

AGREEMENT FOR ACQUISITION OF FAÇADE EASEMENT

This AGREEMENT FOR ACQUISITION OF FAÇADE EASEMENT (the "Agreement") is dated as of August 18, 2008, by and between the REDEVELOPMENT AGENCY OF THE CITY OF REDLANDS, a public body, corporate and politic (the "Agency"), and LES RICHTER AND GARY ROMANO, LLC, a California limited liability corporation (the "Seller"), and is entered into with respect to the facts set forth in the following Recitals:

RECITALS

A. The Seller is the owner in fee of that certain real property located at 330 North Orange Street, Redlands, California (the "Property"), and more particularly described in Exhibit A (the "Legal Description"), which is attached hereto and incorporated herein by reference.

B. Pursuant to the Agency's Commercial Rehabilitation Program (the "CRP"), the Seller has agreed to renovate, at the Seller's sole expense, the building located on the Property (the "Building") in accordance with building plans approved by the City of Redlands (the "City"), as more particularly described in Building Permit Number B0700360 and the supporting documents thereto, incorporated herein by reference.

C. The Building is listed on the City's "List of Historic Resources" (the "List"). The buildings included on the List are classified as Eligible Historic Structures."

D. In accordance with the CRP, the Agency may acquire a façade easement on Eligible Historic Structures.

E. The Seller's plan to renovate the Building in accordance with building plans approved by the City meets the City's historic building design quality standards, as determined by the Planning Commission, Historic and Scenic Preservation Commission and/or Department of Community Development, as applicable.

F. Pursuant to the CRP, the Seller has offered to sell to the Agency pursuant to the terms of this Agreement, an easement consisting of the Building façade that shall include all exterior building surfaces that are visible from a public right-of-way, as more particularly described in the "Façade Easement" attached hereto as Exhibit B (the "Easement").

G. The Agency desires to acquire the Easement for purpose of historical preservation and economic development, and the Seller has agreed to sell, assign and transfer the Easement on the Property on the terms and conditions as set forth in this Agreement.

H. The Seller and the Agency may be individually referred to herein as "Party" or collectively as "Parties."

NOW THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged, the Parties agree as follows:

1. Purchase and Sale of Seller's Interest in the Easement. The Seller shall sell to the Agency, and the Agency shall purchase from the Seller, all of the Seller's interest in the Easement for a purchase price of Forty-Six Thousand Three-Hundred Ninety-Six Dollars and No Cents (\$46,396.00) (the "Purchase Price"), to be paid in cash at Closing, as set forth in Section 3 hereof.

1.1 Full Compensation. The Seller agrees that the Purchase Price represents and shall be deemed to include the agreed upon fair market value of the Easement.

1.2 Relocation Waiver. The Seller has been fully advised by counsel of its choosing regarding potential relocation benefits in connection with the acquisition of the Easement by the Agency. Therefore, the Seller herewith and forever waives and disclaims any claim for relocation benefits for the Seller's business, or assistance or any compensation based upon loss of goodwill, loss of use of the Property, and any and all claims related to the Property by the Seller.

1.3 Section 1542. The Seller acknowledges that it is aware of and familiar with the provisions of Section 1542 of the California Civil Code ("Section 1542") which provides as follows:

A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.

As and to the extent Section 1542 relates to the waiver by the Seller provided above, the Seller hereby waives and relinquishes all rights and benefits which it may have under Section 1542.

2. Effective Date. This Agreement shall take effect on August 18, 2008 (the "Effective Date").

3. Closing. This transaction shall close as soon as possible following satisfaction of the conditions of closing set forth in Section 4 hereof ("Closing"), but in any event no later than one-hundred eighty (180) days from the Effective Date (the "Outside Closing Date"). The Closing shall occur at a location within San Bernardino County at a time and place reasonably agreed to by the Parties. The "Closing" shall mean the time and day the Easement is filed for recording with the San Bernardino County Recorder. The "Closing Date" shall mean the day on which the Closing occurs.

4. Conditions of Closing. The Closing is conditioned upon:

4.1 Marketable Title. Conveyance to the Agency of the Easement free of any and all interests, encumbrances, liens, easements, rights of possession or other clouds on title (collectively, "Exceptions"), except those approved in writing by the Executive Director of the Agency, or his designee.

4.2 Title. Approval by the Agency of the condition of title pursuant to Section 5 hereof, and the issuance of an irrevocable commitment by the title company (the "Title Company") to issue, as of the Closing Date, and subject only to the payment of the Title Company's standard title premium, a standard CLTA owner's title insurance policy at the Seller's expense insuring title to the Property in the amount of the Purchase Price, subject only to those Exceptions to title approved by the Agency pursuant to Section 5 hereof (the "Title Policy")

4.3 Seller's Obligations. Satisfaction of all of the Seller's obligations enumerated in Section 6 hereof.

4.4 Agency's Obligations. Satisfaction of all of the Agency's obligations enumerated in Section 7 hereof.

4.5 FIRPTA. The Seller's execution of an affidavit of exemption from the Foreign Investment in Real Property Tax Act ("FIRPTA").

