for the amount shown below and any other amounts due:

Amount: \$3,540.00  
Debtor: Hector Aviles  
Creditor: Richard Grinius  
Date entered: September 24, 2012  
County: San Bernardino  
Court: Superior  
Case No.: SMC CS-1200423  
Recording Date: February 08, 2013  
Recording No: [Instrument No. 2013-0058692, Official Records](#)

22. A state tax lien for the amount shown and any other amounts due,

State Identification No: BE-1308152  
Filed by: State of California, Board of Equalization  
Taxpayer: Julieta Aviles aka's include Julieta M Aviles, Julietta Aviles, Maria J Aviles, Julietta Aviles, Maria Julieta Aviles, Other possible SSN 611-52-7398  
Amount: \$3,800.17  
Recording Date: March 27, 2013  
Recording No: [Instrument No. 2013-0124319, Official Records](#)

23. An abstract of judgment for the amount shown below and any other amounts due:

Amount: \$2,600.00  
Debtor: Hector Aviles  
Creditor: Richard Grinius  
Date entered: September 6, 2013  
County: San Bernardino  
Court: Superior  
Case No.: SMCR1300283  
Recording Date: November 12, 2013  
Recording No: [Instrument No. 2013-0484025, Official Records](#)

**EXCEPTIONS  
(Continued)**

- 24. Any defect, invalidity, or the avoidance of the transfer of the title to the insured property arising out of or occasioned by a violation of the federal bankruptcy laws or similar state insolvency or debtor/creditors' rights laws.
- 25. Any easements not disclosed by the public records as to matters affecting title to real property, whether or not said easements are visible and apparent.
- 26. Matters which may be disclosed by an inspection and/or by a correct ALTA/ACSM Land Title Survey of said Land that is satisfactory to the Company, and/or by inquiry of the parties in possession thereof.
- 27. Any rights of the parties in possession of a portion of, or all of, said Land, which rights are not disclosed by the public records.

The Company will require, for review, a full and complete copy of any unrecorded agreement, contract, license and/or lease, together with all supplements, assignments and amendments thereto, before issuing any policy of title insurance without excepting this item from coverage.

The Company reserves the right to except additional items and/or make additional requirements after reviewing said documents.

**PLEASE REFER TO THE "INFORMATIONAL NOTES" AND "REQUIREMENTS" SECTIONS WHICH FOLLOW FOR INFORMATION NECESSARY TO COMPLETE THIS TRANSACTION.**

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**END OF EXCEPTIONS**

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## REQUIREMENTS SECTION

1. The Company will require the following documents for review prior to the issuance of any title insurance predicated upon a conveyance or encumbrance from the entity named below:

Limited Liability Company: Ridge Development Company, LLC

- a) A copy of its operating agreement, if any, and any and all amendments, supplements and/or modifications thereto, certified by the appropriate manager or member
- b) If a domestic Limited Liability Company, a copy of its Articles of Organization and all amendments thereto with the appropriate filing stamps
- c) If the Limited Liability Company is member-managed, a full and complete current list of members certified by the appropriate manager or member
- d) If the Limited Liability Company was formed in a foreign jurisdiction, evidence, satisfactory to the Company, that it was validly formed, is in good standing and authorized to do business in the state of origin
- e) If less than all members, or managers, as appropriate, will be executing the closing documents, furnish evidence of the authority of those signing.

The Company reserves the right to add additional items or make further requirements after review of the requested documentation.

2. Unrecorded matters which may be disclosed by an Owner's Affidavit or Declaration. A form of the Owner's Affidavit/Declaration is attached to this Preliminary Report/Commitment. This Affidavit/Declaration is to be completed by the record owner of the land and submitted for review prior to the closing of this transaction. Your prompt attention to this requirement will help avoid delays in the closing of this transaction. Thank you.

The Company reserves the right to add additional items or make further requirements after review of the requested Affidavit/Declaration.

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**END OF REQUIREMENTS**

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### INFORMATIONAL NOTES SECTION

1. None of the items shown in this report will cause the Company to decline to attach CLTA Endorsement Form 100 to an Extended Coverage Loan Policy, when issued.
2. The Company is not aware of any matters which would cause it to decline to attach CLTA Endorsement Form 116 indicating that there is located on said Land Single Family Residential properties, known as 10946 Oleander Avenue, located within the city of Fontana, California, , to an Extended Coverage Loan Policy.
3. Note: The policy of title insurance will include an arbitration provision. The Company or the insured may demand arbitration. Arbitrable matters may include, but are not limited to, any controversy or claim between the Company and the insured arising out of or relating to this policy, any service of the Company in connection with its issuance or the breach of a policy provision or other obligation. Please ask your escrow or title officer for a sample copy of the policy to be issued if you wish to review the arbitration provisions and any other provisions pertaining to your Title Insurance coverage.
4. Note: There are NO conveyances affecting said Land recorded within 24 months of the date of this report.

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**END OF INFORMATIONAL NOTES**

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Steven Gomez (BS-RIV)/en0

Fidelity National Financial, Inc. and its majority-owned subsidiary companies providing real estate- and loan-related services (collectively, “FNF”, “our” or “we”) respect and are committed to protecting your privacy. This Privacy Notice lets you know how and for what purposes your Personal Information (as defined herein) is being collected, processed and used by FNF. We pledge that we will take reasonable steps to ensure that your Personal Information will only be used in ways that are in compliance with this Privacy Notice. The provision of this Privacy Notice to you does not create any express or implied relationship, or create any express or implied duty or other obligation, between Fidelity National Financial, Inc. and you. See also **No Representations or Warranties** below.

This Privacy Notice is only in effect for any generic information and Personal Information collected and/or owned by FNF, including collection through any FNF website and any online features, services and/or programs offered by FNF (collectively, the “Website”). This Privacy Notice is not applicable to any other web pages, mobile applications, social media sites, email lists, generic information or Personal Information collected and/or owned by any entity other than FNF.

#### **How Information is Collected**

The types of personal information FNF collects may include, among other things (collectively, “Personal Information”): (1) contact information (e.g., name, address, phone number, email address); (2) demographic information (e.g., date of birth, gender marital status); (3) Internet protocol (or IP) address or device ID/UDID; (4) social security number (SSN), student ID (SIN), driver’s license, passport, and other government ID numbers; (5) financial account information; and (6) information related to offenses or criminal convictions.

In the course of our business, we may collect Personal Information about you from the following sources:

- Applications or other forms we receive from you or your authorized representative;
- Information we receive from you through the Website;
- Information about your transactions with or services performed by us, our affiliates, or others; and
- From consumer or other reporting agencies and public records maintained by governmental entities that we either obtain directly from those entities, or from our affiliates or others.

#### **Additional Ways Information is Collected Through the Website**

**Browser Log Files.** Our servers automatically log each visitor to the Website and collect and record certain information about each visitor. This information may include IP address, browser language, browser type, operating system, domain names, browsing history (including time spent at a domain, time and date of your visit), referring/exit web pages and URLs, and number of clicks. The domain name and IP address reveal nothing personal about the user other than the IP address from which the user has accessed the Website.

**Cookies.** From time to time, FNF or other third parties may send a “cookie” to your computer. A cookie is a small piece of data that is sent to your Internet browser from a web server and stored on your computer’s hard drive and that can be re-sent to the serving website on subsequent visits. A cookie, by itself, cannot read other data from your hard disk or read other cookie files already on your computer. A cookie, by itself, does not damage your system. We, our advertisers and other third parties may use cookies to identify and keep track of, among other things, those areas of the Website and third party websites that you have visited in the past in order to enhance your next visit to the Website. You can choose whether or not to accept cookies by changing the settings of your Internet browser, but some functionality of the Website may be impaired or not function as intended. See the **Third Party Opt Out** section below.

**Web Beacons.** Some of our web pages and electronic communications may contain images, which may or may not be visible to you, known as Web Beacons (sometimes referred to as “clear gifs”). Web Beacons collect only limited information that includes a cookie number; time and date of a page view; and a description of the page on which the Web Beacon resides. We may also carry Web Beacons placed by third party advertisers. These Web Beacons do not carry any Personal Information and are only used to track usage of the Website and activities associated with the Website. See the **Third Party Opt Out** section below.

**Unique Identifier.** We may assign you a unique internal identifier to help keep track of your future visits. We may use this information to gather aggregate demographic information about our visitors, and we may use it to personalize the information you see on the Website and some of the electronic communications you receive from us. We keep this information for our internal use, and this information is not shared with others.

**Third Party Opt Out.** Although we do not presently, in the future we may allow third-party companies to serve advertisements and/or collect certain anonymous information when you visit the Website. These companies may use non-personally identifiable information (e.g., click stream information, browser type, time and date, subject of advertisements clicked or scrolled over) during your visits to the Website in order to provide advertisements about products and services likely to be of greater interest to you. These companies typically use a cookie or third party Web Beacon to collect this information, as further described above. Through these technologies, the third party may have access to and use non-personalized information about your online usage activity.

You can opt-out of certain online behavioral services through any one of the ways described below. After you opt-out, you may continue to receive advertisements, but those advertisements will no longer be as relevant to you.

- You can opt-out via the Network Advertising Initiative industry opt-out at <http://www.networkadvertising.org/>.
- You can opt-out via the Consumer Choice Page at <http://www.aboutads.info>.
- For those in the U.K., you can opt-out via the IAB UK’s industry opt-out at <http://www.youronlinechoices.com>.
- You can configure your web browser (Chrome, Firefox, Internet Explorer, Safari, etc.) to delete and/or control the use of cookies.

More information can be found in the Help system of your browser. Note: If you opt-out as described above, you should not delete your cookies. If you delete your cookies, you will need to opt-out again.

#### **Use of Personal Information**

Information collected by FNF is used for three main purposes:

- To provide products and services to you or one or more third party service providers (collectively, “Third Parties”) who are obtaining services on your behalf or in connection with a transaction involving you.
- To improve our products and services that we perform for you or for Third Parties.
- To communicate with you and to inform you about FNF’s, FNF’s affiliates and third parties’ products and services.

#### **When Information Is Disclosed By FNF**

We may provide your Personal Information (excluding information we receive from consumer or other credit reporting agencies) to various individuals and companies, as permitted by law, without obtaining your prior authorization. Such laws do not allow consumers to restrict these disclosures. Disclosures may include, without limitation, the following:

- To agents, brokers, representatives, or others to provide you with services you have requested, and to enable us to detect or prevent criminal activity, fraud, material misrepresentation, or nondisclosure in connection with an insurance transaction;
- To third-party contractors or service providers who provide services or perform marketing services or other functions on our behalf;
- To law enforcement or other governmental authority in connection with an investigation, or civil or criminal subpoenas or court orders; and/or
- To lenders, lien holders, judgment creditors, or other parties claiming an encumbrance or an interest in title whose claim or interest must be determined, settled, paid or released prior to a title or escrow closing.

In addition to the other times when we might disclose information about you, we might also disclose information when required by law or in the good-faith belief that such disclosure is necessary to: (1) comply with a legal process or applicable laws; (2) enforce this Privacy Notice; (3) respond to claims that any materials, documents, images, graphics, logos, designs, audio, video and any other information provided by you violates the rights of third parties; or (4) protect the rights, property or personal safety of FNF, its users or the public.

We maintain reasonable safeguards to keep the Personal Information that is disclosed to us secure. We provide Personal Information and non-Personal Information to our subsidiaries, affiliated companies, and other businesses or persons for the purposes of processing such information on our behalf and promoting the services of our trusted business partners, some or all of which may store your information on servers outside of the United States. We require that these parties agree to process such information in compliance with our Privacy Notice or in a similar, industry-standard manner, and we use reasonable efforts to limit their use of such information and to use other appropriate confidentiality and security measures. The use of your information by one of our trusted business partners may be subject to that party's own Privacy Notice. We do not, however, disclose information we collect from consumer or credit reporting agencies with our affiliates or others without your consent, in conformity with applicable law, unless such disclosure is otherwise permitted by law.

We also reserve the right to disclose Personal Information and/or non-Personal Information to take precautions against liability, investigate and defend against any third-party claims or allegations, assist government enforcement agencies, protect the security or integrity of the Website, and protect the rights, property, or personal safety of FNF, our users or others.

We reserve the right to transfer your Personal Information, as well as any other information, in connection with the sale or other disposition of all or part of the FNF business and/or assets. We also cannot make any representations regarding the use or transfer of your Personal Information or other information that we may have in the event of our bankruptcy, reorganization, insolvency, receivership or an assignment for the benefit of creditors, and you expressly agree and consent to the use and/or transfer of your Personal Information or other information in connection with a sale or transfer of some or all of our assets in any of the above described proceedings. Furthermore, we cannot and will not be responsible for any breach of security by any third parties or for any actions of any third parties that receive any of the information that is disclosed to us.

#### **Information From Children**

We do not collect Personal Information from any person that we know to be under the age of thirteen (13). Specifically, the Website is not intended or designed to attract children under the age of thirteen (13). You affirm that you are either more than 18 years of age, or an emancipated minor, or possess legal parental or guardian consent, and are fully able and competent to enter into the terms, conditions, obligations, affirmations, representations, and warranties set forth in this

Privacy Notice, and to abide by and comply with this Privacy Notice. In any case, you affirm that you are over the age of 13, as **THE WEBSITE IS NOT INTENDED FOR CHILDREN UNDER 13 THAT ARE UNACCOMPANIED BY HIS OR HER PARENT OR LEGAL GUARDIAN.**

Parents should be aware that FNF's Privacy Notice will govern our use of Personal Information, but also that information that is voluntarily given by children – or others – in email exchanges, bulletin boards or the like may be used by other parties to generate unsolicited communications. FNF encourages all parents to instruct their children in the safe and responsible use of their Personal Information while using the Internet.

#### **Privacy Outside the Website**

The Website may contain various links to other websites, including links to various third party service providers. FNF is not and cannot be responsible for the privacy practices or the content of any of those other websites. Other than under agreements with certain reputable organizations and companies, and except for third party service providers whose services either we use or you voluntarily elect to utilize, we do not share any of the Personal Information that you provide to us with any of the websites to which the Website links, although we may share aggregate, non-Personal Information with those other third parties. Please check with those websites in order to determine their privacy policies and your rights under them.

#### **European Union Users**

If you are a citizen of the European Union, please note that we may transfer your Personal Information outside the European Union for use for any of the purposes described in this Privacy Notice. By providing FNF with your Personal Information, you consent to both our collection and such transfer of your Personal Information in accordance with this Privacy Notice.

#### **Choices With Your Personal Information**

Whether you submit Personal Information to FNF is entirely up to you. You may decide not to submit Personal Information, in which case FNF may not be able to provide certain services or products to you.

You may choose to prevent FNF from disclosing or using your Personal Information under certain circumstances (“opt out”). You may opt out of any disclosure or use of your Personal Information for purposes that are incompatible with the purpose(s) for which it was originally collected or for which you subsequently gave authorization by notifying us by one of the methods at the end of this Privacy Notice. Furthermore, even where your Personal Information is to be disclosed and used in accordance with the stated purposes in this Privacy Notice, you may elect to opt out of such disclosure to and use by a third party that is not acting as an agent of FNF. As described above, there are some uses from which you cannot opt-out.

Please note that opting out of the disclosure and use of your Personal Information as a prospective employee may prevent you from being hired as an employee by FNF to the extent that provision of your Personal Information is required to apply for an open position.

If FNF collects Personal Information from you, such information will not be disclosed or used by FNF for purposes that are incompatible with the purpose(s) for which it was originally collected or for which you subsequently gave authorization unless you affirmatively consent to such disclosure and use.

You may opt out of online behavioral advertising by following the instructions set forth above under the above section “Additional Ways That Information Is Collected Through the Website,” subsection “Third Party Opt Out.”

#### **Access and Correction**

To access your Personal Information in the possession of FNF and correct inaccuracies of that information in our records, please contact us in the manner specified at the end of this Privacy Notice. We ask

individuals to identify themselves and the information requested to be accessed and amended before processing such requests, and we may decline to process requests in limited circumstances as permitted by applicable privacy legislation.

