

**PURCHASE AND SALE AGREEMENT AND JOINT
ESCROW INSTRUCTIONS BETWEEN THE CITY OF
TEMECULA, AS BUYER, AND HOFF INVESTMENTS, L.P.
AND PMD INVESTMENTS, L.P., AS SELLERS (APN 910-
262-003)**

This Purchase and Sale Agreement and Joint Escrow Instructions (Agreement) is entered into by and between the City of Temecula, a municipal corporation (“City”), as Buyer, and Hoff Investments, L.P., a California limited partnership, as to an undivided 50% interest, and PMD Investments, L.P., a California limited partnership, as to an undivided 50% interest, as Sellers, and constitutes an agreement to purchase and sell real property and the joint escrow instructions directed to First American Title Insurance Company (“Escrow Holder” or “Title Company”). Hoff Investments, L.P. and PMD Investments, L.P. are referred to below collectively as “Sellers”. City and Sellers may be referred to below collectively as “Parties”. The Agreement is effective as of the date that it is fully executed by the Parties (“Effective Date”).

RECITALS

A. Sellers are the record fee owners of that certain vacant commercial real property located at the northern terminus of Madison Avenue in the City of Temecula and identified as Riverside County Tax Assessor’s Parcel Number 910-262-003 (“Subject Property”) that is approximately 1.37 acres (59,677 square feet) in size. The Subject Property is more particularly described on EXHIBIT “A” and roughly depicted on EXHIBIT “B”, which are attached hereto and incorporated herein by this reference. The Subject Property includes all of the interests of Sellers in and to the Subject Property and all rights and appurtenances pertaining to said real property, including any improvements and landscaping, all rights, title, and interest of Sellers in and to adjacent streets, alleys, or rights of way; provided, however, the City shall have no right, title or interest in and to Sellers’ adjacent real property.

B. Sellers listed the Subject Property for sale on the open market with Lee & Associates. The City obtained an independent fair market value appraisal of the Subject Property prepared by the appraisal firm Perdue, Russell, & Matthies Real Estate Appraisal that used a date of value of February 2, 2024 (“Appraisal”). The City also obtained an appraisal review of the Appraisal dated April 5, 2024 prepared by Riggs & Riggs, Inc. (“Appraisal Review”). The Appraisal Review found that the Appraisal complies with USPAP standards and that the Perdue Appraisal Report and its conclusions are sufficiently documented and supportable. Thus, Riggs & Riggs, Inc. recommended that the Appraisal be accepted in its current final form.

C. The City proposes to move forward with the design of the proposed Phase III of the I-15/French Valley Parkway Improvements Project. The Subject Property is located within the footprint of the proposed Phase III. The acquisition by the City of the Subject Property in fee enables the City to purchase the Subject Property in fee for future public use, namely public street and highway purposes, and all uses necessary or convenient thereto in connection with the proposed I-15/French Valley Parkway Improvements Project (“proposed French Valley Improvements”).

D. As of the Effective Date, the Subject Property is subject to the Declaration of Protective Covenants for the North Jefferson Business Park – Freeway recorded on June 21, 1989 as Document Number 205472 of Official Records of the County of Riverside, and amendments thereto (collectively “Declaration of Protective Covenants”). The Declaration of Protective Covenants was amended pursuant to that certain De-Annexation Amendment to Declaration of Protective Covenants for North Jefferson Business Park – Freeway Association (“2021 De-Annexation Amendment”) executed on February 16, 2021 by the President of the Board certifying that at least 51 percent of the owners of the parcels within the North Jefferson Business Park – Freeway Association voted in favor of the subject 2021 De-Annexation Amendment in voting completed in February, 2021. Said 2021 De-Annexation Amendment was recorded on February 24, 2021 as Instrument 2021-0119144_ of Official Records of the County of Riverside. Said 2021 De-Annexation Amendment amended Section 19.2 of the Declaration of Protective Covenants to authorize the Board of Directors of the North Jefferson Business Park – Freeway Association to de-annex those properties located within the North Jefferson Business Park – Freeway acquired by the City of Temecula, the City of Murrieta, or other governmental agency by negotiated acquisition for public use.