5. Title Review. Within ten (10) days after the Effective Date, the Seller shall cause the Title Company to deliver to the Agency a preliminary title report (the "Title Report") with respect to the title to the Property, together with legible copies of all documents underlying the Exceptions set forth in the Title Report (as defined herein). The Agency shall have twenty (20) days from its receipt of the Title Report within which to give written notice to the Seller of the Agency's approval or disapproval of any such Exceptions. Only the lien of property taxes and assessments not yet due and those deeds of trust, mortgages or other liens specifically disclosed by the Seller and approved by the Agency on or before the date of this Agreement shall be approved Exceptions. If the Agency notifies the Seller of its disapproval of any Exceptions in the Title Report, the Seller shall use good faith efforts to remove any disapproved Exceptions within ten (10) days after receiving written notice of the Agency's disapproval, or provide assurances satisfactory to the Agency that such Exception(s) will be removed on or before the Closing. If the Seller cannot remove any of the disapproved Exceptions within that period, or provide assurances satisfactory to the Agency that such that such Exception(s) will be removed on or before the Closing, the Agency shall have ten (10) days after the expiration of such ten (10) day period to either give the Seller written notice that the Agency elects to proceed with the purchase of the Easement subject to the disapproved Exceptions or to give the Seller written notice that the Agency elects to terminate this Agreement. The Agency shall have the right to approve or disapprove any Exceptions reported by the Title Company after the Agency has approved the condition of title for the Property in accordance with this Section 5. The Seller shall not voluntarily create any new exceptions to title following the Effective Date.

6. Seller's Obligations. The Seller shall deliver to the Escrow Agent, as set forth in Section 11 hereof on or before 12:00 p.m., ten (10) business days after the Effective Date, (a) an Easement signed by the Seller and notarized in the form of Exhibit B attached hereto and

incorporated herein by this reference, and (b) any other documents requested by the Escrow Agent, as set forth in Section 11 hereof and necessary to effectuate the Closing. No later than 12:00 p.m. one (1) business day before the anticipated Closing, the Seller shall deliver to the Escrow Agent: (a) a "Certificate of Occupancy" issued by the City confirming that the renovation of the Building has been completed in accordance with City standards ("CO"), and (b) an amount equal to one-half (1/2) of the Escrow fees and the full amount of the premium for the Title Policy.

7. Agency's Obligations. No later than 12:00 p.m. one (1) business day before the anticipated Closing, the Agency shall deliver to the Escrow Agent: (a) an amount equal to the Purchase Price; (b) an amount equal to one-half (1/2) of the Escrow fees; (c) an executed "Certificate of Acceptance" in substantially the form set forth in Exhibit B and incorporated herein by reference; and (c) an executed "Certificate of Completion" in substantially the form set forth in Exhibit C, attached hereto and incorporated herein by reference.

8. Seller's Representations and Warranties. The Seller represents and warrants to the Agency as follows:

8.1 Effectiveness. All of the representations and warranties set forth in this Section 8 are effective as of the Effective Date and shall be effective as of the Closing.

8.2 Authority. The Seller is the owner in fee of the Property and has full right, power, title and lawful authority to enter into this Agreement and to grant, sell and convey the Easement as provided herein and, except as disclosed in writing by the Seller to the Agency, the Seller has not entered into or executed any agreement or document which would transfer all or part of the Seller's interest in the Property to any third party.

8.3 Legal Actions. To the best of the Seller's knowledge, there are no actions, suits, material claims, legal proceedings, or any other proceedings affecting the Property or any portion thereof, at law, or in equity before any court or governmental agency, domestic or foreign.

8.4 Impairment of Title. Until the Closing, the Seller shall not do anything which would impair the Seller's title to any of the Property.

8.5 No Conflicts. Neither the execution of this Agreement nor the performance of the obligations herein will conflict with, or breach any of the provisions of any bond, note, evidence of indebtedness, contract, lease, or other agreement or instrument which affects the Property.

8.6 Notice to Agency. Until the Closing, the Seller shall, upon learning of any fact or condition which would cause any of the warranties and representations in this Section 8 not to be true as of the Closing, immediately give written notice of such fact or condition to the Agency.

8.7 FIRPTA. The Seller is not a "foreign person" within the definitions of FIRPTA, or is exempt from the provisions of FIRPTA, or the Seller has complied and will comply with all the requirements under FIRPTA.

8.8 Bankruptcy. The Seller is not the subject of a bankruptcy proceeding.

9. Agency's Representations and Warranties. The Agency represents and warrants to the Seller as follows:

9.1 Effectiveness. All of the representations and warranties set forth in this Section 9 are effective as of the Effective Date, and shall be effective as of the Closing.

9.2 Authority. The Agency has full right, power and lawful authority to undertake all obligations of the Agency as provided herein and the execution, performance and delivery of this Agreement by the Agency has been fully authorized by all requisite actions on the part of the Agency.

9.3 No Conflict. The Agency's execution, delivery and performance of its obligations under this Agreement will not constitute a default or breach under any contract, agreement or order to which the Agency is a party or by which it is bound.

9.4 Bankruptcy. The Agency is not the subject of a bankruptcy proceeding.

9.5 Accuracy of Information. To the extent of the actual knowledge of the Agency, all documents, instruments and other information delivered by the Agency to the Seller pursuant to this Agreement are true, correct and complete.

9.6 Notice to Seller. Until the Closing, the Agency shall, upon learning of any fact or condition which would cause any of the warranties and representations in this Section 9 not to be true as of the Closing, immediately give written notice of such fact or condition to the Seller.