#### **Your California Privacy Rights**

Under California's "Shine the Light" law, California residents who provide certain personally identifiable information in connection with obtaining products or services for personal, family or household use are entitled to request and obtain from us once a calendar year information about the customer information we shared, if any, with other businesses for their own direct marketing uses. If applicable, this information would include the categories of customer information and the names and addresses of those businesses with which we shared customer information for the immediately prior calendar year (e.g., requests made in 2015 will receive information regarding 2014 sharing activities).

To obtain this information on behalf of FNF, please send an email message to [privacy@fnf.com](mailto:privacy@fnf.com) with "Request for California Privacy Information" in the subject line and in the body of your message. We will provide the requested information to you at your email address in response.

Please be aware that not all information sharing is covered by the "Shine the Light" requirements and only information on covered sharing will be included in our response.

Additionally, because we may collect your Personal Information from time to time, California's Online Privacy Protection Act requires us to disclose how we respond to "do not track" requests and other similar mechanisms. Currently, our policy is that we do not recognize "do not track" requests from Internet browsers and similar devices.

#### **FNF Compliance with California Online Privacy Protection Act**

For some websites which FNF or one of its companies owns, such as the Customer CareNet ("CCN"), FNF is acting as a third party service provider to a mortgage loan servicer. In those instances, we may collect certain information on behalf of that mortgage loan servicer for fulfilling a service to that mortgage loan servicer. For example, you may access CCN to complete a transaction with your mortgage loan servicer. During this transaction, the information which we may collect on behalf of the mortgage loan servicer is as follows:

- First and Last Name
- Property Address
- User Name
- Password
- Loan Number
- Social Security Number - masked upon entry
- Email Address
- Three Security Questions and Answers
- IP Address

The information you submit is then transferred to your mortgage loan servicer by way of CCN.

**The mortgage loan servicer is responsible for taking action or making changes to any consumer information submitted through this website. For example, if you believe that your payment or user information is incorrect, you must contact your mortgage loan servicer.**

CCN does not share consumer information with third parties, other than those with which the mortgage loan servicer has contracted to interface with the CCN application.

All sections of the FNF Privacy Notice apply to your interaction with CCN, except for the sections titled Choices with Your Personal Information and Access and Correction. If you have questions regarding the choices you have with regard to your personal information or how to access or correct your personal information, you should contact your mortgage loan servicer.

#### **No Representations or Warranties**

By providing this Privacy Notice, Fidelity National Financial, Inc. does not make any representations or warranties whatsoever concerning any products or services provided to you by its majority-owned subsidiaries. In addition, you also expressly agree that your use of the Website is at your own risk. Any services provided to you by Fidelity National Financial, Inc. and/or the Website are provided "as is" and "as available" for your use, without representations or warranties of any kind, either express or implied, unless such warranties are legally incapable of exclusion. Fidelity National Financial, Inc. makes no representations or warranties that any services provided to you by it or the Website, or any services offered in connection with the Website are or will remain uninterrupted or error-free, that defects will be corrected, or that the web pages on or accessed through the Website, or the servers used in connection with the Website, are or will remain free from any viruses, worms, time bombs, drop dead devices, Trojan horses or other harmful components. Any liability of Fidelity National Financial, Inc. and your exclusive remedy with respect to the use of any product or service provided by Fidelity National Financial, Inc. including on or accessed through the Website, will be the re-performance of such service found to be inadequate.

#### **Your Consent To This Privacy Notice**

By submitting Personal Information to FNF, you consent to the collection and use of information by us as specified above or as we otherwise see fit, in compliance with this Privacy Notice, unless you inform us otherwise by means of the procedure identified below. If we decide to change this Privacy Notice, we will make an effort to post those changes on the Website. Each time we collect information from you following any amendment of this Privacy Notice will signify your assent to and acceptance of its revised terms for all previously collected information and information collected from you in the future. We may use comments, information or feedback that you may submit in any manner that we may choose without notice or compensation to you.

If you have additional questions or comments, please let us know by sending your comments or requests to:

Fidelity National Financial, Inc.  
601 Riverside Avenue  
Jacksonville, Florida 32204  
Attn: Chief Privacy Officer  
(888) 934-3354  
[privacy@fnf.com](mailto:privacy@fnf.com)

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EFFECTIVE AS OF: MAY 1, 2015

## Notice of Available Discounts

Pursuant to Section 2355.3 in Title 10 of the California Code of Regulations Fidelity National Financial, Inc. and its subsidiaries ("FNF") must deliver a notice of each discount available under our current rate filing along with the delivery of escrow instructions, a preliminary report or commitment. Please be aware that the provision of this notice does not constitute a waiver of the consumer's right to be charged the field rate. As such, your transaction may not qualify for the below discounts.

You are encouraged to discuss the applicability of one or more of the below discounts with a Company representative. These discounts are generally described below; consult the rate manual for a full description of the terms, conditions and requirements for each discount. These discounts only apply to transaction involving services rendered by the FNF Family of Companies. This notice only applies to transactions involving property improved with a one-to-four family residential dwelling.

### **FNF Underwritten Title Company**

FNTC - Fidelity National Title Company  
FNTCCA –Fidelity National Title Company of California

### **FNF Underwriter**

FNTIC - Fidelity National Title Insurance Company

### **Available Discounts**

#### **CREDIT FOR PRELIMINARY REPORTS AND/OR COMMITMENTS ON SUBSEQUENT POLICIES (FNTIC)**

Where no major change in the title has occurred since the issuance of the original report or commitment, the order may be reopened within 12 or 36 months and all or a portion of the charge previously paid for the report or commitment may be credited on a subsequent policy charge.

#### **DISASTER LOANS (FNTIC)**

The charge for a lender's Policy (Standard or Extended coverage) covering the financing or refinancing by an owner of record, within 24 months of the date of a declaration of a disaster area by the government of the United States or the State of California on any land located in said area, which was partially or totally destroyed in the disaster, will be 50% of the appropriate title insurance rate.

#### **CHURCHES OR CHARITABLE NON-PROFIT ORGANIZATIONS (FNTIC)**

On properties used as a church or for charitable purposes within the scope of the normal activities of such entities, provided said charge is normally the church's obligation the charge for an owner's policy shall be 50% to 70% of the appropriate title insurance rate, depending on the type of coverage selected. The charge for a lender's policy shall be 40% to 50% of the appropriate title insurance rate, depending on the type of coverage selected.

**ATTACHMENT ONE**

**CALIFORNIA LAND TITLE ASSOCIATION**

**STANDARD COVERAGE POLICY – 1990**

**EXCLUSIONS FROM COVERAGE**

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

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

**EXCEPTIONS FROM COVERAGE - SCHEDULE B, PART I**

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) which arise by reason of:

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records.  
Proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the public records.
2. Any facts, rights, interests, or claims which are not shown by the public records but which could be ascertained by an inspection of the land or which may be asserted by persons in possession thereof.
3. Easements, liens or encumbrances, or claims thereof, not shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by the public records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b) or (c) are shown by the public records.
6. Any lien or right to a lien for services, labor or material not shown by the public records.

**CLTA HOMEOWNER'S POLICY OF TITLE INSURANCE (12-02-13)**

**ALTA HOMEOWNER'S POLICY OF TITLE INSURANCE**

**EXCLUSIONS**

In addition to the Exceptions in Schedule B, You are not insured against loss, costs, attorneys' fees, and expenses resulting from:

1. Governmental police power, and the existence or violation of those portions of any law or government regulation concerning:
  - a. building;
  - b. zoning;
  - c. land use;

- d. improvements on the Land;
- e. land division; and
- f. environmental protection.

This Exclusion does not limit the coverage described in Covered Risk 8.a., 14, 15, 16, 18, 19, 20, 23 or 27.

- 2. The failure of Your existing structures, or any part of them, to be constructed in accordance with applicable building codes. This Exclusion does not limit the coverage described in Covered Risk 14 or 15.
- 3. The right to take the Land by condemning it. This Exclusion does not limit the coverage described in Covered Risk 17.
- 4. Risks:
  - a. that are created, allowed, or agreed to by You, whether or not they are recorded in the Public Records;
  - b. that are Known to You at the Policy Date, but not to Us, unless they are recorded in the Public Records at the Policy Date;
  - c. that result in no loss to You; or
  - d. that first occur after the Policy Date - this does not limit the coverage described in Covered Risk 7, 8.e., 25, 26, 27 or 28.
- 5. Failure to pay value for Your Title.
- 6. Lack of a right:
  - a. to any land outside the area specifically described and referred to in paragraph 3 of Schedule A; and
  - b. in streets, alleys, or waterways that touch the Land.

This Exclusion does not limit the coverage described in Covered Risk 11 or 21.
- 7. The transfer of the Title to You is invalid as a preferential transfer or as a fraudulent transfer or conveyance under federal bankruptcy, state insolvency, or similar creditors' rights laws.
- 8. Contamination, explosion, fire, flooding, vibration, fracturing, earthquake, or subsidence.
- 9. Negligence by a person or an Entity exercising a right to extract or develop minerals, water, or any other substances.

**LIMITATIONS ON COVERED RISKS**

Your insurance for the following Covered Risks is limited on the Owner's Coverage Statement as follows:

- For Covered Risk 16, 18, 19, and 21 Your Deductible Amount and Our Maximum Dollar Limit of Liability shown in Schedule A.

The deductible amounts and maximum dollar limits shown on Schedule A are as follows:

	Your Deductible Amount	Our Maximum Dollar Limit of Liability
Covered Risk 16:	1.00% % of Policy Amount Shown in Schedule A or \$2,500.00 (whichever is less)	\$ 10,000.00
Covered Risk 18:	1.00% % of Policy Amount Shown in Schedule A or \$5,000.00 (whichever is less)	\$ 25,000.00
Covered Risk 19:	1.00% of Policy Amount Shown in Schedule A or \$5,000.00 (whichever is less)	\$ 25,000.00
Covered Risk 21:	1.00% of Policy Amount Shown in Schedule A or \$2,500.00 (whichever is less)	\$ 5,000.00

**2006 ALTA LOAN POLICY (06-17-06)**

**EXCLUSIONS FROM COVERAGE**

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

- 1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
  - (i) the occupancy, use, or enjoyment of the Land;
  - (ii) the character, dimensions, or location of any improvement erected on the Land;
  - (iii) the subdivision of land; or
  - (iv) environmental protection;

or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.
- (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.
- 2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
- 3. Defects, liens, encumbrances, adverse claims, or other matters
  - (a) created, suffered, assumed, or agreed to by the Insured Claimant;

- (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
  - (c) resulting in no loss or damage to the Insured Claimant;
  - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 11, 13 or 14); or
  - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Insured Mortgage.
4. Unenforceability of the lien of the Insured Mortgage because of the inability or failure of an Insured to comply with applicable doing-business laws of the state where the Land is situated.
  5. Invalidity or unenforceability in whole or in part of the lien of the Insured Mortgage that arises out of the transaction evidenced by the Insured Mortgage and is based upon usury or any consumer credit protection or truth-in-lending law.
  6. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction creating the lien of the Insured Mortgage, is
    - (a) a fraudulent conveyance or fraudulent transfer, or
    - (b) a preferential transfer for any reason not stated in Covered Risk 13(b) of this policy.
  7. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the Insured Mortgage in the Public Records. This Exclusion does not modify or limit the coverage provided under Covered Risk 11(b).

The above policy form may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

#### **EXCEPTIONS FROM COVERAGE**

(Except as provided in Schedule B - Part II, (t or T)his policy does not insure against loss or damage, and the Company will not pay costs, attorneys' fees or expenses, that arise by reason of:

#### **(PART I**

(The above policy form may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

1. (a) Taxes or assessments that are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records; (b) proceedings by a public agency that may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the Public Records.
2. Any facts, rights, interests, or claims that are not shown by the Public Records but that could be ascertained by an inspection of the Land or that may be asserted by persons in possession of the Land.
3. Easements, liens or encumbrances, or claims thereof, not shown by the Public Records.
4. Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land and not shown by the Public Records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the Public Records.
6. Any lien or right to a lien for services, labor or material not shown by the Public Records.

#### **PART II**

In addition to the matters set forth in Part I of this Schedule, the Title is subject to the following matters, and the Company insures against loss or damage sustained in the event that they are not subordinate to the lien of the Insured Mortgage:)

#### **2006 ALTA OWNER'S POLICY (06-17-06)**

#### **EXCLUSIONS FROM COVERAGE**

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

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
  - (i) the occupancy, use, or enjoyment of the Land;
  - (ii) the character, dimensions, or location of any improvement erected on the Land;
  - (iii) the subdivision of land; or
  - (iv) environmental protection;or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.
- (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters
  - (a) created, suffered, assumed, or agreed to by the Insured Claimant;
  - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
  - (c) resulting in no loss or damage to the Insured Claimant;
  - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 9 and 10); or

- (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Title.
4. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction vesting the Title as shown in Schedule A, is
    - (a) a fraudulent conveyance or fraudulent transfer; or
    - (b) a preferential transfer for any reason not stated in Covered Risk 9 of this policy.
  5. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the deed or other instrument of transfer in the Public Records that vests Title as shown in Schedule A.

The above policy form may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

**EXCEPTIONS FROM COVERAGE**

This policy does not insure against loss or damage, and the Company will not pay costs, attorneys' fees or expenses, that arise by reason of: (The above policy form may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

1. (a) Taxes or assessments that are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records; (b) proceedings by a public agency that may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the Public Records.
2. Any facts, rights, interests, or claims that are not shown in the Public Records but that could be ascertained by an inspection of the Land or that may be asserted by persons in possession of the Land.
3. Easements, liens or encumbrances, or claims thereof, not shown by the Public Records.
4. Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land and that are not shown by the Public Records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the Public Records.
6. Any lien or right to a lien for services, labor or material not shown by the Public Records.
7. (Variable exceptions such as taxes, easements, CC&R's, etc. shown here.)