E. Sellers and the City have negotiated City’s purchase of the Subject Property in fee. Sellers desire to sell, and City desires to buy the Subject Property in fee, including all improvements thereon and all of Sellers’ interest in and to the Subject Property, on the terms and conditions set forth herein.

NOW THEREFORE, in consideration of the above Recitals, which are incorporated herein by this reference, and for other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, City and Sellers agree to the following:

1. **Purchase and Sale.** On the Close of Escrow, as defined in Section 2 below, Sellers agree to sell the Subject Property in fee to City and City agrees to purchase the Subject Property in fee from Sellers on the terms and conditions set forth in this Agreement.

2. **Opening and Close of Escrow.** Within five business days after the Effective Date, City will deliver a copy of the fully-executed Agreement to Escrow Holder. Opening of Escrow means the date on which Escrow Holder receives a copy of the fully-executed Agreement and signs such Agreement consenting to be Escrow Holder (“Opening of Escrow”). The Parties can execute the Agreement in counterparts as set forth in Section 23.f. below. This Agreement shall serve as the instructions to Escrow Holder for consummation of the transactions contemplated hereby. City and Sellers agree to execute such additional and supplementary escrow instructions as may be appropriate to enable Escrow Holder to comply with the terms of this Agreement; provided, however, that in the event of any conflict between the terms and provisions of this Agreement and the terms and provisions of any supplementary escrow instructions, the terms and provisions of this Agreement shall control. For purposes of the Agreement, Close of Escrow (or Closing) is the date on which the Grant Deed for the Subject Property and the documents referenced in Section 6 are recorded in the Official Records of the County of Riverside. The Close of Escrow will occur no later than sixty (60) calendar days after Opening of Escrow.

3. **Purchase Price.**

a. *Purchase Price.* The total purchase price that City will pay to Sellers for the Subject Property is the sum of \$1,552,000.00 (One Million Five Hundred Fifty-Two Thousand Dollars and no/100) for the fair market value of the Subject Property (referred to below as the "Purchase Price"). No attempt has been made to assign value to the lesser interest in the Subject Property. Thus, the Purchase Price is the total price for the Subject Property without distinction or separation for various interests that may be held in the Subject Property. Sellers are responsible for any apportionment or allocation of the Purchase Price if required for any separately held interests that may exist in the Subject Property.

4. **Title and Title Insurance.**

a. Upon the Opening of Escrow, Title Company will obtain and issue a title commitment for the Subject Property. Title Company will also request two copies each of all instruments identified as exceptions on said title commitment. Upon receipt of the foregoing, Title Company will deliver these instruments and the title commitment to City and Sellers.

b. City will have until the expiration of the Due Diligence Period (as defined below in Section 9) to disapprove any exceptions to title shown on the Preliminary Title Report or reflected on the Survey (collectively, "Disapproved Exceptions") and to provide Sellers with notice of disapproval in writing describing the defect with reasonable particularity (the "Disapproval Notice"). Any exceptions to title not disapproved by City within such period shall be deemed approved. Within five (5) business days of Sellers' receipt of a Disapproval Notice, Sellers will have the right, but not the obligation, to notify City in writing that Sellers intend to remove the Disapproved Exceptions. If Sellers notify City of an intention to eliminate the Disapproved Exceptions, Sellers will do so concurrently with or prior to the Close of Escrow. If Sellers do not elect to remove any of the Disapproved Exceptions, City may elect to terminate this Agreement or to take the Subject Property subject to the Disapproved Exceptions by notifying in writing Sellers within three (3) business days after the expiration of Sellers' election period. In any event, Sellers covenant to pay in full all loans secured by mortgages and deeds of trust encumbering the Subject Property and to remove any mechanics liens and any other monetary liens encumbering the Subject Property (other than current real property taxes and assessments which are not due and payable) prior to or concurrently with the Close of Escrow; provided, however, Sellers will have the right to bond over mechanic's liens so long as such bond is reasonably acceptable in form and substance to City and is sufficient to allow the Title Company to insure over such liens in the Title Policy (as defined in Section 4.c. below). The Title Policy will include such endorsements as City will reasonably request and which Title Company agrees to issue on or before the expiration of the Due Diligence Period. Any Title Policy endorsements are to be paid for by City. Whether or not City will have furnished to Sellers any Disapproval Notice pursuant to the foregoing provisions of this Agreement, City may, at or prior to the Close of Escrow, notify Sellers in writing of any objections to title first raised by the Title Company between (a) the last date on which City is entitled to make such an objection as set forth above and (b) the date on which the transaction contemplated herein is scheduled to close. With respect to any Disapproved Exceptions set forth in such notice, Sellers will have the same option to cure (or in the case of a monetary lien, the obligation to obtain the removal or bonding thereof as provided above) and City will have the same option to accept title subject to such matters or to terminate