10. Environmental Warranties.

10.1 Hazardous Waste. Neither the Seller nor, to the best of the Seller's knowledge, any previous owner, tenant, occupant, or user of the Property, used, generated, released, discharged, stored, or disposed of any Hazardous Materials on, under, in, or about the Property, or transported any Hazardous Materials to or from the Property. The Seller shall not cause or permit the presence, use generation, release, discharge, storage, or disposal of any Hazardous Materials on, under, in, or about, or the transportation of any Hazardous Materials to or from, the Property. The term "Hazardous Material" shall mean any substance, material, or waste which is or becomes regulated by any local governmental authority, the State of California, or the United States Government, including, but not limited to, any material or substance which is (i) defined as a "hazardous waste," "extremely hazardous waste," or "restricted hazardous waste" under Section 25115, 25117 or 25122.7, or listed pursuant to Section 25140 of the California Health and Safety Code, Division 20, chapter 6.5 (Hazardous

Waste Control Law), (ii) defined as "hazardous substance" under Section 25316 of the California Health and Safety Code, Division 20, Chapter 6.8 (Carpenter Presley Tanner Hazardous Substance Account Act), (iii) defined as a "hazardous material," "hazardous substance," or "hazardous waste" under Section 25501 of the California Code of Regulations, Division 20, Chapter 6.95 (Hazardous Materials Release Response Plans and Inventory), (iv) defined as a "hazardous substance" under Section 25281 of the California Health and Safety Code, Division 20, Chapter 6.7 (Underground Storage of Hazardous Substances), (v) petroleum, (vi) asbestos, (vii) polychlorinated biphenyl's, (viii) listed under Article 9 or defined as "hazardous" or extremely hazardous" pursuant to Article 11 of Title 22 of the California Administrative Code, Division 4, Chapter 20, (ix) designated as a "hazardous substances" pursuant to Section 311 of the Clean Water Act, (33 U.S.C. §1317), (x) defined as a "hazardous waste" pursuant to Section 1004 of the Resource Conservation and Recovery Act, 42 U.S.C. §6901 et seq. (42 U.S.C. §6903) or (xi) defined as a "hazardous substances" pursuant to Section 101 of the Comprehensive Environmental Response, Compensation, and Liability Act, 42. U.S.C. §6901 et seq. (42 U.S.C. §9601).

10.2 Compliance with Environmental Laws. To the best of the Seller's knowledge, the Property complies or will comply upon the City's issuance of a CO with all applicable laws and governmental regulations including, without limitation, all applicable federal, state, and local laws pertaining to air and water quality, hazardous waste, waste disposal, and other environmental matters, including, but not limited to, the Clean Water, Clean Air, Federal Water Pollution Control, Solid Waste Disposal, Resource Conservation Recovery and Comprehensive Environmental Response Compensation and Liability Acts; the California Environmental Quality Act; and the rules, regulations, and ordinances of the City within which the subject property is located, the California Department of Health Services, the Regional Water Quality Control Board, the State Water Resources Control Board, the Environmental Protection Agency, and all other applicable federal, state, and local agencies and bureaus.

11. Escrow. Within five (5) days after the execution of this Agreement by the Agency, the Parties shall open escrow (the "Escrow") with Redlands Escrow, Inc., 306 East Citrus Avenue, Redlands, California 92373 or other Escrow that is mutually approved by the Parties (the "Escrow Agent").

12. Escrow Fees, Charges and Costs. The Agency and the Seller shall equally pay all of the fees, charges, and costs arising from Escrow. The Seller shall pay the premium for the Title Policy, including any additional premiums charged for the issuance of extended coverage title insurance or any endorsements requested by the Agency.

13. Escrow Instructions. This Agreement constitutes the joint escrow instructions of the Agency and the Seller, and the Escrow Agent to whom these instructions are delivered is hereby empowered to act under this Agreement. The Parties hereto agree to do all acts necessary to close this Escrow in the shortest possible time.

13.1 Additional Documents. The Agency and the Seller agree to deposit with the Escrow Agent any instruments or documents as may be necessary to complete this transaction, in addition to those described elsewhere in this Agreement. Insurance policies for fire or casualty are not to be transferred, and the Seller will cancel such policies after the Closing.

13.2 Escrowed Funds. All funds received in Escrow shall be deposited with other escrow funds in a general escrow account(s) and may be transferred to any other such escrow trust account in any state or national bank doing business in the State of California. All disbursements shall be made by check from such account. However, if Escrow does not close within two (2) business days from deposit of the Purchase Price, the funds shall be deposited into an interest bearing account with such interest accruing to the benefit of the Agency.

13.3 Supplemental Escrow Instructions. If in the opinion of the Escrow Agent it is necessary or convenient in order to accomplish the Closing of this transaction, the Escrow Agent may require that the Parties sign supplemental escrow instructions; provided that if there is any inconsistency between this Agreement and the supplemental escrow instructions, then the provisions of this Agreement shall control. The Parties agree to execute such other and further documents as may be necessary, helpful, or appropriate to effectuate the transaction described herein in accordance with the terms and provisions hereof. The Closing shall take place when the conditions of closing as set forth in Section 4 have been satisfied. Escrow agent is instructed to release Seller's escrow closing and Agency's escrow closing statement to the parties as identified in 15.4 of this Agreement.

13.4 Authority of Escrow Agent.

The Escrow Agent is authorized to, and shall:

(a) Pay and charge the Seller for any amount necessary to remove Exceptions to title which the Seller has agreed to remove pursuant to Section 5 of this Agreement for any escrow fees, charges and costs payable by Seller under Section 12 of this Agreement; and for any amount necessary to pay the premiums on Title Insurance pursuant to Section 4.2 of this Agreement.

(b) Pay and charge the Agency and the Seller for any escrow fees, charges, and costs payable by the Agency or the Seller under Section 12 of this Agreement.

(c) Disburse funds and record the Easement when the conditions of closing set forth in Section 4 have been satisfied.

(d) Complete such other actions as necessary, including obtaining the Title Policy described in Section 4.2, to effectuate the Closing and to fulfill its obligations under this Agreement.