**ALTA EXPANDED COVERAGE RESIDENTIAL LOAN POLICY (04-02-15)**

**EXCLUSIONS FROM COVERAGE**

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

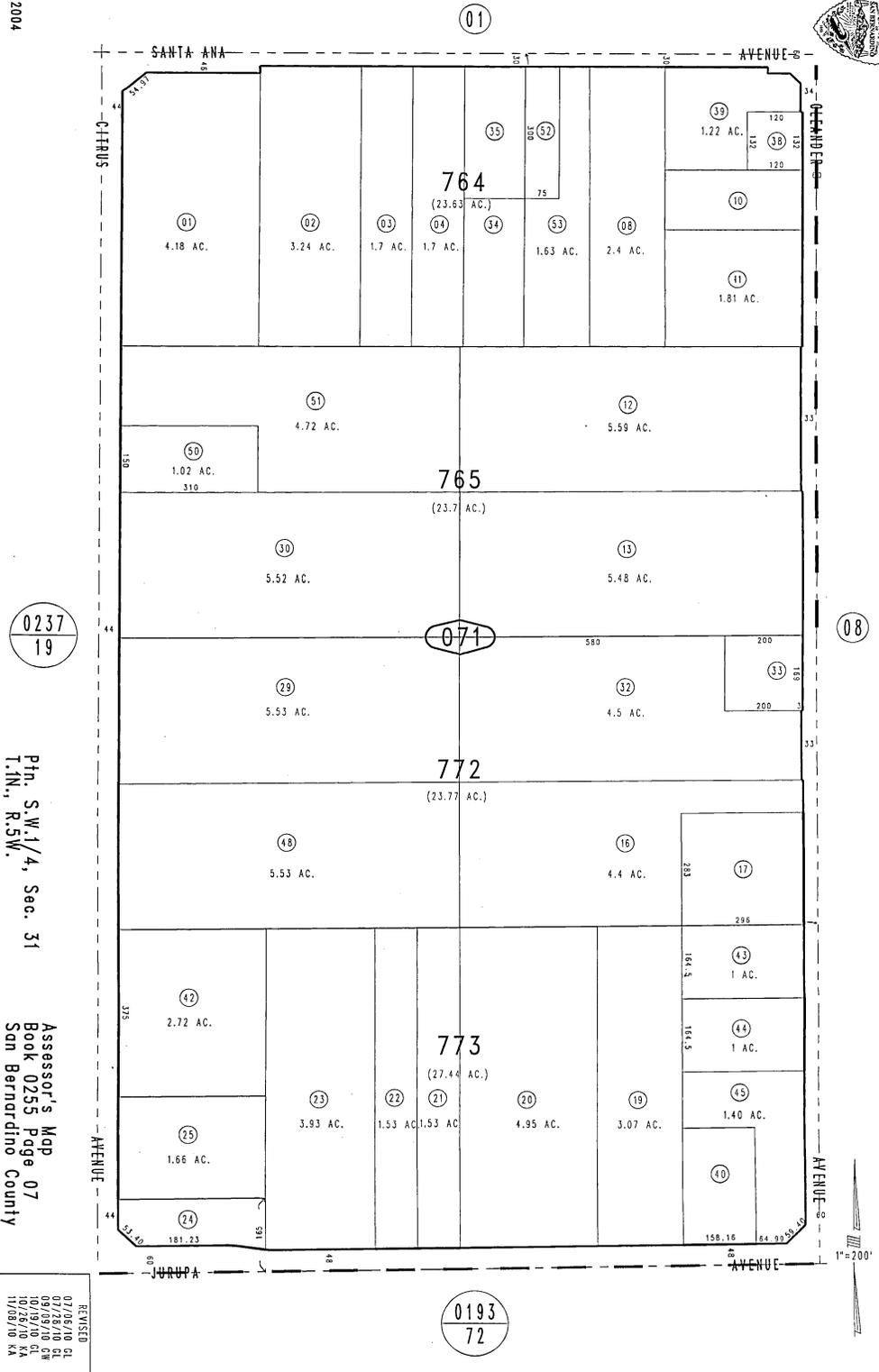
1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
  - (i) the occupancy, use, or enjoyment of the Land;
  - (ii) the character, dimensions, or location of any improvement erected on the Land;
  - (iii) the subdivision of land; or
  - (iv) environmental protection;or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5, 6, 13(c), 13(d), 14 or 16.
- (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 5, 6, 13(c), 13(d), 14 or 16.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters
  - (a) created, suffered, assumed, or agreed to by the Insured Claimant;
  - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
  - (c) resulting in no loss or damage to the Insured Claimant;
  - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 11, 16, 17, 18, 19, 20, 21, 22, 23, 24, 27 or 28); or
  - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Insured Mortgage.
4. Unenforceability of the lien of the Insured Mortgage because of the inability or failure of an Insured to comply with applicable doing-business laws of the state where the Land is situated.
5. Invalidity or unenforceability in whole or in part of the lien of the Insured Mortgage that arises out of the transaction evidenced by the Insured Mortgage and is based upon usury, or any consumer credit protection or truth-in-lending law. This Exclusion does not modify or limit the coverage provided in Covered Risk 26.
6. Any claim of invalidity, unenforceability or lack of priority of the lien of the Insured Mortgage as to Advances or modifications made after the Insured has Knowledge that the vestee shown in Schedule A is no longer the owner of the estate or interest covered by this policy. This Exclusion does not modify or limit the coverage provided in Covered Risk 11.
7. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching subsequent to Date of Policy. This Exclusion does not modify or limit the coverage provided in Covered Risk 11(b) or 25.

8. The failure of the residential structure, or any portion of it, to have been constructed before, on or after Date of Policy in accordance with applicable building codes. This Exclusion does not modify or limit the coverage provided in Covered Risk 5 or 6.
9. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction creating the lien of the Insured Mortgage, is
  - (a) a fraudulent conveyance or fraudulent transfer, or
  - (b) a preferential transfer for any reason not stated in Covered Risk 27(b) of this policy.
10. Contamination, explosion, fire, flooding, vibration, fracturing, earthquake, or subsidence.
11. Negligence by a person or an Entity exercising a right to extract or develop minerals, water, or any other substances.

Printed and other land, and is not a survey of the land depicted. Except to the extent a policy of title insurance is expressly modified by endorsement

January 2004

THIS MAP IS FOR THE PURPOSE OF AD VALOREM TAXATION ONLY.



Ptn. Semi-Tropic Land & Water Co. Sub., S.B.L.  
 M.B. 11/12

City of Fontana  
 Tax Rate Area  
 10232  
 0255-07

0237  
 19

Ptn. S.W. 1/4, Sec. 31  
 T. 1N., R. 5W.

Assessor's Map  
 Book 0255 Page 07  
 San Bernardino County

REVISIONS  
 07/06/10 CL  
 07/28/10 CL  
 09/03/10 CL  
 10/26/10 KA  
 11/08/10 KA

0193  
 72

**OWNER'S DECLARATION**

The undersigned hereby declares as follows:

1. (Fill in the applicable paragraph and strike the other)
  - a. Declarant ("Owner") is the owner or lessee, as the case may be, of certain premises located at \_\_\_\_\_  
further described as follows: See Preliminary Report/Commitment No. 23076235-012-JDL-SG4 for full legal description (the "Land").
  - b. Declarant is the \_\_\_\_\_ of \_\_\_\_\_  
("Owner"), which is the owner or lessee, as the case may be, of certain premises located at \_\_\_\_\_  
further described as follows: See Preliminary Report/Commitment No. 23076235-012-JDL-SG4 for full legal description (the "Land").
2. (Fill in the applicable paragraph and strike the other)
  - a. During the period of six months immediately preceding the date of this declaration no work has been done, no surveys or architectural or engineering plans have been prepared, and no materials have been furnished in connection with the erection, equipment, repair, protection or removal of any building or other structure on the Land or in connection with the improvement of the Land in any manner whatsoever.
  - b. During the period of six months immediately preceding the date of this declaration certain work has been done and materials furnished in connection with \_\_\_\_\_ upon the Land in the approximate total sum of \$\_\_\_\_\_, but no work whatever remains to be done and no materials remain to be furnished to complete the construction in full compliance with the plans and specifications, nor are there any unpaid bills incurred for labor and materials used in making such improvements or repairs upon the Land, or for the services of architects, surveyors or engineers, except as follows: \_\_\_\_\_. Owner, by the undersigned Declarant, agrees to and does hereby indemnify and hold harmless Fidelity National Title Company against any and all claims arising therefrom.
3. Owner has not previously conveyed the Land; is not a debtor in bankruptcy (and if a partnership, the general partner thereof is not a debtor in bankruptcy); and has not received notice of any pending court action affecting the title to the Land.
4. Except as shown in the above-referenced Preliminary Report/Commitment, there are no unpaid or unsatisfied mortgages, deeds of trust, Uniform Commercial Code financing statements, regular assessments, special assessments, periodic assessments or any assessment from any source, claims of lien, special assessments, or taxes that constitute a lien against the Land or that affect the Land but have not been recorded in the public records. There are no violations of the covenants, conditions and restrictions as shown in the above-referenced Preliminary Report/Commitment.
5. The Land is currently in use as \_\_\_\_\_; \_\_\_\_\_ occupy/occupies the Land; and the following are all of the leases or other occupancy rights affecting the Land:  
\_\_\_\_\_
6. There are no other persons or entities that assert an ownership interest in the Land, nor are there unrecorded easements, claims of easement, or boundary disputes that affect the Land.
7. There are no outstanding options to purchase or rights of first refusal affecting the Land.

This declaration is made with the intention that Fidelity National Title Company (the "Company") and its policy issuing agents will rely upon it in issuing their title insurance policies and endorsements. Owner, by the undersigned Declarant, agrees to indemnify the Company against loss or damage (including attorneys fees, expenses, and costs) incurred by the Company as a result of any untrue statement made herein.

I declare under penalty of perjury that the foregoing is true and correct and that this declaration was executed on \_\_\_\_ at \_\_\_\_\_.

Signature: \_\_\_\_\_

**EXHIBIT “2”**  
**SALE AGREEMENT**



Property Address: 10446 Oleander Avenue, Fontana, CA Date: 5/26/2016

~~H. VERIFICATION OF DOWN PAYMENT AND CLOSING COSTS: Buyer (or Buyer's lender or loan broker pursuant to paragraph 3J(1)) shall, within 3 (or \_\_\_\_\_) Days After Acceptance, Deliver to Seller written verification of Buyer's down payment and closing costs. ( Verification attached.)~~

I. APPRAISAL CONTINGENCY AND REMOVAL: This Agreement is (or  is NOT) contingent upon a written appraisal of the Property by a licensed or certified appraiser at no less than the purchase price. Buyer shall, as specified in paragraph 14B(3), in writing, remove the appraisal contingency or cancel this Agreement within 17 (or \_\_\_\_\_) Days After Acceptance.

~~J. LOAN TERMS:~~

~~(1) LOAN APPLICATIONS: Within 3 (or \_\_\_\_\_) Days After Acceptance, Buyer shall Deliver to Seller a letter from Buyer's lender or loan broker stating that, based on a review of Buyer's written application and credit report, Buyer is prequalified or preapproved for any NEW loan specified in paragraph 3D. If any loan specified in paragraph 3D is an adjustable rate loan, the prequalification or preapproval letter shall be based on the qualifying rate, not the initial loan rate. ( Letter attached.)~~

~~(2) LOAN CONTINGENCY: Buyer shall act diligently and in good faith to obtain the designated loan(s). Buyer's qualification for the loan(s) specified above is a contingency of this Agreement unless otherwise agreed in writing. If there is no appraisal contingency or the appraisal contingency has been waived or removed, then failure of the Property to appraise at the purchase price does not entitle Buyer to exercise the cancellation right pursuant to the loan contingency if Buyer is otherwise qualified for the specified loan. Buyer's contractual obligations regarding deposit, balance of down payment and closing costs are not contingencies of this Agreement.~~

~~(3) LOAN CONTINGENCY REMOVAL:~~

~~Within 21 (or \_\_\_\_\_) Days After Acceptance, Buyer shall, as specified in paragraph 14, in writing, remove the loan contingency or cancel this Agreement. If there is an appraisal contingency, removal of the loan contingency shall not be deemed removal of the appraisal contingency.~~

~~(4) NO LOAN CONTINGENCY: Obtaining any loan specified above is NOT a contingency of this Agreement. If Buyer does not obtain the loan and as a result does not purchase the Property, Seller may be entitled to Buyer's deposit or other legal remedies.~~

~~(5) LENDER LIMITS ON BUYER CREDITS: Any credit to Buyer, from any source, for closing or other costs that is agreed to by the Parties ("Contractual Credit") shall be disclosed to Buyer's lender. If the total credit allowed by Buyer's lender ("Lender Allowable Credit") is less than the Contractual Credit, then (i) the Contractual Credit shall be reduced to the Lender Allowable Credit, and (ii) in the absence of a separate written agreement between the Parties, there shall be no automatic adjustment to the purchase price to make up for the difference between the Contractual Credit and the Lender Allowable Credit.~~

~~K. BUYER STATED FINANCING: Seller is relying on Buyer's representation of the type of financing specified (including but not limited to, as applicable, all cash, amount of down payment, or contingent or non-contingent loan). Seller has agreed to a specific closing date, purchase price and to sell to Buyer in reliance on Buyer's covenant concerning financing. Buyer shall pursue the financing specified in this Agreement. Seller has no obligation to cooperate with Buyer's efforts to obtain any financing other than that specified in the Agreement and the availability of any such alternate financing does not excuse Buyer from the obligation to purchase the Property and close escrow as specified in this Agreement.~~

4. SALE OF BUYER'S PROPERTY:

A. This Agreement and Buyer's ability to obtain financing are NOT contingent upon the sale of any property owned by Buyer.

~~OR-B.  This Agreement and Buyer's ability to obtain financing are contingent upon the sale of property owned by Buyer as specified in the attached addendum (G.A.R. Form COP).~~

5. ADDENDA AND ADVISORIES:

A. ADDENDA:	<input type="checkbox"/> Addendum # _____ (G.A.R. Form ADM)
<input type="checkbox"/> Back Up Offer Addendum (G.A.R. Form BUC)	<input type="checkbox"/> Court Confirmation Addendum (C.A.R. Form CCA)
<input type="checkbox"/> Septic, Well and Property Monument Addendum (C.A.R. Form SWPL)	
<input type="checkbox"/> Short Sale Addendum (G.A.R. Form SSA)	<input type="checkbox"/> Other _____

B. BUYER AND SELLER ADVISORIES:	<input checked="" type="checkbox"/> Buyer's Inspection Advisory (C.A.R. Form BIA)
<input type="checkbox"/> Probate Advisory (C.A.R. Form PA)	<input type="checkbox"/> Statewide Buyer and Seller Advisory (C.A.R. Form SBSA)
<input type="checkbox"/> Trust Advisory (C.A.R. Form TA)	<input type="checkbox"/> REO Advisory (C.A.R. Form REO)
<input type="checkbox"/> Short Sale Information and Advisory (C.A.R. Form SSIA)	<input type="checkbox"/> Other _____

6. OTHER TERMS: see Addendum attached hereto and incorporated herein by reference.  
Seller to obtain approval of bankruptcy court to file sale. All improvements are as is.

7. ALLOCATION OF COSTS

A. INSPECTIONS, REPORTS AND CERTIFICATES: Unless otherwise agreed in writing, this paragraph only determines who is to pay for the inspection, test, certificate or service ("Report") mentioned; it does not determine who is to pay for any work recommended or identified in the Report.

- (1)  Buyer  Seller shall pay for a natural hazard zone disclosure report, including tax  environmental  Other: \_\_\_\_\_ prepared by \_\_\_\_\_.
- (2)  Buyer  Seller shall pay for the following Report \_\_\_\_\_ prepared by \_\_\_\_\_.
- (3)  Buyer  Seller shall pay for the following Report \_\_\_\_\_ prepared by \_\_\_\_\_.

Buyer's Initials ( JGM ) ( \_\_\_\_\_ )

Seller's Initials ( W ) ( \_\_\_\_\_ )



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Date: 5/26/2016

B. GOVERNMENT REQUIREMENTS AND RETROFIT:

- (1) Buyer Seller shall pay for smoke alarm and carbon monoxide device installation and water heater bracing, if required by Law. Prior to Close Of Escrow ("COE"), Seller shall provide Buyer written statement(s) of compliance in accordance with state and local Law, unless Seller is exempt.
(2) (i) Buyer Seller shall pay the cost of compliance with any other minimum mandatory government inspections and reports if required as a condition of closing escrow under any Law.
(ii) Buyer Seller shall pay the cost of compliance with any other minimum mandatory government retrofit standards required as a condition of closing escrow under any Law, whether the work is required to be completed before or after COE.
(iii) Buyer shall be provided, within the time specified in paragraph 14A, a copy of any required government conducted or point-of-sale inspection report prepared pursuant to this Agreement or in anticipation of this sale of the Property.

C. ESCROW AND TITLE:

- (1) (a) Buyer Seller shall pay escrow fee split equally.
(b) Escrow Holder shall be Fidelity National Title Company; Janette DeLap
(c) The Parties shall, within 5 (or ) Days After receipt, sign and return Escrow Holder's general provisions.
(2) (a) Buyer Seller shall pay for owner's title insurance policy specified in paragraph 13E see Addendum
(b) Owner's title policy to be issued by Fidelity National Title Company; Janette DeLap
(Buyer shall pay for any title insurance policy insuring Buyer's lender, unless otherwise agreed in writing.)

D. OTHER COSTS:

- (1) Buyer Seller shall pay County transfer tax or fee
(2) Buyer Seller shall pay City transfer tax or fee
(3) Buyer Seller shall pay Homeowners' Association ("HOA") transfer fee
(4) Seller shall pay HOA fees for preparing documents required to be delivered by Civil Code §4525.
(5) Buyer Seller shall pay HOA fees for preparing all documents other than those required by Civil Code §4525.
(6) Buyer to pay for any HOA certification fee
(7) Buyer Seller shall pay for any private transfer fee
(8) Buyer Seller shall pay for
(9) Buyer Seller shall pay for
(10) Buyer Seller shall pay for the cost, not to exceed \$ , of a standard (or upgraded) one-year home warranty plan, issued by , with the following optional coverages: Air Conditioner Pool/Spa Other:
Buyer is informed that home warranty plans have many optional coverages in addition to those listed above. Buyer is advised to investigate these coverages to determine those that may be suitable for Buyer.

OR Buyer waives the purchase of a home warranty plan. Nothing in this paragraph precludes Buyer's purchasing a home warranty plan during the term of this Agreement.

8. ITEMS INCLUDED IN AND EXCLUDED FROM SALE:

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 paragraph 8 B or C.