this Agreement as those which apply to any notice of Disapproved Exceptions made by City before the expiration of the Due Diligence Period.

c. City's obligation to consummate the purchase of the Subject Property is conditioned upon the irrevocable commitment by the Title Company, issued on or before the expiration of the Due Diligence Period, and reconfirmed not later than one (1) business day prior to the Close of Escrow, to issue a CLTA Standard Coverage Owner's Policy of Title Insurance (or an ALTA Extended Coverage Form of Title Policy if City elects such coverage as provided in Section 4.d. below) insuring (i) the fee interest of the City to the Subject Property, which is described in the form of Grant Deed attached as EXHIBIT "C" to this Agreement, in the amount of \$1,552,000.00 ("Title Policy"), subject only to the following permitted conditions of title (the "Permitted Title Exceptions"):

i. General and special real property taxes and assessments for the then current tax fiscal year which are a lien not then due and payable;

ii. The applicable zoning, building, and development regulations of any municipality, county, state, or federal jurisdiction affecting the Subject Property;

iii. Such other exceptions listed in the Preliminary Title Report that have been approved, or been deemed approved, by City as provided in Section 4.b; and

iv. Any exceptions directly or indirectly caused by City or City's agents, employees or contractors.

d. At City's election and cost, City may cause the Title Company to provide City with an ALTA Extended Coverage Owner's Policy. Notwithstanding the foregoing, City's receipt of an ALTA policy shall only be a condition to closing provided that City pay the cost of the ALTA policy in excess of the cost of a CLTA policy and City obtain an ALTA survey acceptable to the Title Company prior to the expiration of the Due Diligence Period. Sellers shall not encumber the Subject Property during the period from the Effective Date to the Close of Escrow or the date of the termination of this Agreement.

5. Deposit of Funds in Escrow.

a. City shall pay all costs of the Title Policy described in Section 4, escrow-related costs, and all other customary costs and expenses of Closing.

b. The City covenants and agrees to deposit into Escrow the Purchase Price for the Subject Property. The City also covenants and agrees to deposit its share of escrow-related costs or charges within five (5) business days of receiving written notice from Escrow Holder regarding the confirmation of the completion of the conditions required herein for the Close of Escrow.

6. Deposit of Documents in Escrow by Seller.

a. *Grant Deed.* Sellers will, within five (5) business days after the City approval of the Due Diligence Period, deposit the Grant Deed conveying in fee to the City the

Subject Property, which is more particularly described in the form of Grant Deed attached as EXHIBIT "C" hereto, duly executed and acknowledged by Sellers. City will accept said executed Grant Deed prior to recording.

b. *Certification of Non-Foreign Status.* Sellers will deliver to Escrow Holder, prior to the Close of Escrow, a certification of Non-Foreign Status in accordance with I.R.C. Section 1445.

c. *Withholding Exemption Certificate.* Sellers will deliver to Escrow Holder, prior to the Close of Escrow, a Withholding Exemption Certificate 593-C as contemplated by California Revenue and Taxation Code Section 18862.

d. *Proof of Sellers' Authorization.* Sellers will deliver to Escrow such proof of Sellers' authorization to enter into this transaction as Escrow Holder may reasonably require to issue the Title Policy.