(e) If the provisions of FIRPTA apply to the transaction memorialized in this Agreement, and unless the Seller is not a "foreign person" or an exemption applies, the

Escrow Agent shall deduct and withhold from the Seller's proceeds ten percent (10%) of the gross sales price and shall otherwise comply with all applicable provisions of FIRPTA. The Seller and the Agency agree to execute and deliver as directed by the Escrow Agent any instrument, affidavit, and statement, and to perform any act reasonably necessary to comply with the provisions of FIRPTA and regulations promulgated thereunder.

(f) Prepare and file with all appropriate governmental or taxing authorities a uniform settlement statement, closing statement, tax withholding forms including an IRS 1099S form, and be responsible for withholding taxes, if any such forms or withholding taxes are provided for or required by law.

14. Default; Remedies.

14.1 Default. Failure or delay by either party to perform any covenant, condition or provision of this Agreement within the time provided herein constitutes a default under this Agreement. The injured party shall give written notice of default to the party in default, specifying the default complained of. The defaulting party shall immediately commence to cure such default and shall diligently complete such cure within thirty (30) days from the date of the notice or such longer period if the nature of the default is such that more than thirty (30) days is required to cure such default. The injured party shall have the right to terminate this Agreement by written notice to the other party in the event of a default, which is not cured within the time set forth herein. In no event shall this Section 14 be construed to extend the close of Escrow beyond the Outside Closing Date, absent mutual written agreement by both parties. All rights, remedies, undertakings, obligations, options, covenants, conditions and agreements contained in this Agreement shall be cumulative and no one of them shall be exclusive of any other. Except as otherwise specified herein, either party hereto may pursue any one or more of its rights, options or remedies hereunder or may seek damages or specific performance in the event of the other party's breach hereunder, or may pursue any other remedy at law or equity, whether or not stated in this Agreement.

14.2 Termination. If (except for deposit of money by the Agency, which shall be made by the Agency upon demand of the Escrow Agent before the Closing) the Escrow is not in condition to Close by the Outside Closing Date, then either party which has fully performed under this Agreement may, in writing, demand the return of money or property and terminate this Agreement. If neither party has fully performed under this Agreement, no demand for return of documents shall be recognized and this Agreement shall not terminate until five (5) days after the Escrow Agent shall have delivered copies of such demand to all other parties at the respective addresses shown in this Agreement. If any objections are raised within said five (5) day period, the Escrow Agent is authorized to hold all papers and documents until instructed by a court of competent jurisdiction or by mutual written instructions of the Parties. The Agency, however, shall have the sole option to withdraw the money deposited for the acquisition of the Property. Termination of this Agreement shall be without prejudice as to whatever legal rights either party may have against the other arising from this Agreement. If no demands are made, the Escrow Agent shall proceed with the Closing as soon as possible.

15. General Provisions.

15.1 Brokers and Finders. Each party represents and warrants to the other that no broker or finder was instrumental in arranging or bringing about this transaction and that there are no claims or rights for brokerage commissions or finder's fees in connection with the transaction contemplated by this Agreement. In the event that any broker or finder perfects a claim for commission or finder's fee based upon such contract, dealings or communication, the party through whom such broker or finder makes a claim shall indemnify, save harmless and defend the other party from said claim and all costs and expenses (including reasonable attorneys' fees) incurred by the other party in defending against the same. The provisions of this paragraph shall survive the Closing.

15.2 Assignment. This Agreement shall be binding upon and shall inure to the benefit of the Agency and the Seller and their respective heirs, personal representatives, successors and assigns. The Agency shall not assign this Agreement or any interest or right under this Agreement or under the Escrow prior to the close of Escrow without obtaining the prior written consent of the Seller. In no event shall any assignment relieve the assigning party of any of its obligations under this Agreement.

15.3 Attorneys' Fees. In any action between the Parties to interpret, enforce, award, modify, rescind, or otherwise in connection with any of the terms or provisions of this Agreement, the prevailing party in the action shall be entitled, in addition to damages, injunctive relief, or any other relief to which it may be entitled to reasonable costs and expenses including, without limitation, litigation costs and reasonable attorneys' fees.

15.4 Approvals and Notices. Any approval, disapproval, demand, document or other notice ("Notice") which either party may be required or desire to give to the other party under this Agreement must be in writing and may be given by any commercially acceptable means to the party to whom the Notice is directed at the address of the party as set forth below, or at any other address as that party may later designate by Notice. Any Notice given under this paragraph, whether personally or by mail, shall be deemed received upon receipt of a confirmation by the party giving the Notice.

To the Agency: Redevelopment Agency of the City of Redlands
210 East Citrus Avenue
P. O. Box 3005
Redlands, California 92373
Attention: Redevelopment Director

To the Seller: Les Richter and Gary Romano, LLC
330 North Orange Street
Redlands, CA 92374
Attention: Gary Romano

15.5 Jurisdiction and Venue. This Agreement shall be construed under the laws of the State of California in effect at the time of the signing of this Agreement. The Parties consent to the jurisdiction of the California courts with venue in San Bernardino County.

15.6 Titles and Captions. Titles and captions are for convenience of reference only and do not define, describe or limit the scope or the intent of this Agreement or of any of its terms. Reference to section numbers is to sections in this Agreement, unless expressly stated otherwise.

15.7 Interpretation. As used in this Agreement, masculine, feminine or neuter gender and the singular or plural number shall each be deemed to include the others where and when the context so dictates. The word "including" shall be construed as if followed by the words "without limitation." This Agreement shall be interpreted as though prepared jointly by both Parties.

15.8 No Waiver. Any waiver by either party of a covenant, agreement, condition or restriction to be fulfilled under this Agreement shall be effective only if such waiver is in writing and signed by the party against whom such waiver is asserted, and any such waiver shall not be construed as a waiver of any succeeding default or breach of the same or other covenants, agreements, restrictions or conditions of this Agreement.