B. ITEMS INCLUDED IN SALE: Except as otherwise specified or disclosed,

- (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 power systems, built-in appliances, window and door screens, awnings, shutters, window coverings, attached floor coverings, television antennas, satellite dishes, air coolers/conditioners, pool/spa equipment, garage door openers/remote controls, mailbox, in-ground landscaping, trees/shrubs, water features and fountains, water softeners, water purifiers, security systems/alarms and the following if checked: all stove(s), except ; all refrigerator(s) except ; all washer(s) and dryer(s), except ;
(3) The following additional items:
(4) Existing integrated phone and home automation systems, including necessary components such as intranet and Internet-connected hardware or devices, control units (other than non-dedicated mobile devices, electronics and computers) and applicable software, permissions, passwords, codes and access information, are (are NOT) included in the sale.
(5) LEASED OR LIENED ITEMS AND SYSTEMS: Seller shall, within the time specified in paragraph 14A, (i) disclose to Buyer if any item or system specified in paragraph 8B or otherwise included in the sale is leased, or not owned by Seller, or specifically subject to a lien or other encumbrance, and (ii) Deliver to Buyer all written materials (such as lease, warranty, etc.) concerning any such item. Buyer's ability to assume any such lease, or willingness to accept the Property subject to any such lien or encumbrance, is a contingency in favor of Buyer and Seller as specified in paragraph 14B and C.
(6) Seller represents that all items included in the purchase price, unless otherwise specified, (i) are owned by Seller and shall be transferred free and clear of liens and encumbrances, except the items and systems identified pursuant to 8B(5) and , and (ii) are transferred without Seller warranty regardless of value.

C. ITEMS EXCLUDED FROM SALE: Unless otherwise specified, the following items are excluded from sale: (i) audio and video components (such as flat screen TVs, speakers and other items) if any such item is not itself attached to the Property, even if a bracket or other mechanism attached to the component or item is attached to the Property; (ii) furniture and other items secured to the Property for earthquake purposes; and (iii)

Brackets attached to walls, floors or ceilings for any such component, furniture or item shall remain with the Property (or will be removed and holes or other damage shall be repaired, but not painted).

Buyer's Initials ( JGM ) ( )

Seller's Initials ( W ) ( )

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CALIFORNIA RESIDENTIAL PURCHASE AGREEMENT (RPA-CA PAGE 3 OF 10)

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Dennis Rice



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Date: 5/26/2016

9. CLOSING AND POSSESSION:

- A. Buyer intends (or  does not intend) to occupy the Property as Buyer's primary residence.
- B. Seller-occupied or vacant property: Possession shall be delivered to Buyer: (i) at 6 PM or ( ~~6:00~~ AM /  PM ) on the date of Close Of Escrow; (ii)  no later than \_\_\_ calendar days after Close Of Escrow; or (iii)  at 6:00 AM /  PM on the date that is 1 month after the close of Escrow
- C. Seller remaining in possession After Close Of Escrow: If Seller has the right to remain in possession after Close Of Escrow, (i) the Parties are advised to sign a separate occupancy agreement such as  C.A.R. Form SIP, for Seller continued occupancy of less than 30 days,  C.A.R. Form RLAS for Seller continued occupancy of 30 days or more; and (ii) the Parties are advised to consult with their insurance and legal advisors for information about liability and damage or injury to persons and personal and real property; and (iii) Buyer is advised to consult with Buyer's lender about the impact of Seller's occupancy on Buyer's loan. *See Addendum*
- ~~D. Tenant-occupied property: 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  Tenant to remain in possession (C.A.R. Form TTP):

- E. At Close Of Escrow: Seller assigns to Buyer any assignable warranty rights for items included in the sale; and Seller shall Deliver to Buyer available Copies of any such warranties. Brokers cannot and will not determine the assignability of any warranties.
- F. At Close Of Escrow, unless otherwise agreed in writing, Seller shall provide keys, passwords, codes and/or means to operate all locks, mailboxes, security systems, alarms, home automation systems and intranet and Internet-connected devices included in the purchase price, and garage door openers. If the 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.

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

- A. (1) Seller shall, within the time specified in paragraph 14A, Deliver to Buyer: (i) if required by Law, a fully completed: Federal Lead-Based Paint Disclosures (C.A.R. Form FLD) and pamphlet ("Lead Disclosures"); and (ii) unless exempt, fully completed disclosures or notices required by sections 1102 et. seq. and 1103 et. seq. of the 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 or actual knowledge of release of illegal controlled substance, notice of special tax and/or assessments (or, if allowed, substantially equivalent notice regarding the Mello-Roos Community Facilities Act of 1982 and Improvement Bond Act of 1915) and, if Seller has actual knowledge, of industrial use and military ordnance location (C.A.R. Form SPQ or ESD).
- (2) Any Statutory Disclosure required by this paragraph is considered fully completed if Seller has answered all questions and completed and signed the Seller section(s) and the Listing Agent, if any, has completed and signed the Listing Broker section(s), or, if applicable, an Agent Visual Inspection Disclosure (C.A.R. Form AVID). Nothing stated herein relieves a Buyer's Broker, if any, from the obligation to (i) conduct a reasonably competent and diligent visual inspection of the accessible areas of the Property and disclose, on Section IV of the TDS, or an AVID, material facts affecting the value or desirability of the Property that were or should have been revealed by such an inspection or (ii) complete any sections on all disclosures required to be completed by Buyer's Broker.
- (3) Note to Buyer and Seller: Waiver of Statutory and Lead Disclosures is prohibited by Law.
- (4) Within the time specified in paragraph 14A, (i) Seller, unless exempt from the obligation to provide a TDS, shall, complete and provide Buyer with a Seller Property Questionnaire (C.A.R. Form SPQ); (ii) if Seller is not required to provide a TDS, Seller shall complete and provide Buyer with an Exempt Seller Disclosure (C.A.R. Form ESD).
- (5) Buyer shall, within the time specified in paragraph 14B(1), return Signed Copies of the Statutory, Lead and other disclosures to Seller.
- (6) In the event Seller or Listing Broker, 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, 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 of which Buyer is otherwise aware, or which are disclosed in reports provided to or obtained by Buyer or ordered and paid for by Buyer.
- (7) If any disclosure or notice specified in paragraph 10A(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.
- B. NATURAL AND ENVIRONMENTAL HAZARD DISCLOSURES AND OTHER BOOKLETS: Within the time specified in paragraph 14A, Seller shall, if required by Law: (i) Deliver to Buyer earthquake guide(s) (and questionnaire), environmental hazards booklet, and home energy rating pamphlet; (ii) 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; and Seismic Hazard Zone; and (iii) disclose any other zone as required by Law and provide any other information required for those zones.
- C. WITHHOLDING TAXES: Within the time specified in paragraph 14A, to avoid required withholding, Seller shall Deliver to Buyer or qualified substitute, an affidavit sufficient to comply with federal (FIRPTA) and California withholding Law (C.A.R. Form AS or QS).
- D. MEGAN'S LAW DATABASE DISCLOSURE: Notice: Pursuant to Section 290.46 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](http://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.)
- E. NOTICE REGARDING GAS AND HAZARDOUS LIQUID TRANSMISSION PIPELINES: This notice is being provided simply to inform you that information about the general location of gas and hazardous liquid transmission pipelines is available to the public via the National Pipeline Mapping System (NPMS) Internet Web site maintained by the United States Department of Transportation at <http://www.npms.phmsa.dot.gov/>. To seek further information about possible transmission pipelines near the Property, you may contact your local gas utility or other pipeline operators in the area. Contact information for pipeline operators is searchable by ZIP Code and county on the NPMS Internet Web site.
- F. CONDOMINIUM/PLANNED DEVELOPMENT DISCLOSURES:
  - (1) SELLER HAS: 7 (or \_\_\_ ) Days After Acceptance to disclose to Buyer if the Property is a condominium, or is located in a planned development or other common interest subdivision (C.A.R. Form SPQ or ESD).

Buyer's Initials ( JGM ) ( \_\_\_\_\_ )  
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Seller's Initials (    ) ( \_\_\_\_\_ )



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Date: 5/26/2016

(2) If the Property is a condominium or is located in a planned development or other common interest subdivision, Seller has 3 (or \_\_\_) Days After Acceptance to request from the HOA (C.A.R. Form HOA1): (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"). (vi) private transfer fees; (vii) Pet fee restrictions; and (viii) smoking restrictions. 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). The Party specified in paragraph 7, as directed by escrow, shall deposit funds into escrow or direct to HOA or management company to pay for any of the above.

11. CONDITION OF PROPERTY: Unless otherwise agreed in writing: (i) the Property is sold (a) "AS-IS" 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. *The Addendum*

- A. 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 any and all other disclosures required by law.
- B. Buyer has the right to conduct Buyer Investigations of the Property and, as specified in paragraph 14B, based upon information discovered in those investigations: (i) cancel this Agreement; or (ii) request that Seller make Repairs or take other action.
- C. Buyer is strongly advised to conduct investigations of the entire Property in order to determine its present condition. Seller may not be aware of all defects affecting the Property or other factors that Buyer considers important. Property Improvements may not be built according to code, in compliance with current Law, or have had permits issued.

12. 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: (i) a general physical inspection; (ii) an inspection specifically for wood destroying pests and organisms. Any inspection for wood destroying pests and organisms shall be prepared by a registered Structural Pest Control company; shall cover the main building and attached structures; may cover detached structures; shall NOT include water tests of shower pans on upper level units unless the owners of property below the shower consent; shall NOT include roof coverings; and, if the Property is a unit in a condominium or other common interest subdivision, the inspection shall include only the separate interest and any exclusive-use areas being transferred, and shall NOT include common areas; and shall include a report ("Pest Control Report") showing the findings of the company which shall be separated into sections for evident infestation or infections (Section 1) and for conditions likely to lead to infestation or infection (Section 2); (iii) inspect for lead-based paint and other lead-based paint hazards; (iv) satisfy Buyer as to any matter specified in the attached Buyer's Inspection Advisory (C.A.R. Form BIA); (v) review the registered sex offender database; (vi) confirm the insurability of Buyer and the Property including the availability and cost of flood and fire insurance; and (vii) review and seek approval of leases that may need to be assumed by Buyer. ~~Without Seller's prior written consent, Buyer shall neither make nor cause to be made: invasive or destructive Buyer Investigations, except for minimally invasive testing required to prepare a Pest Control Report; or inspections by any governmental building or zoning inspector or government employee, unless required by law.~~

B. Seller shall make the Property available for all Buyer Investigations. Buyer shall ~~as specified in paragraph 14B, complete Buyer Investigations and either remove the contingency or cancel this Agreement, and (ii) give Seller, at no cost, complete Copies of all such Investigation reports obtained by Buyer, which obligation shall survive the termination of this Agreement.~~

C. 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.

~~D. 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.~~

13. TITLE AND VESTING:

A. Within the time specified in paragraph 14, Buyer shall be provided a current preliminary title report ("Preliminary Report"). The Preliminary Report 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. The company providing the Preliminary Report shall, prior to issuing a Preliminary Report, conduct a search of the General Index for all Sellers except banks or other institutional lenders selling properties they acquired through foreclosure (REOs), corporations, and government entities. Seller shall within 7 Days After Acceptance, give Escrow Holder a completed Statement of Information.

~~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 for: (i) monetary liens of record (which Seller is obligated to pay off) 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. *see Addendum*~~

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.

Buyer's Initials ( JGM ) ( )

Seller's Initials ( *W* ) ( )



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Dennis Rice

EXHIBIT 2

*Topic in vesting deed and all except on document*

an ALTA 2006 extended owner's policy of title insurance in the full amount of the purchase price

Property Address: 10946 Oleander Avenue, Fontana, CA Date: 5/26/2016

E. Buyer shall receive a ~~CLTA/ALTA "Homeowner's Policy of Title Insurance"~~, if applicable to the type of property and buyer. If not, Escrow Holder shall notify Buyer. A title company can provide information about the availability, coverage, and cost of other title policies and endorsements. If the Homeowner's Policy is not available, Buyer shall choose another policy, instruct Escrow Holder in writing and shall pay any increase in cost.

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 by either Buyer or Seller must be exercised in good faith and in writing (C.A.R. Form CR or CC).

A. SELLER HAS: ~~5~~ 5 Days After Acceptance to Deliver to Buyer all Reports, disclosures and information for which Seller is responsible under paragraphs 5, 6, 7, 8B(5), 10A, B, C, and F, 11A and 13A. If, by the time specified, Seller has not Delivered any such item, Buyer after first Delivering to Seller a Notice to Seller to Perform (C.A.R. Form NSP) may cancel this Agreement.

B. (1) BUYER HAS: ~~17~~ 17 Days After Acceptance, unless otherwise agreed in writing, to: (i) complete all Buyer Investigations; review all disclosures, reports, lease documents to be assumed by Buyer pursuant to paragraph 8B(5), and other applicable information, which Buyer receives from Seller; and approve all matters affecting the Property; and (ii) Deliver to Seller Signed Copies of Statutory and Lead Disclosures and other disclosures Delivered by Seller in accordance with paragraph 10A.

(2) Within the time specified in paragraph 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 (C.A.R. Form RRRR) Buyer's requests.

(3) By the end of the time specified in paragraph 14B(1) (or as otherwise specified in this Agreement), Buyer shall Deliver to Seller a removal of the applicable contingency or cancellation (C.A.R. Form CR or CC) of this Agreement. However, if any report, disclosure or information for which Seller is responsible is not Delivered within the time specified in paragraph 14A, then Buyer has 5 (or \_\_\_) Days After Delivery of any such items, or the time specified in paragraph 14B(1), whichever is later, to Deliver to Seller a removal of the applicable contingency or cancellation of this Agreement.

(4) Continuation of Contingency: Even after the end of the time specified in paragraph 14B(1) and before Seller cancels, if at all, pursuant to paragraph 14D, Buyer retains the right, in writing, to either (i) remove remaining contingencies, or (ii) cancel this Agreement based on a remaining contingency. Once Buyer's written removal of all contingencies is Delivered to Seller, Seller may not cancel this Agreement pursuant to paragraph 14D(1).

(5) Access to Property: Buyer shall have access to the Property to conduct inspections and investigations for ~~17~~ 17 Days After Acceptance, whether or not any part of the Buyer's Investigation Contingency has been waived or removed.

~~C. REMOVAL OF CONTINGENCIES WITH OFFER: Buyer removes the contingencies specified in the attached Contingency Removal form (C.A.R. Form CR). If Buyer removes any contingency without an adequate understanding of the Property's condition or Buyer's ability to purchase, Buyer is acting against the advice of Broker.~~

D. SELLER RIGHT TO CANCEL:

(1) Seller right to Cancel; Buyer Contingencies: If, by the time specified in this Agreement, Buyer does not Deliver to Seller a removal of the applicable contingency or cancellation of this Agreement, then Seller, after first Delivering to Buyer a Notice to Buyer to Perform (C.A.R. Form NBP), may cancel this Agreement. In such event, Seller shall authorize the return of Buyer's deposit, except for fees incurred by Buyer.

(2) Seller right to Cancel; Buyer Contract Obligations: Seller, after first delivering to Buyer a NBP, may cancel this Agreement if, by the time specified in this Agreement, Buyer does not take the following action(s): (i) Deposit funds as required by paragraph 3A, or 3B or if the funds deposited pursuant to paragraph 3A or 3B are not good when deposited; (ii) Deliver a notice of FHA or VA costs or terms as required by paragraph 3D(3) (C.A.R. Form FVA); (iii) Deliver a letter as required by paragraph 3J(1); (iv) Deliver verification, or a satisfactory verification if Seller reasonably disapproves of the verification already provided, as required by paragraph 3C or 3H; (v) In writing assume or accept leases or liens specified in 8B5; (vi) Return Statutory and Lead Disclosures as required by paragraph 10A(5); or (vii) Sign or initial a separate liquidated damages form for an increased deposit as required by paragraphs 3B and 21B; or (viii) Provide evidence of authority to sign in a representative capacity as specified in paragraph 19. In such event, Seller shall authorize the return of Buyer's deposit, except for fees incurred by Buyer.