7. **Authorization to Record Documents and Disburse Funds and Order of Recording.** Escrow Holder is hereby authorized to record the documents and disburse the funds and documents called for hereunder upon the Close of Escrow, provided each of the following conditions has then been fulfilled:

a. Escrow Holder can issue in favor of City the Title Policy showing the fee interest of the City to the Subject Property described in the Grant Deed attached as EXHIBIT "C", subject only to the Permitted Title Exceptions. Escrow Holder will use the proceeds of the Purchase Price to obtain a full reconveyance of any monetary liens encumbering the Subject Property, so that the Subject Property is free and clear of monetary liens and encumbrances at the Close of Escrow. Escrow Holder will obtain final approval from Sellers regarding the disbursement of the proceeds prior to disbursing any such proceeds to the holder(s) of the monetary liens encumbering the Subject Property.

b. City will have deposited with Escrow Holder the Purchase Price for the Subject Property, consisting of the sum of \$1,552,000.00, plus any escrow-related and/or any title-related costs or charges.

c. Escrow Holder will have received City's notice of approval or satisfaction or waiver of all of City's contingencies as provided for below in Section 14.a.

d. Sellers will have deposited in Escrow the executed Grant Deed in the form attached as EXHIBIT "C" for the Subject Property.

e. Unless otherwise instructed in writing, Escrow Holder is authorized to record at the Close of Escrow any instrument delivered through this Escrow if necessary or proper for issuance of the Title Policy, including the Grant Deed for the Subject Property with the Certificate of Acceptance.

8. **Escrow Charges and Prorations.**

a. If the Escrow shall fail to close due to Sellers' default or a failure of a condition precedent required by City under this Agreement as provided in Sections 6 and 14, Sellers shall pay all Escrow cancellation charges.

b. City shall pay (i) all of the fees and charges of Escrow Holder, (ii) the cost of the premium for the CLTA Standard Coverage portion of the Title Policy, (iii) any documents or other local transfer taxes, of any, on the transfer of the Subject Property, (iv) the cost of premium for the Title Policy in excess of the premium for a CLTA Standard Coverage policy, if any (v) the cost of all endorsements to the Title Policy, if any (vi) all costs and charges for the recordation of the Grant Deed, and (vii) all costs and expenses in connection with an ALTA Survey of the Subject Property, if the City determines to obtain such ALTA Survey. If the Escrow shall fail to close due to City's default or a failure of a condition precedent required by Seller under this Agreement as provided in Sections 5 and 14, City shall pay all Escrow cancellation charges.

c. Taxes and assessments levied against the Subject Property will be apportioned with respect to the Subject Property as of 12:01 a.m., on the day on which the Close of Escrow occurs, as if City were vested with title to the Subject Property during the entire day upon which the Close of Escrow occurs.

d. Notwithstanding anything contained in Section 8.c., any installment of taxes or assessments for the current year paid at or prior to the Close of Escrow shall be prorated based upon the amounts actually paid. If taxes and assessments for the current year have not been paid before the Close of Escrow, Sellers will be charged at the Close of Escrow an amount equal to that portion of such taxes and assessments which relates to the period before the Close of Escrow and City will pay the taxes and assessments prior to their becoming delinquent. Any such apportionment made with respect to a tax year for which the tax rate or assessed valuation, or both, have not yet been fixed shall be based upon the tax rate and/or assessed valuation last fixed. To the extent that the actual taxes and assessments for the current year differ from the amount apportioned at the Close of Escrow, the Parties will make all necessary adjustments by appropriate payments between themselves following the Close of Escrow. All delinquent taxes and assessments (and any penalties therein) for periods prior to the Close of Escrow, if any, affecting the Subject Property will be paid by Sellers.

e. All prorations shall be determined on the basis of a 365 day year. The provisions of this Section 8 will survive the Close of Escrow.