15.9 Modifications. Any alteration, change, or modification of or to this Agreement, or any term hereof, in order to become effective, shall be in writing and in each instance signed on behalf of the party against which such modification is being asserted.

15.10 Severability. If any term, provision, condition or covenant of this Agreement or its application to any party or circumstances shall be held, to any extent, invalid or unenforceable, the remainder of this Agreement, or the application of the term, provision, condition or covenant to persons or circumstances other than those as to whom or which it is held invalid or unenforceable, shall not be affected, and shall be valid and enforceable to the fullest extent permitted by law.

15.11 Offer. Any delivery of unsigned copies of this Agreement is solely for the purpose of review by the party to whom delivered, and neither the delivery nor any prior communications between the parties, whether oral or written, shall in any way be construed as an offer by the Agency, nor in any way imply that the Agency is under any obligation to enter the transaction which is the subject of this Agreement. The signing of this Agreement by the Seller constitutes an offer, which shall not be deemed accepted by the Agency unless and until the Agency has signed this Agreement. This is not a binding agreement until and unless executed on behalf of the Agency by its authorized designee.

15.12 Right of Access. Prior to the Closing Date, the Agency, and its representatives, agents, employees, contractors and designees shall have the right of access to the Property at all reasonable times for the purpose of making necessary and appropriate inspections.

15.13 Computation of Time. The time in which any act is to be done under this Agreement is computed by excluding the first day (such as the day escrow opens), and including the last day, unless the last day is a holiday or Saturday or Sunday, in which case that day is also excluded. The term "holiday" shall mean all holidays as specified in Section 6700 and 6701 of the California Government Code. If any act is to be done by a particular time during a day, that time shall be in the Pacific Time Zone.

15.14 Legal Advice. Each party represents and warrants to the other that it has carefully read this Agreement, and in signing this Agreement, it does so with full knowledge of any right which it may have; it has received independent legal advice from its legal counsel as to the matters set forth in this Agreement, or have knowingly chosen not to consult legal counsel as to the matters set forth in this Agreement; and, it has freely signed this Agreement without any reliance upon any agreement, promise, statement or representation by or on behalf of the other party, or their respective agents, employees, or attorneys, except as specifically set forth in this Agreement, and without duress or coercion, whether economic or otherwise.

15.15 Time of Essence. Time is expressly made of the essence with respect to the performance by the Agency and the Seller of each and every obligation and condition of this Agreement including, without limitation, the Closing.

15.16 No Intent to Create Third Party Beneficiaries. Except as otherwise specifically set forth in this Agreement, the Parties intend that the rights and obligations under this Agreement shall benefit and burden only the parties to this Agreement, and do not intend to create any rights in, or right of action to or for the use or benefit of any third party, including any governmental agency, who is not one of the parties to this Agreement.

16. Agreement in Total.

16.1 Merger of Prior Agreements and Understandings. This Agreement contains the entire understanding between the Parties relating to the transaction contemplated by this Agreement. All prior or contemporaneous agreements, understandings, representations and statements, oral or written, are merged in this Agreement and shall be of no further force or effect.

16.2 Counterparts. This Agreement may be signed in multiple counterparts which, when signed by all parties, shall constitute a single binding agreement.

16.3 Exhibits Incorporated by Reference. All exhibits attached to this Agreement are incorporated in this Agreement by this reference. This Agreement includes Twelve (12) pages and three (3) exhibits including Exhibit A, Legal Description; Exhibit B, Façade Easement (including Certificate of Acceptance), and Exhibit C, Certificate of Completion.

17. Reciprocal Indemnity. With respect to the administration of this Agreement, the Agency agrees to indemnify, defend, and hold harmless the Seller, its respective officers, directors, employees and agents (individually, a “Seller Indemnitee” and collectively, the “Seller Indemnitees”) from and against any and all third party suits, demands, claims, causes of action, losses, liabilities, penalties, charges, costs and expenses, including reasonable investigation costs, attorneys’ fees and disbursements, and fees of consultants and expert witnesses (collectively, a “Third Party Claim”) that may be imposed on, incurred by or asserted against the Seller Indemnitees by reason of, on account of or in connection with any negligence, willful misconduct or failure to act (when obligated to do so) by the Agency, its agents, contractors or employees relating to the use of the Easement by the Agency, its employees or agents pursuant to this Agreement. The Seller agrees to indemnify, defend, and hold harmless the Agency, its elected officials, officers, directors, employees, attorneys and agents (individually, an “Agency Indemnitee” and collectively, the “Agency Indemnitees”) from and against any and all Third Party Claims that may be imposed on, incurred by or asserted against the Agency Indemnitees by reason of, on account of or in connection with any negligence, willful misconduct or failure to act (when obligated to do so) by the Seller, its respective agents, contractors or employees relating to the use of the Easement by the Seller, its respective employees or agents. The indemnity and defense obligations of the Agency and the Seller under this Agreement shall not be affected by the absence or unavailability of insurance covering the same or by failure or refusal by any insurance carrier to perform any obligation on its part under any such policy of insurance. If a Seller Indemnitee or an Agency Indemnitee (each an “Indemnitee”) is entitled to defense or indemnification under this Agreement (each, an “Indemnification Claim”), the Agency or the Seller, as applicable (the “Indemnitor”), shall not be obligated to defend, indemnify or hold harmless Indemnitee, unless and until Indemnitee provides written notice to Indemnitor, promptly after such Indemnitee has actual knowledge of the facts or circumstances of the Third Party Claim on which such Indemnification Claim is based, describing in reasonable detail such facts and circumstances of the Third Party Claim with respect to such Indemnification Claim and a request for such indemnity and/or defense (the “Indemnification Claim Notice”). Indemnitee shall not be entitled to indemnification or defense to the extent Indemnitee’s failure to notify or delay notifying Indemnitor materially prejudices Indemnitor’s ability to defend against any Third Party Claim on which such Indemnification Claim is based, or materially increases the amount of damages, losses, costs or fees incurred with respect to such Third Party Claim.