E. NOTICE TO BUYER OR SELLER TO PERFORM: The NBP or NSP shall: (i) be in writing; (ii) be signed by the applicable Buyer or Seller; and (iii) give the other Party at least 2 (or \_\_\_) Days After Delivery (or until the time specified in the applicable paragraph, whichever occurs last) to take the applicable action. A NBP or NSP may not be Delivered any earlier than 2 Days Prior to the expiration of the applicable time for the other Party to remove a contingency or cancel this Agreement or meet an obligation specified in paragraph 14.

F. EFFECT OF BUYER'S REMOVAL OF CONTINGENCIES: If Buyer removes, in writing, any contingency or cancellation rights, unless otherwise specified in writing, 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 the inability to obtain financing.

~~G. CLOSE OF ESCROW: Before Buyer or Seller may cancel this Agreement for failure of the other Party to close escrow pursuant to this Agreement, Buyer or Seller must first Deliver to the other Party a demand to close escrow (C.A.R. Form DCE). The DCE shall: (i) be signed by the applicable Buyer or Seller; and (ii) give the other Party at least 3 (or \_\_\_) Days After Delivery to close escrow. A DCE may not be Delivered any earlier than 3 Days Prior to the scheduled close of escrow.~~

H. 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, the Parties agree to Sign mutual instructions to cancel the sale and escrow and release deposits, if any, 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. Except as specified below, release of funds will require mutual Signed release instructions from the Parties, judicial decision or arbitration award. If either Party fails to execute mutual instructions to cancel escrow, one Party may make a written demand to Escrow Holder for the deposit. (C.A.R. Form BDRD or SDRD). Escrow Holder, upon receipt, shall promptly deliver notice of the demand to the other Party. If, within 10 Days After Escrow Holder's notice, the other Party does not object to the demand, Escrow Holder shall disburse the deposit to the Party making the demand. If Escrow Holder complies with the preceding process, each Party shall be deemed to have released Escrow Holder from any and all claims or liability related to the disbursement of the deposit. Escrow Holder, at its discretion, may nonetheless require mutual cancellation instructions. A Party may be subject to a civil penalty of up to \$1,000 for refusal to sign cancellation instructions if no good faith dispute exists as to who is entitled to the deposited funds (Civil Code §4067.3).

until september 1, 2016

from acceptance through closing

and

Buyer's Initials ( JGM ) ( )  
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Seller's Initials ( ) ( )



CALIFORNIA RESIDENTIAL PURCHASE AGREEMENT (RPA-CA PAGE 6 OF 10)

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Dennis Rice

EXHIBIT 2



Property Address: 10946 Oleander Avenue, Fontana, CA

Date: 5/26/2016

- C. Brokers are a party to the escrow for the sole purpose of compensation pursuant to paragraph 18A and paragraph D of the section titled Real Estate Brokers on page 10. Buyer and Seller irrevocably assign to Brokers compensation specified in paragraph 18A, 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. Buyer and Seller shall release and hold harmless Escrow Holder from any liability resulting from Escrow Holder's payment to Broker(s) of compensation pursuant to this Agreement.
- D. Upon receipt, Escrow Holder shall provide Seller and Seller's Broker verification of Buyer's deposit of funds pursuant to paragraph 3A and 3B. Once Escrow Holder becomes aware of any of the following, Escrow Holder shall immediately notify all Brokers: (i) If Buyer's initial or any additional deposit or down payment 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.
- E. 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 3 Days after mutual execution of the amendment.

21. REMEDIES FOR BUYER'S BREACH OF CONTRACT:

- A. Any clause added by the Parties specifying a remedy (such as release or forfeiture of deposit or making a deposit non-refundable) for failure of Buyer to complete the purchase in violation of this Agreement shall be deemed invalid unless the clause independently satisfies the statutory liquidated damages requirements set forth in the Civil Code.
- B. 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. Except as provided in paragraph 14H, release of funds will require mutual, signed release instructions from both Buyer and Seller, judicial decision or arbitration award. AT THE TIME OF ANY INCREASED DEPOSIT BUYER AND SELLER SHALL SIGN A SEPARATE LIQUIDATED DAMAGES PROVISION INCORPORATING THE INCREASED DEPOSIT AS LIQUIDATED DAMAGES (C.A.R. FORM RID). Upon payment of~~

Buyer's Initials \_\_\_\_\_ / \_\_\_\_\_ \$5,000.

Seller's Initials \_\_\_\_\_ / \_\_\_\_\_

22. DISPUTE RESOLUTION:

A. ~~MEDIATION: The Parties 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 through the C.A.R. Real Estate Mediation Center for Consumers (www.consumermediation.org) or through any other mediation provider or service mutually agreed to by the Parties. The Parties also agree to mediate any disputes or claims with Broker(s), who, in writing, agree to such mediation prior to, or within a reasonable time after, the dispute or claim is presented to the Broker. 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 (i) commences an action without first attempting to resolve the matter through mediation, or (ii) before commencement of an action, 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. Exclusions from this mediation agreement are specified in paragraph 22C.~~

B. ARBITRATION OF DISPUTES:

The Parties 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. The Parties also agree to arbitrate any disputes or claims with Broker(s), who, in writing, agree to such arbitration prior to, or within a reasonable time after, the dispute or claim is presented to the Broker. 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. The Parties shall have the right to discovery in accordance with Code of Civil Procedure §1283.05. In all other respects, the arbitration shall be conducted in accordance with Title 9 of Part 3 of the Code of Civil Procedure. Judgment upon the award of the arbitrator(s) may be entered into any court having jurisdiction. Enforcement of this agreement to arbitrate shall be governed by the Federal Arbitration Act. Exclusions from this arbitration agreement are specified in paragraph 22C.

"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 \_\_\_\_\_ / \_\_\_\_\_

C. ADDITIONAL MEDIATION AND ARBITRATION TERMS:

- (1) EXCLUSIONS: 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 Civil Code §2985; (ii) an unlawful detainer action; and (iii) any matter that is within the jurisdiction of a probate, small claims or bankruptcy court.

Buyer's Initials ( JGM ) ( \_\_\_\_\_ )

Seller's Initials ( M ) ( \_\_\_\_\_ )

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CALIFORNIA RESIDENTIAL PURCHASE AGREEMENT (RPA-CA PAGE 8 OF 10)

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Dennis Rice

EXHIBIT 2

seller, and any escrow cancellation fees and title company charges shall be paid by seller.

Property Address: 10946 Oleander Avenue, Fontana, CA

Date: 5/26/2016

~~(2) PRESERVATION OF ACTIONS: The following shall not constitute a waiver nor violation of the mediation and arbitration provisions: (i) the filing of a court action to preserve a statute of limitations; (ii) 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; or (iii) the filing of a mechanic's lien.~~

~~(3) BROKERS: Brokers shall not be obligated nor compelled to mediate or arbitrate unless they agree to do so in writing. Any Broker(s) participating in mediation or arbitration shall not be deemed a party to this Agreement.~~

23. SELECTION OF SERVICE PROVIDERS: Brokers do not guarantee the performance of any vendors, service or product providers ("Providers"), whether referred by Broker or selected by Buyer, Seller or other person. Buyer and Seller may select ANY Providers of their own choosing.

24. MULTIPLE LISTING SERVICE ("MLS"): Brokers are authorized to report to the MLS a pending sale and, upon Close Of Escrow, the sales price and other terms of this transaction shall be provided to the MLS to be published and disseminated to persons and entities authorized to use the information on terms approved by the MLS.

25. 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 22A.

26. ASSIGNMENT: ~~Buyer shall not assign all or any part of Buyer's interest in this Agreement without first having obtained the separate written consent of Seller to a specified assignee. Such consent shall not be unreasonably withheld. Any total or partial assignment shall not relieve Buyer of Buyer's obligations pursuant to this Agreement unless otherwise agreed in writing by Seller. (C.A.R. Form ACAA).~~

27. EQUAL HOUSING OPPORTUNITY: The Property is sold in compliance with federal, state and local anti-discrimination Laws.

28. TERMS AND CONDITIONS OF OFFER:

This is an offer to purchase the Property on the above terms and conditions. The liquidated damages paragraph or the arbitration of disputes paragraph is incorporated in this Agreement if initialed by all Parties or if incorporated by mutual agreement in a counter offer or addendum. 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. The Parties have read and acknowledge receipt of a Copy of the offer and agree to the 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.

29. 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. Except as otherwise specified, this Agreement shall be interpreted and disputes shall be resolved in accordance with the Laws of the State of California. Neither this Agreement nor any provision in it may be extended, amended, modified, altered or changed, except in writing Signed by Buyer and Seller.

30. 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 this document and any counter offers and any incorporated addenda, collectively forming the binding agreement between the Parties. Addenda are incorporated only when Signed by all Parties.
- C. "C.A.R. Form" means the most current version of the specific form referenced or another comparable form agreed to by the parties.
- D. "Close Of Escrow", including "COE", means the date the grant deed, or other evidence of transfer of title, is recorded.
- E. "Copy" means copy by any means including photocopy, NCR, facsimile and electronic.
- F. "Days" means calendar days. However, after Acceptance, the last Day for performance of any act required by this Agreement (including Close Of Escrow) shall not include any Saturday, Sunday, or legal holiday and shall instead be the next Day.
- 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 11:59 PM 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. "Deliver", "Delivered" or "Delivery", unless otherwise specified in writing, means and shall be effective upon: personal receipt by Buyer or Seller or the individual Real Estate Licensee for that principal as specified in the section titled Real Estate Brokers on page 10, regardless of the method used (i.e., messenger, mail, email, fax, other).
- J. "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 Party.
- K. "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.
- 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.

31. EXPIRATION OF OFFER: This offer shall be deemed revoked and the deposit, if any, shall be returned to Buyer unless the offer is Signed by Seller and a Copy of the Signed offer is personally received by Buyer, or by Courtney Kanzinger, Peltin & Associates LLC who is authorized to receive it, by 5:00 PM on the third Day after this offer is signed by Buyer (or by  AM  PM, on \_\_\_\_\_ (date)).

One or more Buyers is signing this Agreement in a representative capacity and not for him/herself as an individual. ~~See attached Representative Capacity Signature Disclosure (C.A.R. Form RCSD-B) for additional terms.~~

Date 5/26/2016 BUYER Ridge Development Company, L.L.C. *James G. Martell*

(Print name) Ridge Development Company, L.L.C., by James G. Martell, President  
Date BUYER  
(Print name)

Additional Signature Addendum attached (C.A.R. Form ASA).

Seller's Initials ( *W* ) ( \_\_\_\_\_ )



This offer is not a contract until the parties sign it. This is not a contract until the parties sign it.

Property Address: 10946 Oleander Avenue, Fontana, CA Date: 5/26/2016

32. 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, and agrees to sell the Property on the above terms and conditions. Seller has read and acknowledges receipt of a Copy of this Agreement, and authorizes Broker to Deliver a Signed Copy to Buyer.

(If checked) SELLER'S ACCEPTANCE IS SUBJECT TO ATTACHED COUNTER OFFER (C.A.R. Form SCO or SMCO) DATED: \_\_\_\_\_

One or more Sellers is signing this Agreement in a representative capacity and not for him/herself as an individual. See attached Representative Capacity Signature Disclosure (C.A.R. Form RCSD-S) for additional terms.

X Date 6/16/16 SELLER X [Signature]  
(Print name) \_\_\_\_\_

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

Additional Signature Addendum attached (C.A.R. Form ASA).

(\_\_\_\_/\_\_\_\_/\_\_\_\_) (Do not initial if making a counter offer.) 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 2.  
 C. If specified in paragraph 3A(2), 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, 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. If Listing Broker and Cooperating Broker are not both Participants of the MLS, or a reciprocal MLS, in which the Property is offered for sale, then compensation must be specified in a separate written agreement (C.A.R. Form CBC), Declaration of License and Tax (C.A.R. Form DLT) may be used to document that tax reporting will be required or that an exemption exists.

Real Estate Broker (Selling Firm) LEC & ASSOCIATES CalBRE Lic. # \_\_\_\_\_ Date \_\_\_\_\_  
 By ELOY COVARUBIAS CalBRE Lic. # 01462376 Date \_\_\_\_\_  
 By CHAS MORTCI CalBRE Lic. # 01410474 Date \_\_\_\_\_  
 Address 3535 Inland Empire Blvd. City Ontario State CA Zip 91764  
 Telephone \_\_\_\_\_ Fax \_\_\_\_\_ E-mail \_\_\_\_\_

Real Estate Broker (Listing Firm) SAME CalBRE Lic. # \_\_\_\_\_ Date \_\_\_\_\_  
 By \_\_\_\_\_ CalBRE Lic. # \_\_\_\_\_ Date \_\_\_\_\_  
 By \_\_\_\_\_ CalBRE Lic. # \_\_\_\_\_ Date \_\_\_\_\_  
 Address \_\_\_\_\_ City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_  
 Telephone \_\_\_\_\_ Fax \_\_\_\_\_ E-mail \_\_\_\_\_

**ESCROW HOLDER ACKNOWLEDGMENT:**  
 Escrow Holder acknowledges receipt of a Copy of this Agreement, (if checked,  a deposit in the amount of \$ \_\_\_\_\_), counter offer numbers \_\_\_\_\_  Seller's Statement of Information and \_\_\_\_\_, and agrees to act as Escrow Holder subject to paragraph 20 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 Fidelity National Title Company Escrow # \_\_\_\_\_  
 By \_\_\_\_\_ Date \_\_\_\_\_  
 Address 4237 E. BROAD RD, STE. 105, ONTARIO, CA 91761  
 Phone/Fax/E-mail 409-510-0225  
 Escrow Holder has the following license number # \_\_\_\_\_  
 Department of Business Oversight,  Department of Insurance,  Bureau of Real Estate.

PRESENTATION OF OFFER: (\_\_\_\_\_) Listing Broker presented this offer to Seller on \_\_\_\_\_ (date).  
 Broker or Designee Initials \_\_\_\_\_

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

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 RPA-CA REVISED 12/15 (PAGE 10 of 10) Reviewed by \_\_\_\_\_ Broker or Designee

**ADDENDUM TO CALIFORNIA RESIDENTIAL PURCHASE AGREEMENT  
AND JOINT ESCROW INSTRUCTIONS (THE "ORIGINAL CONTRACT")**

If there is a conflict between the terms of this Addendum and those of the Original Contract, the terms of this Addendum shall control in all events. The Original Contract and the Addendum are together referred to herein as the "**Agreement**".

**1. Seller's Background Materials.** In addition to the items required to be delivered by Seller pursuant to Section 14(A) of the Original Contract, Seller shall, within ten (10) days of Acceptance, provide Buyer with copies of the following: (a) any bills and other notices that pertain to any real estate taxes or personal property taxes applicable to the Property for the current year and, if available, the three (3) years immediately preceding the Acceptance; (b) any leases, commission, management, maintenance or landscaping agreements affecting the Property and any other agreements relating to or affecting the Property (provided that any such existing leases shall be terminated at or prior to Closing, without cost to Buyer); (c) all third party reports, including geotechnical reports, regarding soil conditions, ground water, wetlands, underground storage tanks, subsurface conditions and/or other environmental or physical conditions relating to the Property, to the extent in Seller's possession or control; (d) Seller's most recent owner's title policy issued in connection with the Property and the most recent survey of the Property; (e) zoning reports, and submissions and correspondence with zoning authorities regarding zoning matters; (f) to the extent in Seller's possession or control, any subdivision plans or plats, variances, parcel maps or development agreements relating to the Property, and any licenses, permits, certificates, authorizations, and approvals issued by any governmental authority in connection with the construction, ownership, use and/or occupancy of the Property; and (g) all other documents and materials relating to the Property in Seller's possession or control (collectively, the "**Other Documents**"). Buyer has until the Approval Date to satisfy itself with regard to such Other Documents. Seller represents and warrants that the Other Documents, and all of the documents delivered pursuant to the Original Contract, are true and complete copies of same. If Seller fails to deliver to Buyer the Other Documents (or written confirmation that no such Other Documents exist) within the ten (10) day time period set forth above, then the Approval Date shall be extended one (1) day for each day that Seller delays in providing such documents to Buyer.