9. **Due Diligence Period and Due Diligence Testing.**

a. Prior to the Effective Date, the City engaged a consultant to prepare a Phase 1 Environmental Site Assessment for the Subject Property. The City will deliver to Sellers a copy of said Phase 1 ("Phase 1") within five (5) business days of the Effective Date.

b. Within five (5) business days after the Effective Date, Sellers will deliver to City all documents, reports, agreements, or other items in its possession or control relating to the Property, including without limitation the following (collectively, the "Subject Property Materials"): (i) all licenses, leases, and permits affecting or relating to the ownership, subdivision, possession, or development of the Subject Property; (ii) applications and correspondence or other

written communications to or from any governmental entity, department, or agency other than City regarding any permit, approval, consent, or authorization with respect to the development of the Subject Property or the construction of improvements thereon; (iii) the most recent survey, if any, pertaining to the Subject Property or any portion thereof; and (iv) soils reports, engineering data, environmental reports, and other data or studies pertaining to the Subject Property or any portion thereof, including, but not limited to a Natural Hazard Report.

c. Based on the review of the Phase 1 of the Subject Property, the City has determined not to obtain a Phase 2 Environmental Site Assessment or to conduct any additional physical due diligence testing. During the period commencing on the effective date of the Agreement and ending at 5:00 p.m. 30 calendar days after the effective date (“Due Diligence Period”), City may analyze the Subject Property Materials provided by Sellers. City will have said thirty(30)-day Due Diligence Period to analyze the documents provided by Sellers, title commitment for the Subject Property, and any exceptions identified in said title commitment in accordance with Section 4

10. **Covenants, Warranties, and Representations of Sellers; Indemnity.** Sellers hereby covenant, represent, and warrant to City the following, it being expressly understood and agreed that all such representations and warranties are to be true and correct in all material respects as of the effective date of this Agreement. If Sellers acquire additional knowledge regarding the matters that are the subject of the warranties or representations contained in this Section 10 that would cause any of such warranties or representations to be incorrect in any material respect prior to the Close of Escrow, Sellers will give prompt written notice thereof to City. Within ten (10) business days following receipt of such notice, City may elect to cancel this Agreement and receive a refund of the funds deposited in escrow, except for City’s share of any escrow cancellation charges. As of the Close of Escrow, the warranties and representations contained in this Section 10 shall be true and correct in all material respects, subject to any matters disclosed in writing by Sellers to City as provided in this Section 10 and will survive the Close of Escrow:

a. Sellers are the fee owners of the Subject Property and no other party has a fee interest in any portion of the Subject Property.

b. To Sellers’ current and actual knowledge, with no duty of inquiry or investigation, that (i) on the Close of Escrow the Subject Property will be free and clear of any and all hazardous or toxic substances, materials, and waste, including, but not limited to, asbestos and (ii) Sellers have no notice of any pending or threatened action or proceeding arising out of the condition of the Subject Property or alleged violation of environmental, health or safety statutes, ordinances, or regulations. Sellers will indemnify and hold the City harmless for a breach of this warranty and representations. Hazardous Substances are defined below in Section 17(a).

c. To Sellers’ current and actual knowledge, with no duty of inquiry or investigation, Sellers have not received any written notice, warning, notice of violation, administrative complaint, judicial complaint, or other formal or informal notice alleging that conditions on the Subject Property are or have been in violation of any Environmental Law as described below in Section 17(b), or informing Sellers that the Subject Property are subject to investigation or inquiry regarding Hazardous Substances (as defined in Section 17(a)) on the Subject Property or the potential violation of any Environmental Law.

d. Neither this Agreement nor anything provided to be done hereunder, including the transfer of the Subject Property to City, violates or will violate any contract, agreement or instrument to which Sellers are a party, or which affects the Subject Property, and the Sellers' grant of the fee interest in the Subject Property to City pursuant to this Agreement does not require the consent of any party not a signatory hereto.

e. To Sellers' current and actual knowledge, with no duty of inquiry or investigation, there is no pending, threatened or potential litigation, action or proceeding against Sellers or any other party before any court or administrative tribunal that involves the Subject Property or any portion thereof.