IN WITNESS WHEREOF, the Agency and the Seller execute this Agreement by and through the signatures of their authorized representatives, as follows:

[Signatures on following page(s).]

SIGNATURE PAGE
TO
AGREEMENT FOR ACQUISITION OF FAÇADE EASEMENT

THE AGENCY:

REDEVELOPMENT AGENCY OF
THE CITY OF REDLANDS
a California public agency

By: _____
Redevelopment Director

THE SELLER:

LES RICHTER AND GARY ROMANO, LLC, a
California limited liability corporation

By: _____
Les Richter

By: _____
Gary Romano

EXHIBIT A

LEGAL DESCRIPTION

That real property in the City of Redlands, County of San Bernardino, State of California, described as follows:

“Lots 11 and 12, Block “D”, the Link, in the City of Redlands, County of San Bernardino, State of California, as per plat recorded in Book 4 of Maps, Page 13, records of said San Bernardino County.

APN: 0169-301-22

Street Address: 330 North Orange Street, Redlands, California 92374

EXHIBIT B

FAÇADE EASEMENT

Recording Requested By, and
When Recorded Return to:
The Redevelopment Agency of the
City of Redlands
210 East Citrus Avenue
P. O. Box 3005
Redlands, CA 92373
Attn: Redevelopment Director

SPACE ABOVE THIS LINE FOR RECORDING USE
(This document is exempt from payment of a recording fee pursuant to
Government Code Section 27383.)

FACADE EASEMENT

The LES RICHTER AND GARY ROMANO, LLC, a California limited liability corporation, hereby declares, executes and records this Facade Easement for the purpose of encumbering, binding and preserving the improvements located on the land described in Exhibit "A" attached hereto.

18. Definitions.

18.1 The term "Premises" refers to the land described on Exhibit "A", together with all exterior surfaces and architectural features of improvements located therein, and the open spaces surrounding such improvements.

18.2 The term "Facade" as used herein is intended to describe and include the architectural style, general design and arrangement of the surface of the improvements, including the color, the kind of texture of building materials and the type and style of all windows, exterior doors, exterior light fixtures, signs and other similar exterior features.

18.3 The term "Construction" includes construction, reconstruction, improvement, enlargement, painting and decoration, alteration, demolition, maintenance or repair of any structure or works.

18.4 The term "Easement" is used herein to refer to this Facade Easement.

18.5 The term "Grantee" shall mean the Redevelopment Agency of the City of Redlands.

18.6 The term "Grantor" shall mean any and all successors to title to the Premises.

19. Duration. This Easement is granted in perpetuity, and is intended to constitute a binding and enforceable restriction of the Premises and shall be deemed to run with the land as binding and enforceable servitudes, in perpetuity, obligating the Grantor and its heirs, successors and assigns to comply with each of the covenants and restrictions described herein.

20. Demolition and Removal. No exterior building improvements shall be demolished or removed without written approval of Grantee. In the event that Grantee provides its consent to demolish or remove exterior building improvements, this Easement shall be deemed to be terminated as of the date of such approval.

21. Changes, Repairs and Alterations. No alteration, no physical or structural change and no change in the color material or surfacing shall be made to the exterior of the improvements (including the applicable grounds) without the written approval of Grantee nor shall any changes be undertaken to the interior of the improvements which would materially and adversely affect their structural stability or soundness. Notwithstanding the foregoing, Grantor may repair, temporarily or permanently, any damage that may result to the improvements from casualty loss, deterioration or wear and tear without such prior consent and approval, provided that any such maintenance, reconstruction, repair or refinishing work needed to correct such damage is accomplished in a manner that will not materially alter the current appearance of the exterior of the improvements.

22. Standards for Maintenance and Rehabilitation. Grantor covenants and agrees to use special care to rehabilitate and to continuously maintain, repair, and administer the exterior of the improvements in a good and sound state of repair in conformity with any state or local statutes, ordinance, regulations or other laws, policies or guidelines that may be enacted by federal, state or local governments from time to time governing the maintenance and preservation of the improvements, so as to preserve the historical integrity of features, materials, appearances, workmanship and environment of the improvements. Maintenance shall be continuously provided using the same materials and workmanship, provided that such materials and workmanship are available.

23. Additions and New Construction. No addition shall be constructed to the improvements, nor shall additional structures be built upon the Premises unless the plans and exterior designs for such structures or additions have been approved in writing by Grantee. Grantee, in reviewing the plans and designs for any addition or additional structure, shall consider the following criteria: exterior building materials; height; fenestration; roof shapes; forms, and materials; surface textures; expression of architectural detailing; scale relationship of any additions to the main structure; general form and proportion of structure; orientation to the site; setback; spacing between adjacent buildings; lot coverage; use of local or regional architectural traditions; and effect on archaeological resources. Contemporary designs for additions or additional structures shall not be discouraged when the design of such alterations is compatible with the size, color, material and character of the property and its environment.

24. Painting and Cleaning. No painting or cleaning of any exterior features of the improvements and ornamentation or architectural details thereon shall occur without the prior written approval of Grantee. In no event may such exterior features be cleaned by sandblasting or other abrasive cleaning methods.