**2. Correction Notices.** From the Acceptance through the Closing, Seller agrees as follows: (a) Seller will manage and maintain the Property in substantially the same manner as it operated the Property prior to the Acceptance; (b) Seller will keep in full force and effect all existing insurance policies which are presently in effect for the Property; (c) Seller shall give Buyer prior notice of the institution of any litigation, arbitration or administrative proceeding of which it becomes aware prior to the date of Closing involving Seller or the Property; and (d) as soon as reasonably practicable after Seller obtains actual knowledge, but in any event within five (5) days thereafter, Seller shall notify Buyer in writing (a "**Correction Notice**") of any material inaccuracy of any of Seller's representations and warranties. If Buyer receives any Correction Notice after the Approval Date, Buyer shall allow Seller a period of ten (10) days to cure the inaccuracy that caused such Correction Notice, and if such cure is not effected within such cure period, Buyer shall have a period of five (5) days after the expiration of such cure period during which, in Buyer's sole discretion, Buyer may terminate this Agreement by written notice to Seller, whereupon the Deposit and accrued interest thereon shall promptly be returned to Buyer.

**3. Operation in the Ordinary Course.** Seller must first obtain the prior written consent of Buyer in each instance (which consent may be given or withheld in Buyer's sole discretion) to take any of the following actions during the period between the Acceptance and Closing: (a) modifying the Property or removing any portion of the Property, including, without limitation, removing any part of the improvements or any soil from the Property; (b) entering into any leases or occupancy agreements for the Property; (c) entering into any service contract or entering into any employment, maintenance, service,

supply or other agreement relating to the Property; and (d) granting or otherwise creating or consenting to the creation of any easement, restriction, lien, assessment or encumbrance respecting the Property.

**4. Buyer Contingencies.** The following is hereby added to the end of Section 12 of the Original Contract:

"Notwithstanding anything to the contrary contained in this Agreement, if by September 1, 2016 at 5:00 p.m. (Los Angeles time) (the "**Approval Date**") Buyer has not delivered to Seller a written notice to proceed with the purchase of the Property in accordance with this Agreement (an "**Approval Notice**"), which Buyer may elect to deliver in Buyer's sole and absolute discretion, then this Agreement shall be deemed to have been automatically terminated, Buyer shall be entitled to a return of the Deposit, and neither Buyer nor Seller shall have any further rights or obligations under this Agreement."

**5. Earnest Money; Independent Consideration.** Within five (5) business days after the execution and delivery of the Agreement by both Seller and Buyer, Buyer shall pay to Seller the sum of \$100.00 as independent consideration for the Agreement and the rights and obligations of the parties hereunder (the "**Independent Consideration**"). The Independent Consideration shall be nonrefundable to Buyer in all events and under all circumstances, except in the event that the Seller defaults under the Agreement, in which event, Seller shall be obligated to return the Independent Consideration to Buyer. In addition to the Independent Consideration, on or prior to the Approval Date, Buyer shall deposit the sum of \$5,000.00 as its earnest money deposit (the "**Earnest Money**") in an escrow with the Escrow Holder, which shall remain in escrow until Closing and shall be applicable against the Purchase Price. The Earnest Money, together with all interest earned thereon, is hereinafter referred to as the "**Deposit**". The Deposit shall be held by Escrow Holder pursuant to the terms of this Agreement. The Deposit shall be nonrefundable to Buyer other than in the event of (a) a default by Seller under this Agreement or (b) the failure or non-satisfaction of any of Buyer's Contingencies or any other conditions for Buyer's benefit, in either of which events upon written demand from Buyer the Deposit shall be promptly returned to Buyer, without waiver of any other rights Buyer may have at law, in equity or under this Agreement, and the escrow created pursuant hereto shall be deemed terminated.

**6. Contiguous Condition.** It is a condition precedent to Buyer's obligation to purchase the Property (the "**Contiguous Condition**") that Buyer shall have entered into binding contracts, and be able to simultaneously close upon, the purchase of all properties listed and depicted on **Exhibit A** attached hereto and made a part hereof (the "**Assemblage**"). If Buyer determines at any time, in its sole discretion, for any reason or on reason, that it will not be able to purchase the entirety of the Assemblage simultaneously, Buyer may terminate this Agreement by (i) providing written notice thereof, (ii) failing to provide authorization to the Escrow Holder to close the purchase of the Property on or prior to 5:00 p.m. (Los Angeles time) on the Closing Date, or (iii) in the event that the Approval Date has not yet occurred, by failing to provide an Approval Notice as provided in the Agreement. Upon such termination, the Deposit shall be returned to Buyer without further authorization or approval of Seller, and neither party shall have any further rights, liabilities or obligations with respect to the purchase and sale of the Property. Notwithstanding the foregoing, Buyer shall have the option, in its sole discretion, to postpone the Closing by up to three (3) business days by providing written notice thereof on or prior to 5:00 p.m. (Los Angeles time) on the Closing Date. The Parties acknowledge and agree that the simultaneous purchase of the Assemblage will require the cooperation of several sellers, including the Seller. Promptly after Buyer's delivery of an Approval Notice, Seller shall use its best efforts to (a) deliver Seller's closing documents to Escrow Holder, (b) provide Escrow Holder with final authorization to complete the Closing, and (c) undertake any other reasonable requests by Buyer or Escrow Holder to complete the Closing.

**7. Seller Representations and Warranties.** Seller hereby represents and warrants to Buyer as follows:

(a) There are no contracts of any kind relating to the management, leasing, operation, maintenance or repair of the Property, except those delivered by Seller to Buyer as part of the Other Documents, all of which shall be terminated prior to the Closing and without cost to Buyer.

(b) There are no pending or, to Seller's knowledge, threatened condemnation or other governmental taking proceedings affecting all or any part of the Property.

(c) Seller has not received any written notice of any, and, to Seller's knowledge, there are no, pending or threatened: (i) claims, complaints, notices, correspondence or requests for information received by Seller with respect to any violation or alleged violation of any law, regulation, ordinance or statutes governing Hazardous Substances ("**Environmental Law**") or with respect to any corrective or remedial action for or cleanup of the Property or any portion thereof, and (ii) written correspondence, claims, complaints, notices, or requests for information from or to Seller regarding any actual potential or alleged liability or obligation under or violation of any Environmental Law or with respect to the Property or any portion thereof. For purposes of this Agreement, "**Hazardous Substances**" means any substance whose nature and/or quantity of existence, use, manufacture, disposal or effect, render it subject to Federal, state or local regulation, investigation, remediation or removal as potentially injurious to public health or welfare.

(d) Seller is the owner of the Property and/or has the full right, power and authority to sell, convey and transfer the Property to Buyer as provided herein, and to perform Seller's obligations hereunder.

(e) Seller shall maintain the Property until Closing in its present condition, ordinary wear and tear excepted.

(f) Seller has no knowledge, except as otherwise disclosed to Buyer in writing, of the existence or prior existence on the Property of any Hazardous Substance, nor the existence or prior existence of any above or below ground storage tank.

(g) Seller has no knowledge of any aspect or condition of the Property which violates applicable laws, rules, regulations, codes or covenants, conditions or restrictions, or of improvements or alterations made to the Property without a permit where one was required, or of any unfulfilled order or directive of any applicable governmental agency or casualty insurance company requiring any investigation, remediation, repair, maintenance or improvement be performed on the Property.

(h) Prior to Closing, Seller will not create any new leases or other agreements affecting the Property, without Buyer's written approval, which approval may be given or withheld, in Buyer's sole discretion.

(i) Seller has no knowledge that anyone will, at the Closing, have any right to possession of the Property.

(j) There are no unsatisfied mechanics' or materialmen's lien rights concerning the Property.

(k) Seller has no knowledge of any actions, suits or proceedings pending or threatened before any commission, board, bureau, agency, arbitrator, court or tribunal that would affect the Property or the right to occupy or utilize same.

Seller's representations and warranties are true, material and relied upon by Buyer in all respects. The representations and warranties made in this Agreement by Seller shall be continuing and shall be deemed remade by Seller as of the date of Closing with the same force and effect as if remade at that time. All representations and warranties made in this Agreement shall survive the Closing for a period of three (3) years and shall not merge into any instrument of conveyance delivered at the Closing.

**8. Brokers.** Buyer and Seller each represent and warrant to the other that he/she/it has had no dealings with any person, firm, broker or finder in connection with the negotiation of this Agreement and/or the consummation of the purchase and sale contemplated herein, other than the Brokers named herein, and no broker or other person, firm or entity, other than said Brokers is/are entitled to any commission or finder's fee in connection with this transaction as the result of any dealings or acts of such Party. Buyer and Seller do each hereby agree to indemnify, defend, protect and hold the other harmless from and against any costs, expenses or liability for compensation, commission or charges which may be claimed by any broker, finder or other similar party, other than said named Brokers by reason of any dealings or acts of the indemnifying party. The foregoing indemnity shall survive a termination of this Agreement or the Closing, as applicable.

**9. Survey.** Prior to the Approval Date, Buyer may obtain at its sole cost and expense an ALTA/NSPS Land Title Survey prepared by a licensed California surveyor and in accordance with the 2016 Minimum Standard Detail Requirements for Land Title Surveys, containing such Table A items as Buyer may direct (the "**Survey**").

**10. Escrow and Closing.**

**(a)** Upon acceptance hereof by Seller, this Agreement, including any counteroffers incorporated herein by the Parties, shall constitute not only the agreement of purchase and sale between Buyer and Seller, but also instructions to Escrow Holder for the consummation of the Agreement through the Escrow. Escrow Holder shall not prepare any further escrow instructions relating or amending the Agreement unless specifically so instructed by the Parties. Subject to the reasonable approval of the Parties, Escrow Holder may, however, include its standard general escrow provisions.

**(b)** Escrow Holder is hereby authorized and instructed to conduct the Escrow in accordance with this Agreement, applicable law and custom and practice of the community in which Escrow Holder is located, including any reporting requirements of the Internal Revenue Code.

**(c)** Subject to satisfaction of the contingencies herein described, Escrow Holder shall close this escrow (the "**Closing**") by recording a grant deed and the other documents required to be recorded, and by disbursing the funds and documents in accordance with this Agreement.

**(d)** If this transaction is terminated for non-satisfaction and non-waiver of any of Buyer's contingencies to Closing, then neither of the Parties shall thereafter have any liability to the other Party under this Agreement, except to the extent of a breach of any affirmative covenant or warranty in this Agreement. In the event of such termination, Buyer shall promptly be refunded all funds deposited by Buyer with Escrow Holder, less only the \$100 Independent Consideration, and the Title Company and Escrow Holder cancellation fees and costs, all of which shall be Buyer's obligation. If this transaction is terminated as a result of Seller's breach of this Agreement then Seller shall pay the Title Company and Escrow Holder cancellation fees and costs.

**(e)** Except as otherwise provided herein, the termination of Escrow shall not relieve or release either Party from any obligation to pay Escrow Holder's fees and costs or constitute a waiver,

release or discharge of any breach or default that has occurred in the performance of the obligations, agreements, covenants or warranties contained therein.

11. At any time prior to the Closing, Buyer and its agents and representatives shall have the right at reasonable times and subject to rights of tenants, to enter upon the Property for the purpose of making inspections and tests specified in this Agreement, including the unrestricted right to conduct a Phase II environmental report. No destructive testing shall be conducted, however, without Seller's prior approval which shall not be unreasonably withheld. Following any such entry or work, unless otherwise directed in writing by Seller, Buyer shall return the Property to the condition it was in prior to such entry or work, including the recompaction or removal of any disrupted soil or material as Seller may reasonably direct. All such inspections and tests and any other work conducted or materials furnished with respect to the Property by or for Buyer shall be paid for by Buyer as and when due and Buyer shall indemnify, defend, protect and hold harmless Seller and the Property of and from any and all claims, liabilities, losses, expenses (including reasonable attorneys' fees), damages, including those for injury to person or property, arising out of or relating to any such work or materials or the acts or omissions of Buyer, its agents or employees in connection therewith.

12. **Additional Conditions Precedent to Closing.** In addition to the other contingencies enumerated elsewhere in this Agreement, the following shall be additional contingencies to Buyer's obligation to close hereunder:

(a) **Physical Condition.** The physical condition of the Property shall be substantially the same on the Closing Date as on the date of Acceptance, reasonable wear and tear excepted.

(b) **Pending Actions.** At Closing, there shall be no administrative agency, litigation or governmental proceeding of any kind whatsoever, pending or threatened that, after Closing, would, in Buyer's sole discretion, materially and adversely affect the value or marketability of the Property, or the ability of Buyer to develop the Property in the manner contemplated by Buyer.

13. **Closing Expenses; Prorations.** Buyer will pay that portion of the premium for the title policy that is allocable to the "extended coverage" thereunder, the cost of any endorsements requested by Buyer, the cost of the Survey, one-half of the costs of any escrows hereunder and one-half the cost of recording the deed. Seller shall pay all documentary, county and municipal transfer taxes, the premium for the title policy allocable to the CLTA "standard coverage" thereunder, the cost of any curative endorsements approved by Buyer, any pre-payment penalties associated with the payment of any indebtedness encumbering the Property, any expenses relating to the assignment of the existing warranties to Buyer, one-half the cost of recording the deed and one-half of the cost of any escrows hereunder. Any and all other costs shall be allocated in accordance with local custom. Notwithstanding the foregoing, Seller's closing costs shall not exceed \$5,000.00. Applicable real property taxes and special assessment bonds shall be prorated through Escrow as of the date of the Closing, based upon the latest tax bill available. The Parties agree to prorate as of the Closing any taxes assessed against the Property by supplemental bill levied by reason of events occurring prior to the Closing. Payment of the prorated amount shall be made promptly in cash upon receipt of a copy of any supplemental bill.

14. **Title Matters.** On or prior to Closing, Seller shall be obligated to cure or remove the following items (the "**Liquidated Defects**"), whether described in the Title Commitment, or first arising or first disclosed by the Title Company (or otherwise) to Buyer after the date of the Title Commitment: (a) liens securing a mortgage, deed of trust or trust deed evidencing an indebtedness of Seller; (b) tax liens, (c) mechanic's liens; (d) judgment liens; and (e) any and all other monetary liens affecting the Property (excluding only such liens caused solely by Buyer). On or prior to the date that is twenty (20) days prior to the Approval Date, Buyer may deliver notice (a "**Title Objection Notice**") to Seller specifying any lien,

claim, encumbrance, restriction, covenant, condition, exception to title or other matter disclosed by the Title Commitment or the Survey, that is not a Liquidated Defect ("**Other Defects**"). Seller shall be obligated to advise Buyer in writing ("**Seller's Cure Notice**") within five (5) business days after Buyer delivers any Title Objection Notice, which (if any) of the Other Defects specified in the Title Objection Notice Seller is willing to cure (the "**Seller Cure Items**"). If Seller delivers a Seller's Cure Notice, and identifies any Seller's Cure Items, Seller shall be unconditionally obligated to cure or remove (or bond over or cause the Title Company to insure over, in a form and substance reasonably acceptable to Buyer), the Seller's Cure Items prior to the Closing. In the event that Seller fails to timely deliver a Seller's Cure Notice, or in the event that Seller's Cure Notice (specifying Seller's Cure Items) does not include each and every Other Defect specified in the Title Objection Notice or in the event Seller fails to cure a Liquidated Defect, then Buyer may either (A) elect to terminate this Agreement by written notice to Seller, in which event the Deposit shall be immediately returned to Buyer and neither party shall have any further liability under this Agreement except as otherwise expressly provided hereunder, or (B) as to Other Defects, proceed to close, accepting title to the Property subject to those Other Defects not included in Seller's Cure Notice, or (C) as to Liquidated Defects, proceed to Closing and deduct from the Purchase Price the amount necessary to cure and remove any Liquidated Defects. As a condition to Buyer's benefit for Buyer's obligation to consummate the Closing, prior to Closing, Seller shall have caused the title department of Escrow Holder to be irrevocably committed to Buyer in writing to issue an ALTA 2006 extended coverage owner's policy of title insurance, in form and content acceptable to Buyer in its sole and absolute discretion, insuring Buyer's title to the Property in an amount equal to the Purchase Price. In connection therewith, upon request by Escrow Holder, Seller shall execute and deliver to Escrow Holder an affidavit(s) as to construction, debts, liens and parties in possession in the form customarily used by Escrow Holder, certified to Buyer and Escrow Holder, identifying no construction, debts, liens or parties in possession that may affect the Property after Closing.