25. Antennae. No satellite, telephone, radio, cable television or other transmission or receiving antennae visible from a public thoroughfare may be erected or maintained on the Premises without prior written approval of Grantee.

26. Trash and Debris. No dumping of ashes, sawdust, bark, trash, rubbish or any other unsightly or offensive materials shall be permitted on the Premises.

27. Utility Lines. No above grade utility transmission lines may be created on the Premises without prior written approval of the Grantee.

28. Topography. No material topographical changes, including but not limited to excavation, shall occur upon the Premises without prior written approval from Grantee.

29. Landscaping. No material landscaping changes shall occur upon the Premises without the prior written approval from Grantee.

30. Cutting of Trees. No clear-cutting of trees shall occur on the Premises without prior written approval of Grantee, whose approval may only be granted where such clear cutting is necessary and incidental to permitted development on the Premises. There shall be no cutting of trees greater than eight (8) inches in diameter without prior written approval of Grantee. Grantor shall at all times exercise good forestry conservation practices in the management of forest and wooded areas, including the selective cutting of damaged, diseased or overcrowded trees and dead wood. Nothing contained herein shall impair Grantor's right to replace dead or diseased trees, shrubs or ground cover with trees, shrubs or ground cover of the same species without Grantee's prior approval.

31. Signage. Grantor agrees that, upon Grantor's prior written consent (which consent shall not be unreasonably withheld or delayed), Grantee may provide and maintain signage upon the Premises in accordance with the Redlands Municipal Code.

32. Use. The Premises shall be used only in accordance with the Redlands Municipal Code and other applicable laws.

33. Public View. Grantor agrees not to obstruct the ability of the public to view the Facades from a public way such as any public street adjacent to said Premises; provided, however, that nothing contained herein shall be construed to require Grantor to permit public access to the Premises.

34. Inspections. Grantor hereby agrees that representatives of Grantee, its successors or assigns, shall be permitted to inspect the Premises, including the protected Facades, at all reasonable times. Grantor agrees that representatives of Grantee, its successors or assigns, shall be permitted to enter and inspect the interior of the improvements to insure maintenance of structural soundness. Inspection of the interior will not, in the absence of evidence of violation or deterioration, take place more often than annually and may involve reasonable testing of interior structural condition. Inspection will be made at a time mutually agreed upon by Grantor and Grantee and Grantor covenants not to withhold unreasonably its consent in determining a date and time for such inspection. Grantor further agrees that Grantee shall be permitted to take photographs of the interior and exterior of the Premises to document the condition of the property on the date of inspection. Such photographs will serve as documentation and further evidence of the condition of the property on the date of inspection. Grantor or its representative agrees to sign Grantee's inspection form to acknowledge receipt of a copy of the inspection report and recommendations. Copies of any such photographs shall be promptly delivered to Grantor.

35. Property Insurance. Grantor shall maintain, at its own cost, reasonable casualty insurance for the improvements.

36. Casualty Damage or Destruction. If the improvements or any part thereof are damaged or destroyed as a result of casualty, Grantor shall reconstruct or restore the improvements to their current condition, subject to applicable laws.

37. Grantee's Remedies. In the event of a violation of any covenant or restriction contained herein, Grantee, its successors or assigns, shall have the following rights and remedies which shall be cumulative and in addition to any other rights or remedies which may be available to Grantee at law or in equity.

37.1 Grantee may require restoration of the improvements to their condition prior to violation.

37.2 Grantee may, following reasonable notice to Grantor, institute suits to enjoin such violation or breach by ex parte, temporary or permanent injunction, and to require the restoration of the premises to the condition and appearance required hereunder.

37.3 Grantee may, institute suit to following reasonable notice recover monetary damages for to any breach.

37.4 Representatives of Grantee may, following reasonable notice to Grantor, enter upon the Premises, correct any such violations, and hold Grantor, its successors and assigns, responsible for the cost thereof. Such cost until repaid shall constitute a lien (with power of sale in Grantee) on the Premises that may be enforced by nonjudicial foreclosure or judicial foreclosure under California law.

38. Attorneys' Fees. Should legal action be brought by either party for breach of this Easement to enforce any provision, the prevailing party in such action shall be entitled to reasonable attorneys' fees, court costs, and other litigation expenses including, without limitation, expenses incurred to preparation and discovery. The entitlement to recover such fees, costs and expenses shall accrue upon the commencement of the action regardless of whether the action is prosecuted to final judgment.

39. Indemnification and Insurance. Grantor hereby agrees to indemnify, defend and hold Grantee, its agents, directors, employees and independent contractors harmless from and against any and all claims, liabilities, damages, losses, costs and expenses (including reasonable attorney's fees and disbursements) arising out or in any way relating to the administration of or Grantor's breach of this Easement. Grantor agrees to maintain at all times a reasonable policy of comprehensive general liability insurance for the Premises. Such policy shall name Grantee as an additional insured and shall provide for at least thirty (30) days advance written notice to Grantee prior to cancellation.

40. Notices. Any notice required to be given by this Easement shall be in writing and may be given by certified or registered mail, with postage prepaid and return receipt requested. Notices to Grantee shall be addressed to the address first set forth on page 1 of this Easement or to such other address as Grantee may designate by written notice to the other.

41. Construction and Interpretation. This Easement is created pursuant to the conservation Easement Act, California Civil Code Sections 815, et seq. Grantor and Grantee intend

that this Easement shall be construed liberally to further the public purpose of preserving the historic, cultural, scenic and aesthetic character of the improvements.