**15. Post-Closing Occupancy.** Seller shall retain possession of the Property for six (6) months immediately after the Closing, rent-free. Prior to Closing, Buyer and Seller shall agree to a mutually acceptable Lease Agreement for said six (6) month period.

**16. Notices.**

(a) Whenever any Party shall desire to give or serve any notice, demand, request, approval, disapproval or other communication, each such communication shall be in writing and shall be delivered personally, by messenger or by mail, postage prepaid, to the address set forth in this Agreement or by facsimile transmission or by email, in each case addressed as follows:

If to Buyer: Ridge Development Company, L.L.C.  
200 West Madison Street, Suite 1200  
Chicago, IL 60606  
Attn: James G. Martell  
Telephone: 312-257-2870  
Fax: 312-257-2871  
Email: jim.martell@ridgedevelopment.net

with copy to: Ridge Development Company, L.L.C.  
2211 Michelson Drive, Suite 650  
Irvine, CA 92612  
Attn: Dennis S. Rice  
Phone: 949-751-5721  
Fax: 949-751-7501  
Email: dennis.rice@ridgedevelopment.net

and copy to: Peltin & Associates LLC  
200 West Madison Street, Suite 1200  
Chicago, IL 60606  
Attn: William J. Peltin  
Telephone: 3120257-2879  
Fax: 312-257-2871  
Email: bill.peltin@ridgedevelopment.net

If to Seller: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

(b) Service of any such communication shall be deemed made on the date of actual receipt if personally delivered. Any such communication sent by regular mail shall be deemed given 48 hours after the same is mailed. Communications sent by United States Express Mail or overnight courier that guarantee next day delivery shall be deemed delivered 24 hours after delivery of the same to the Postal Service or courier. Communications transmitted by facsimile transmission or by email shall be deemed delivered upon transmission. If such communication is received on a Saturday, Sunday or legal holiday, it shall be deemed received on the next business day. Notwithstanding anything herein to the contrary, notices delivered by Buyer to Escrow Holder shall be deemed as effective notice to Seller for all purposes.

(c) Any Party hereto may from time to time, by notice in writing, designate a different address to which, or a different person or additional persons to whom, all communications are thereafter to be made.

**17. Miscellaneous.**

(a) Applicable Law. This Agreement shall be governed by the laws of the state in which the Property is located. Any litigation between the parties hereto concerning this Agreement shall be initiated in the county in which the Property is located.

(b) Time of Essence. Time is of the essence of this Agreement.

(c) Counterparts. This Agreement may be executed by Buyer and Seller in counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument.

(d) Waiver of Jury Trial. THE PARTIES HEREBY WAIVE THEIR RESPECTIVE RIGHTS TO TRIAL BY JURY IN ANY ACTION OR PROCEEDING INVOLVING THE PROPERTY OR ARISING OUT OF THIS AGREEMENT.

(e) Conflict. Any conflict between the printed provisions of this Agreement and the typewritten or handwritten provisions shall be controlled by the typewritten or handwritten provisions.

(f) Days. Unless otherwise specifically indicated to the contrary, the word "days" as used in this Agreement shall mean and refer to calendar days. If any date falls on a weekend or holiday (federal or state) then the date in question shall be deemed to instead be the next business day.

**EXHIBIT A**

**Assemblage Depiction**



1. Ana Aispuro, 16207 Santa Ana Avenue (APNs 0255-071-52 and 0255-071-053)
2. Jesus, Juvenita and Carlos Ledesma, 10996 Oleander Avenue and 10926 Oleander Avenue (APN's 0255-071-08, 0255-071-11 and 0255-071-38)
3. Yolanda and Raul Terriquez, 16275 Santa Ana Avenue (APN 0255-071-39)
4. Hector and Maria Aviles, 10946 Oleander Avenue (APN 0255-071-10) (subject Property)



CALIFORNIA ASSOCIATION OF REALTORS®

COUNTER OFFER No. 1

For use by Seller or Buyer. May be used for Multiple Counter Offer. (C.A.R. Form CO, Revised 11/10)

Date 6/15/16

This is a counter offer to the:  California Residential Purchase Agreement,  Counter Offer, or  Other \_\_\_\_\_ ("Offer"), dated 5/26/16, on property known as 10946 Oleander Ave Fontana, CA ("Property"), between Ridge Development Company LLC + its Assignee ("Buyer") and Helen R. Fraser ATF Aviles ("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. See Seller's Addendum #1 attached.

D. The following attached addenda are incorporated into this Counter Offer:  Addendum No. 1

2. RIGHT TO ACCEPT OTHER OFFERS: If this is a Seller Counter Offer, (i) Seller has the right to continue to offer the Property for sale or for another transaction, and to accept any other offer at any time prior to Acceptance, as described in paragraph 3 and (ii) Seller's acceptance of another offer prior to Buyer's Acceptance 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 by \_\_\_\_\_, who is authorized to receive it, by 5:00 PM on the third Day After the later date specified in paragraph 5 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 \_\_\_\_\_, who is authorized to receive it, by 5:00 PM on the third Day After the later date specified in paragraph 5 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. NOTE TO SELLER: Sign and date in paragraph 5 to make this Counter Offer.

5. OFFER:  BUYER OR  SELLER MAKES THIS COUNTER OFFER ON THE TERMS ABOVE AND ACKNOWLEDGES RECEIPT OF A COPY. Date 6/16/16

6. ACCEPTANCE: I/WE accept the above Counter Offer (if checked  SUBJECT TO THE ATTACHED COUNTER OFFER) and acknowledge receipt of a copy. Date \_\_\_\_\_ Time \_\_\_\_\_  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. (\_\_\_\_\_/\_\_\_\_\_) (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) \_\_\_\_\_ at \_\_\_\_\_ AM  PM. A binding Agreement is created when a Copy of Signed Acceptance is personally received by the 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 Acceptance has occurred.

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



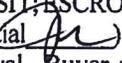
CO REVISED 11/10 (PAGE 1 OF 1)

COUNTER OFFER (CO PAGE 1 OF 1)

Agent: C. Hunter Plescia Phone: (949)891-1094 Fax: (858)764-9701 Prepared using zipForm® software  
 Broker: Mar Vista Real Estate 2618 SAN MIGUEL DRIVE #202 Newport Beach, CA 92660

**SELLER'S ADDENDUM #1 TO COUNTER OFFER #1**

This Addendum to Seller Counter-Offer #1 ("Addendum #1") is intended to set forth the terms and conditions of a contract for the purchase by and sale to Ridge Development Company, L.L.C., and/or its assignee ("Buyer") from Helen R. Frazer, solely in her capacity as Chapter 7 Trustee of the Bankruptcy Estate ("Estate") of Hector V. Aviles, Bankruptcy Case No. 6:14-bk-22718-MW ("Seller" or "Trustee"), of the real property commonly known as 10946 Oleander Avenue, Fontana, California, Assessor's Parcel No. 0255-011-10 ("Property"). When executed below, this Addendum #1, together with Seller's Standard Offer ("Counter Offer #1"), Agreement and California Residential Purchase Agreement and Joint Escrow Instructions dated May 26, 2016 ("Original Contract") and Addendum to California Residential Purchase Agreement and Joint Escrow Instructions ("Buyer's Addendum"), will constitute conclusive evidence and the exclusive terms and conditions of the contract for such purchase and sale of the Property. If there is a conflict between the terms of this Addendum and those of the Buyer's Addendum, the terms of this Addendum shall control in all events. The Addendum #1, Counter Offer #1, Original Contract and Buyer's Addendum are collectively referred to herein as the "Contract".

**PURCHASE PRICE; DEPOSIT; ESCROW.** The purchase price for the Property shall be an **ALL CASH** offer of **\$850,000** (Buyer Initial ) ("Purchase Price") subject to United States Bankruptcy Court ("Bankruptcy Court") approval. Buyer shall make an initial deposit of 3% of the Purchase Price ("Initial Deposit") in the form of cashier's check or wire transfer made payable and delivered to Fidelity National Title Insurance Company ("Escrow Holder") within three (3) business days of acceptance of this Addendum #1 by Buyer, Seller's execution of the Affirmation Addendum in the form attached hereto as Exhibit "A", and Buyer's receipt of a copy of the fully executed Addendum #1 and the Affirmation of the Addendum.

Buyer shall deliver to the Trustee, within three (3) days of mutual execution of this Addendum #1 to the Counter Offer #1, a letter from Buyer's President affirming Buyer's financial ability to consummate the acquisition contemplated in the Contract. In the event that Buyer fails timely to provide such letter, the Trustee shall have the right, at the Trustee's option, to provide written notice to Buyer that the Contract is terminated. In the event that the Trustee exercises such termination right, the Contract shall terminate effective as of the date of Trustee's written notice to Buyer, whereupon the Initial Deposit (if theretofore deposited with the Escrow Holder) shall be returned to Buyer, and Buyer and Trustee shall each be relieved of any further obligation under the Contract.

Escrow instructions corresponding to the terms of the Contract shall be provided by the Escrow Holder and signed by the parties within five (5) business days of the date of Buyer's and Seller's receipt of said escrow instructions. Buyer and Seller shall deposit such documents and instruments with the Escrow Holder as and when reasonably required to complete the sale. Buyer shall be free to assign the Contract to another person or entity ("Assignee") with consent, which consent will not be unreasonably withheld, of Seller prior to the assignment.

1. "AS-IS," "WHERE-IS" CONDITION; NO WARRANTIES. Buyer acknowledges and agrees that, to the maximum extent permitted by law, the sale contemplated by the Contract is made "as-is," "where-is," and "with all faults," except as specifically provided in this Addendum #1. Seller and agents herein have not made, do not make, and specifically negate and disclaim any representations, warranties, promises, covenants, addendums, or guaranties of any kind or character whatsoever, whether express or implied, oral or written, concerning or respecting the: (i)

value of the Property; (ii) income to be derived from the Property; (iii) suitability of the Property, or lack thereof, for any activity or use which Buyer may intend to conduct thereon, including any possibilities or limitations for future development; (iv) habitability, merchantability, marketability, profitability, or fitness for a particular purpose, of the Property, or lack thereof; (v) manner, quality, state of repair, or lack of repair of the Property; (vi) nature, quality, or condition of the Property, or any portion, system, or component thereof, including without limitation, water, soil, and geology; (vii) compliance of the Property or its operation, or lack thereof, with any laws, ordinances, regulations, rules, or orders of any applicable governmental authority or body, including Buyer's agreement to purchase their own home warranty and comply with any and all government requirements and retrofit, at Buyer's expense, prior to close of escrow; (viii) manner or quality of engineering, design, construction or materials, if any, incorporated into the Property; (ix) compliance or lack of compliance with any land use, building and safety, or other laws, ordinances, regulations, rules, orders, or other requirements imposed or enforced by any governmental or non-governmental body, including without limitation the Americans with Disabilities Act of 1990; (x) the presence or absence at, on, under, or adjacent to the Property, of materials described as "hazardous substances, hazardous materials, or toxic substances" or by similar terms under the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (42 U.S. Code §§9601, et seq.), the Hazardous Materials Transportation Act, as amended (49 U.S. Code §§1801, et seq.), the Resource Conservation and Recovery Act (42 U.S. Code §§6901, et seq.), the Toxic Substance Control Act (15 U.S. Code §2601, et seq.), the Clean Water Act (33 U.S. Code §1251, et seq.), California Health and Safety Code §25117 or 25316), or other statutes and laws, all as amended and including all regulations issued thereunder; (xi) the content, completeness or accuracy of any due diligence materials or preliminary report regarding title to the Property; (xii) the conformity, or lack of conformity, of the improvements to any plans or specifications for the Property, including any plans and specifications that may have been or may be provided to Buyer; (xiii) the conformity or lack of conformity of the Property to past, current, or future applicable zoning or building requirements; (xiv) any deficiency of any undershoring, drainage, or other aspects, systems, or components of or affecting the Property; (xv) the fact, if applicable, that all or a portion of the Property may be located on or near any natural hazard zone as determined by any governmental agency or body; (xvi) the existence of vested land use, zoning, or building entitlements affecting the Property or any other property; or (xvii) any other matter. Without in any manner limiting the foregoing, Buyer hereby acknowledges and agrees that: (i) Seller, has provided (and will hereafter provide) to Buyer various materials and information relating to the Property in Seller's possession, and (ii) all such materials and information so provided to Buyer by Seller shall, for all purposes of this Addendum #1, be deemed to have been disclosed to Buyer by the Seller, as well. To the extent that there is a tenant in the Property, Buyer agrees to purchase the Property with the tenant in possession.

2. **BUYER'S DUE DILIGENCE AND CANCELLATION RIGHT.** Buyer shall have 3 (three) calendar days from acceptance to perform, complete, and satisfy its initial contingencies, inspections, investigations, tests, and reviews of reports. Within thirty (30) calendar days of Buyer's receipt of written notification from Trustee of the Bankruptcy Court's approval of the sale of the Property (the "Contingency Period"), the Buyer will perform, complete, and satisfy all contingencies (except the Contiguous Condition, as defined herein). Buyer may, not later than the end of the Contingency Period, give Seller written notice of Buyer's election to terminate the Contract because of Buyer's inability to complete or dissatisfaction in its sole discretion with the results of any of those matters ("Notice of Cancellation"), in which event Buyer's and Seller's obligations under this Addendum shall be terminated, Buyer shall receive a full refund of Buyer's Initial Deposit and Buyer and Trustee shall each be relieved of any further obligation under the Contract. If Buyer fails to give such Notice of Cancellation within

such period, all such contingencies (except the Contiguous Condition, as defined below) shall be automatically removed and Buyer's obligation to proceed shall be non-contingent. Notwithstanding the foregoing or anything to the contrary, it shall be an express condition to Buyer's obligation to close that Buyer is able to simultaneous close upon those certain parcels of real estate with the following APN: 0255-071-52, 255-071-53, 255-071-08, 255-071-11, 255-071-38 and 255-071-39 (as depicted on Exhibit A of the Buyer's Addendum) (the "Contiguous Condition").

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3. ~~TITLE; TITLE INSURANCE.~~ Within three (3) business days after mutual execution of the Contract, Fidelity National Title Insurance Company; Janette DeLap ("Title Company") will be instructed to provide an amended preliminary report of the condition of title to the Property, including copies of underlying documents referred to in Schedule B thereof (to the extent not previously delivered to Buyer), for Buyer's review. Buyer may, not later than the date that is ten (10) days prior to expiration of the Contingency Period give Seller written notice ("Notice of Title Disapproval") that Buyer disapproves the condition of title with respect to a material matter(s) that interfere with the use of the Property for the purpose for which it is currently used or intended to be used. The Notice of Title Disapproval must refer to the specific exception(s) in Schedule B of the preliminary report and the specific underlying document(s), which are the basis for Buyer's disapproval. Within five (5) business days after receipt of the Notice of Title Disapproval, Seller may, in Seller's sole discretion, either (i) terminate the Contract, in which event Buyer's and Seller's obligations thereunder shall be terminated, Buyer shall receive a full refund of Buyer's deposit, or (ii) elect to correct the item(s) that were disapproved by Buyer by written notice to Buyer, in which event the sale shall proceed. Seller may correct such item by any means that will result in the Title Company either removing the disapproved exception(s) from the preliminary report or providing title insurance coverage by endorsement against such exception(s). At the close of the sale, Seller shall convey and Buyer shall accept title to the Property as shown in Schedule B of the preliminary report, subject to any corrections as in this paragraph above, free and clear of all monetary liens, subject to the terms of the Contract. Seller shall pay the costs of a CLTA Standard Owner's policy of title insurance.

4. REMOVAL OF CONTINGENCIES; BANKRUPTCY COURT APPROVAL; CLOSING; DELIVERY OF POSSESSION. If Buyer does not give Seller written Notice of Cancellation as to its initial contingencies, Buyer's silence shall be deemed acceptance and the Seller shall then file a motion with the Bankruptcy Court to approve this sale. If the Bankruptcy Court approves the sale to Buyer, Buyer does not terminate the Contract during the Contingency Period, and the Contiguous Condition is met, the closing shall take place as soon as practicable after entry of the order approving the sale, but no later than September 16, 2016 (the "Closing" or the "Closing Date"). The Trustee in her sole discretion may extend the Closing Date. The Closing shall occur on the date the deed transferring the Property to Buyer is recorded with the County Recorder where the Property is located. Notwithstanding the foregoing or anything to the contrary contained herein, if the Contiguous Condition is not met, Buyer may terminate the Contract on or prior to the Closing Date (as the same may be extended as provided herein) and receive a return of its Initial Deposit, in which case Buyer and Trustee shall each be relieved of any further obligation under the Contract.

5. BANKRUPTCY SALE. Buyer acknowledges that Seller is a Trustee appointed to administer the above referenced Estate, and is a party to the Contract solely in that capacity. Seller and agents have not and will not determine the condition or fitness for use of the Property for any particular purpose. The sale shall be "as is," "where is," "with all faults," and with no warranty by or recourse whatsoever to Seller or agents herein. Transfer of the Property shall be by Quit Claim Deed. All parties acknowledge that Seller is a party to the Contract solely in the capacity as Trustee of the above referenced Estate and that in the event of any default in the performance of any of Seller's

obligations under the Contract or in the event that any other claim is asserted against the Seller, Trustee, or the Estate in connection with this transaction, the Trustee shall in no event have any personal liability whatsoever (whether in her individual capacity or otherwise), it being expressly understood and agreed that Buyer's sole recourse, if any, in such event shall be to the assets of such Estate.

6. **TAXES; PRORATIONS; COSTS OF SALE.** All real property taxes and assessments for the current tax year shown in the current County Tax Bill shall be prorated between Seller and Buyer and charged as of the Closing Date to the applicable accounts of Seller and Buyer. The sale shall be free and clear of any homeowner's association assessments and all real property taxes (other than those prorated as provided above) enforceable against the Property through the Closing Date of the sale. Escrow fees shall be split between Buyer and Seller in the manner customary in the County where the Property is located. Seller shall pay any real property transfer tax. Buyer shall pay and have sole responsibility for compliance with any requirements imposed on the Property or this sale by any governmental agency(ies), including compliance with any applicable governmental retrofit requirements, arising from and after the Closing Date. Buyer shall pay the cost of recording the deed. Buyer and Seller shall each pay their own expenses of every other type except as specifically provided in the Contract. Seller shall not be responsible to pay any one-year home warranty plan.

7. **BANKRUPTCY COURT APPROVAL.** The sale is subject to notice to creditors and approval by the Bankruptcy Court. Payment of any and all real estate brokers' commissions is also subject to notice to creditors and approval by the Bankruptcy Court. Buyer acknowledges and agrees that Seller may not seek to obtain the Bankruptcy Court's approval if Seller has determined that it would be in the best interest of the Estate not to do so.

8. **BROKERS.** The Buyer shall pay its real estate agent's commission outside of the sale of the Property. The Buyer's broker is confirmed as follows: Eloy Covarubias and Chris Morrell of Lee & Associates (all such brokers and agents are collectively referred to herein as "Brokers"). No commission or compensation shall be due or payable to Brokers in connection with the Contract except from the cash proceeds of an actual sale of the Property that closes to Buyer. Buyer hereby represents and warrants that, other than the Brokers, Buyer has not dealt with any broker, finder or other person entitled to any fee, commission or other compensation in connection with the Property sale and Buyer shall indemnify, defend and protect and hold Seller and the related Estate harmless of, from, and against any claims, demands, actions, causes of action, losses, liabilities, and costs and expenses (including, without limitation, all court costs and reasonable attorneys' fees) as Seller may suffer or incur in the event that any claims for any such fees, commissions, or other compensation of any kind are hereafter asserted. Brokers and agents have not and will not perform any inspections, investigations, or due diligence on behalf of Buyer unless otherwise specified herein. Buyer must arrange for any inspections and investigations desired by Buyer utilizing suitable third party professionals selected and compensated by Buyer. In no event shall Seller have any liability or responsibility for any representation, warranty, statement made, or information furnished by Brokers or agents herein, or any other person or entity, concerning the Property, this Addendum #1, or any other matter, unless expressly set forth in writing and signed personally by Seller.

9. **MATERIAL CHANGE OF CONDITION.** In the event of any material change in the condition of the Property after the date of acceptance of the Contract, if Buyer demands repair of any resulting actual damage to the Property, Seller may, at Seller's sole option: (a) elect to terminate the Contract, in which event Buyer's and Seller's obligations to buy or sell shall terminate and the Initial Deposit shall be refunded to Buyer; or (b) make required repairs at the Estate's expense; or (c) assign any

insurance proceeds for the damage to the Property to Buyer as of the Closing; or (d) credit the cost of such repairs to Buyer through escrow, it being agreed that in the event that Seller elects and complies with subpart 8(b), (c) or (d), Buyer's obligation to proceed with the Sale shall be unaffected by any such material change in the condition of the Property.

10. REMEDY FOR BUYER'S OR SELLER'S FAILURE TO CLOSE. Buyer's sole remedy in the event that the sale fails to close as a result of Seller's inability or failure to close for any reason, including, but not limited to, by reason of failure to obtain Bankruptcy Court approval of the sale, shall be the mutual release of Buyer's and Seller's obligations to buy or sell and a full refund of the Initial Deposit. In the event Buyer fails to close the sale for any reason, other than Seller's default, after Buyer's contingencies have been removed, Seller's sole remedy shall be to receive Buyer's Initial Deposit as liquidated damages without further legal action.

 [Buyer's Initials]  [Seller's Initials]

11. BANKRUPTCY COURT JURISDICTION. The Bankruptcy Court for the Central District of California shall have sole and exclusive jurisdiction to interpret and enforce the terms of the Contract and Buyer hereby consents and submits to such exclusive jurisdiction. The Contract shall be interpreted and enforced pursuant to the laws of California where the Property is located and the United States of America including the Bankruptcy Code, Title 11, United States Code.

12. OPPORTUNITY TO INSPECT; BUYER'S SOLE RELIANCE. Buyer represents, warrants, acknowledges, and agrees that Buyer has been or will be given the opportunity to inspect and investigate the Property and all other facts and circumstances deemed by Buyer relevant and significant, and to review information and documentation affecting the Property. In deciding to proceed with the sale, Buyer is relying solely on Buyer's own inspections and investigation of the Property (including by any outside professionals whom Buyer has elected to engage for such services) and review of such information and documentation, and not on any information provided or to be provided by Seller. Buyer further acknowledges and agrees that any information made available to Buyer, or provided, or to be provided by, or on behalf of, Seller with respect to the Property was obtained from a variety of sources and that neither Seller nor the agents herein nor any other person has made or makes any representations as to the accuracy or completeness of such information. Buyer hereby fully and irrevocably releases all such sources and preparers of information and documentation affecting the Property which were retained or engaged by Seller or agents from any and all claims that Buyer may now or hereafter have against such sources and preparers of information, for any costs, expenses, losses, liabilities, damages, demands, actions, or causes of action arising from any such information or documentation. NEITHER SELLER NOR AGENTS HAVE PROVIDED OR WILL PROVIDE ANY LEGAL OR TAX ADVICE TO BUYER. Buyer is informed that Buyer must obtain any such advice, if desired by Buyer, from independent professionals selected and engaged by Buyer. THE SALE WILL NOT BE CONTINGENT ON ANY WRITTEN APPRAISAL OF THE PROPERTY.

13. PHYSICAL, GEOLOGICAL, PEST CONTROL, AND ENVIRONMENTAL INSPECTIONS AND INVESTIGATIONS.

A. DURING THE CONTINGENCY PERIOD BUYER SHALL CONDUCT THOROUGH PHYSICAL, GEOLOGICAL, PEST CONTROL, AND ENVIRONMENTAL INSPECTIONS AND INVESTIGATIONS OF THE PROPERTY AS MAY BE DETERMINED BY BUYER, THROUGH QUALIFIED PROFESSIONALS SELECTED BY BUYER. Seller and

Brokers and agents herein strongly recommend that Buyer fully exercise and not waive such inspections and investigations.

B. During the Contingency Period, Buyer may at its sole discretion select and employ, at Buyer's expense, a licensed engineer(s), architect(s), contractor(s), geologist(s), pest control licensee(s), environmental consultant(s), or other qualified professional(s) to make inspection(s) and investigations of the Property, including, but not limited to: (i) its general structure, plumbing, heating, air conditioning (if any), electrical system, built-in appliances, cesspool/sewer/septic system, well, roof, soils, foundation, mechanical systems, pool, spa, related equipment and filters, sprinklers, and those other matters affecting the desirability of the Property (all if and only to the extent any such structures, systems, and components are presently a part of the Property); (ii) any actual or potential wood destroying pests or other conditions damaging to the Property or any portion thereof; (iii) environmental hazards, substances, products, or conditions, including without limitation, asbestos, formaldehyde, lead, lead-based paint, contaminated soil or water, fuel, chemical storage tanks, hazardous waste, electromagnetic fields, and radon gas, any of which may constitute a health risk; (iv) the presence or absence of any required governmental permits, inspections, applications, approvals, and certificates of occupancy, and compliance or lack of compliance with building codes and laws applicable to the Property; (v) plans and specifications for the Property; (vi) all applicable zoning, municipal, county, state, and federal, including those affecting the past, current, or any future use of the Property; (vii) deed restrictions and other matters of public record which may govern, restrict, condition, or prohibit the use, alteration, or development of the Property; and (viii) generally, without limitation, any and all other items and matters of whatsoever nature, character, or description, which Buyer deems material to Buyer's interests, in, on, or affecting the Property, and to approve or disapprove said inspection within the Contingency Period and in the manner set forth herein.

C. In the event Buyer is dissatisfied with the results of such inspection(s), Buyer may give written Notice of Cancellation to Seller strictly as and within the time provided herein. Buyer's failure to give such notice as and within the period specified therein shall conclusively be deemed Buyer's satisfaction and removal of such contingency (except for the Contiguous Condition) and Buyer's election to proceed with the Sale.

14. COMPLETE AGREEMENT; NO OTHER REPRESENTATIONS OR WARRANTIES. Seller shall not be liable or bound in any manner by any oral or written statements, representations, or information pertaining to the Property or the operation thereof, furnished by any real estate broker, agent, employee, contractor, or other person. Buyer further acknowledges and agrees Seller has no obligations to make repairs, replacements or improvements except as may otherwise be expressly stated herein. Without limiting any other provision hereof, Buyer represents, warrants and covenants to Seller that, except for Seller's express representations and warranties specified in this Addendum #1, Buyer is relying solely upon Buyer's own investigation of the Property.

15. WRITTEN AFFIRMATION OF SELLER REQUIRED. Buyer understands that Seller may continue to receive and respond to other offers on the Property and may be making several counter-offers concurrently containing the same or different terms. This Addendum #1 shall not be binding until accepted by Buyer, executed by Buyer and Seller on the signature page below, and approved by Seller, in Seller's sole discretion, in the form of the Seller's Affirmation of Addendum attached hereto as Exhibit "A" which, if so executed by Seller, will constitute Seller's Addendum that Seller will sell the Property to Buyer, subject to Bankruptcy Court approval and the terms and conditions of the Contract. Buyer further

acknowledges that it would be imprudent and unrealistic to rely upon the expectation of entering into a binding Contract regarding the sale of the Property prior to receipt of Seller's Affirmation of Addendum, and further represents to Seller that any efforts to complete due diligence, to negotiate or to perform any of the obligations provided herein shall not be considered as evidence of binding intent without Seller's Affirmation of Addendum, and understands that BUYER'S ACCEPTANCE HEREOF SHALL HAVE NO FORCE OR EFFECT PRIOR TO BUYER'S RECEIPT OF SUCH AFFIRMATION OF ADDENDUM SIGNED BY SELLER, SUBJECT TO BANKRUPTCY COURT APPROVAL.

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16. **ATTORNEYS' FEES.** In the event that either party hereto brings an action or other proceeding to enforce or interpret the terms and provisions of the Contract, the prevailing party in that action or proceeding shall be entitled to have and recover from the non-prevailing party all such fees, costs and expenses (including, without limitation, all court costs and reasonable attorneys' fees) as the prevailing party may suffer or incur in the pursuit or defense of such action or proceeding.

17. **THERE SHALL BE NO LOAN CONTINGENCY WHATSOEVER.**

18. **TRUSTEE'S LIABILITY.** The Buyer acknowledges that the Trustee is acting in her official capacity only. No personal liability shall be sought or enforced against the Trustee with regard to the Addendum, including the Addendum, the assets, the sale of the Property, or the physical condition of the Property. In the event that the Trustee fails or refuses to complete the transaction for any reason, then the limit of the Trustee's liability is only to return any money paid to the Trustee by the Buyer, without deduction. Prior to the Closing, the United States Bankruptcy Court shall have and retain the sole and exclusive jurisdiction over the Property and the Contract; and all disputes arising before Closing pertaining thereto shall be resolved in said Court. Further, the Trustee and the Buyer have agreed that if a dispute arises, such dispute may initially be resolved through the Mediation Program pending in the United States Bankruptcy Court for the Central District of California.

19. **HOLD HARMLESS.** The Buyer understands the terms and conditions of the Contract and holds the Estate and the agents, Helen R. Frazer, Trustee, and her attorneys, including, Shulman Hodges & Bastian LLP, its agents and employees, harmless from any liabilities arising thereunder.

All parties hereto further agree, jointly and severally, to pay on demand as well as to indemnify and hold Escrow harmless from and against all costs, damages, judgments, attorneys' fees, expenses, obligations, and liabilities of any kind or nature which in good faith, Escrow may incur or sustain in connection with or arising out of this Escrow, and Escrow is hereby given a lien upon all the rights, titles, and interest of each of the undersigned in all escrow papers and other property and monies deposited in this escrow, to protect the rights of escrow and to indemnify and reimburse Escrow under the Contract. In the event this Escrow is not completed for any reason, Escrow is authorized to deduct and pay its fee, plus costs incurred from any funds on deposit.

20. **EFFECT OF INFEASIBLE OR UNPROFITABLE SALE.** To the extent that liens, claims, encumbrances, or other interests against the Property, if any, or any event, makes the sale infeasible or unprofitable to the Estate, then Seller may cancel any proposed sale under the Contract by written notice to Buyer. In such case, the Buyer shall receive a return of the Initial Deposit and Buyer and Trustee shall each be relieved of any further obligation under the Contract. In addition, any escrow shall be cancelled.

21. EXPIRATION OF ADDENDUM. This Addendum #1 shall expire if not accepted by Buyer by delivering a copy hereof, fully signed and initialed by Buyer, to Seller on or before close of business three (3) business days from the date the Seller executed this Addendum #1. Such acceptance shall nevertheless be subject to Paragraph 17.

I, the Buyer herein, have reviewed the foregoing Addendum #1 and understand the terms and conditions set forth herein, and further agree to purchase the Property pursuant to said terms and conditions.

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Dated: July 8, 2016

Ridge Development Company, L.L.C.

By:   
James G. Martell, President

I, Seller, agree to sell the Property pursuant to the terms and conditions set forth herein.

Dated: July 8, 2016

By:   
Helen R. Frazer, solely in her capacity as  
Chapter 7 Trustee of the Bankruptcy Estate  
of Hector V. Aviles, Bankruptcy Case No.  
6:14-bk-22718-MW

EXHIBIT "A"

SELLER'S AFFIRMATION OF ADDENDUM

Seller hereby acknowledges Buyer's acceptance of the foregoing Counter Offer #1 and affirmatively agrees to sell the real property commonly known as 10946 Oleander Avenue, Fontana, California, Assessor's Parcel No. 0255-011-10 ("Property") to Ridge Development Company, L.L.C., and/or its assignee, on the terms and conditions of the foregoing Addendum #1, but subject to Bankruptcy Court approval and subject to the approval of all lender(s) and/or governmental tax agenc(ies) secured by the Property. Seller shall revoke any other outstanding Counter Offers made to other prospective buyers or make the same subject and subordinate to this Addendum #1.

"SELLER"

Dated: \_\_\_\_\_

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

  
Helen R. Frazer, solely in her capacity as  
Chapter 7 Trustee of the Bankruptcy Estate  
of Hector V. Aviles, Bankruptcy  
Case No. 6:14-bk-22718-MW