42. Conservation Purposes. Grantee agrees that it will hold this scenic, open space and historic preservation easement “exclusively for conservation purposes” as that term is defined in the Internal Revenue Code of 1986 and the implementing Treasury regulations as they may be amended from time to time. As a minimum, these provisions require that Grantee not transfer this scenic, open space and historic preservation easement for monetary consideration, other property or services and that Grantee undertake to assure that the historic preservation purposes intended to be accomplished in this scenic open space and historic preservation easement are in fact accomplished.

These covenants shall be administered solely by Grantee, its successors in interest or assigns; and in all subsequent conveyances of the Premises, Grantee its successors in interest or assigns, shall be the sole party entitled to administer these covenants. Notwithstanding the foregoing, Grantee may assign or transfer its interests in this scenic, open space and historic preservation easement, or its responsibility for monitoring and inspecting the premises for compliance with the terms hereof, to any entity of local, state or federal government, or to any publicly supported charity, whose purposes include, inter alia, the preservation of historically important land areas and historic structures and who possess the resources to enforce the terms of this scenic, open space and historic preservation easement.

43. Waiver. No waiver of any term or condition of this Easement shall have any force or effect unless it is in writing and approved by the parties hereto. No failure on the part of Grantee to enforce any covenant or provision herein nor the waiver of any right hereunder by Grantee shall discharge or invalidate such covenant or the provision of any other covenant, condition or provision hereof, or affect the right of Grantee to enforce the same in the event of a subsequent breach or default.

44. Severability. This Easement is intended to be read and interpreted as a whole; however, in the event any provision hereof shall be construed as unenforceable, the remainder of this Easement is intended to continue to be binding on the parties, their heirs, successors and assigns and to remain in full force and effect to achieve the long-term protection of the improvements and their environment.

45. Governing Law. This Easement is made in, and shall be governed by, the laws of the State of California.

46. Amendments. This Easement may be amended only by written agreement of Grantee and Grantor.

47. Administration by Executive Director. The Executive Director of the Redevelopment Agency of the City of Redlands shall have the authority to grant all written consents and written approvals and make all elections on behalf of the Redevelopment Agency of the City of Redlands, acting in its proprietary capacity, under this Easement. Nothing herein shall be construed to waive or limit the rights of the Redevelopment Agency of the City of Redlands in its governmental capacity.

48. Assignment by Grantee. Upon the cessation of operations of the Redevelopment Agency of the City of Redlands, the Redevelopment Agency of the City of Redlands shall assign its rights under this Easement to the City of Redlands. Except for the forgoing and the purposes

described in Section 25, Conservation Purposes, of this Easement, the Grantee shall not assign its rights under this Easement without the prior consent of the Grantor (or its successors to title to the Premises), which shall not be unreasonably withheld, conditioned or delayed.

_____, 2008

LES RICHTER AND GARY ROMANO, LLC,
a California limited liability corporation

By: _____
Les Richter

By: _____
Gary Romano

State of California)
) ss
County of San Bernardino)

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

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

Witness my hand and official seal.

Signature of Notary

(Notary Seal)

State of California)
) ss
County of San Bernardino)

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

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

Witness my hand and official seal.

Signature of Notary

(Notary Seal)

EXHIBIT "A"

DESCRIPTION OF LAND

That real property in the City of Redlands, County of San Bernardino, State of California, described as follows

"Lots 11 and 12, Block "D", the Link, in the City of Redlands, County of San Bernardino, State of California, as per plat recorded in Book 4 of Maps, Page 13, records of said San Bernardino County.

APN: 0169-301-22

Street Address: 330 North Orange Street, Redlands, California 92374

EXHIBIT C

CERTIFICATE OF COMPLETION

Recording Requested By, and
When Recorded Return to:
The Redevelopment Agency of the
City of Redlands
210 East Citrus Avenue
P. O. Box 3005
Redlands, CA 92373
Attn: Redevelopment Director

[Space above for recorder.]

CERTIFICATE OF COMPLETION

WHEREAS, on or about _____, the REDEVELOPMENT AGENCY OF THE CITY OF REDLANDS, a public body corporate and politic (the "Agency"), and LES RICHTER AND GARY ROMANO, LLC, a California Limited Liability Company (the "Owner"), entered into that certain Agreement for Acquisition of Façade Easement (the "Agreement") that, among other things, affected certain renovation improvements on the Owner's real property situated in the City of Redlands, California and described in Exhibit A attached hereto and incorporated herein (the "Property"); and

WHEREAS, pursuant to the Agreement, upon satisfactory completion of all construction on Property, as determined by the Agency, the Agency shall furnish the Owner with a Certificate of Completion ("Certificate") upon written request therefor by the Owner, which Certificate shall be in such form as to permit recordation in the San Bernardino County Recorder's Office; and

WHEREAS, such Certificate shall be conclusive determination of satisfactory completion of the construction of the renovation improvements on the Property, as required by the Agreement; and

WHEREAS, the City of Redlands has issued its "Certificate of Occupancy" with respect to the renovation improvements on the Property; and

WHEREAS, the Agency has conclusively determined that the construction of the renovation improvements have been satisfactorily completed.

NOW THEREFORE,

1. As provided in the Agreement, the Agency does hereby certify that the construction of the renovation improvements have been fully and satisfactorily performed and completed.
2. The conditions and all rights and obligations under the Agreement are terminated with respect to the renovation improvements constructed on Property, except as set forth in the Agreement.
3. After recordation of this Certificate, any person or entity then owning or thereafter purchasing, leasing, or otherwise acquiring any interest in Property will not (because of such ownership, purchase, lease, or acquisition) incur any obligation or liability under the Agreement, except that such