f. Except as disclosed in the title commitment referred to in Section 4, or as otherwise disclosed in writing by Sellers during Escrow, there are no claims or liens presently claimed or that will be claimed against the Subject Property for work performed or commenced by contractors, subcontractors, suppliers, engineers, and/or architects, and surveyors who might have lien rights prior to the date of this Agreement; provided, however, the foregoing shall apply only to claims or liens arising out of the actions of Seller, its contractors, subcontractors, suppliers, engineers, and/or architects, and surveyors. Sellers agree to hold City harmless from all costs, expenses, liabilities, losses, charges, fees, including attorney fees, arising from or relating to any such lien or any similar lien claimed against the Subject Property and arising from work performed or commenced prior to the Close of Escrow.

g. Sellers have the full right and power to execute, deliver, and perform Sellers' obligations under this Agreement, and when executed and delivered, Sellers will be lawfully bound by the terms of the Agreement. Sellers are the sole owners of the Subject Property free and clear of all liens, claims, encumbrances, easements, encroachments from adjacent properties, encroachments by improvements or vegetation on the Subject Property onto adjacent property, or rights of way of any nature, other than those that may appear on the title commitment. Sellers will not further encumber the Subject Property or allow the Subject Property to be further encumbered prior to the Close of Escrow.

h. Sellers are not a "foreign persons" within the meaning of Section 1445(f)(3) of the Internal Revenue Code.

i. There are no (i) assignable contracts and agreements relating to or affecting the Subject Property to which Sellers are a party or is obligated and pertaining to the upkeep, repair, maintenance, operation, or remediation of the Subject Property that will survive the Close of Escrow or (iii) other contracts or agreements, such as maintenance, service or utility contracts relating to or affecting the Subject Property to which Sellers are a party or are obligated that will survive the Close of Escrow.

j. WITH THE EXCEPTION OF ANY REPRESENTATIONS, COVENANTS OR WARRANTIES OF SELLERS AS SET FORTH IN THIS AGREEMENT, THE CITY ACKNOWLEDGES AND AGREES THAT IT IS PURCHASING THE SUBJECT PROPERTY BASED SOLELY UPON BUYER'S INSPECTION AND INVESTIGATION OF THE SUBJECT PROPERTY AND ALL DOCUMENTS RELATED THERETO, OR ITS OPPORTUNITY TO DO SO, AND THAT THE CITY IS PURCHASING THE SUBJECT

PROPERTY IN ITS "AS IS" "WHERE IS" AND "WITH ALL FAULTS" CONDITION, WITHOUT ANY RIGHT OF SET-OFF OR REDUCTION IN THE PURCHASE PRICE. THE CITY ACKNOWLEDGES THAT IT WILL HAVE ADEQUATE OPPORTUNITY TO INSPECT THE SUBJECT PROPERTY, AND THAT THE CITY SHALL RELY EXCLUSIVELY ON ITS OWN INVESTIGATION OF THE SUBJECT PROPERTY, AND ACCEPTS THE RISK THAT ANY INSPECTION MAY NOT DISCLOSE ALL MATERIAL MATTERS AFFECTING THE SUBJECT PROPERTY. THE CITY FURTHER AGREES THAT IT IS PURCHASING THE SUBJECT PROPERTY, AND SHALL ACCEPT THE SUBJECT PROPERTY, WITHOUT ANY REPRESENTATION OR WARRANTY WHATSOEVER, EXPRESS, IMPLIED OR OTHERWISE, INCLUDING WITHOUT LIMITATION AS TO THE: (A) VALUE, NATURE, QUALITY OR PHYSICAL CONDITION OF THE SUBJECT PROPERTY; (B) INCOME DERIVED FROM THE SUBJECT PROPERTY; (C) MERCHANTABILITY, MARKETABILITY, PROFITABILITY OR FITNESS OF THE SUBJECT PROPERTY FOR A PARTICULAR PURPOSE; (D) COMPLIANCE OF OR BY THE SUBJECT PROPERTY OR ITS OPERATIONS WITH ANY LAWS, RULES, ORDINANCES OR REGULATIONS OF ANY GOVERNMENTAL AUTHORITY OR BODY, INCLUDING WITHOUT LIMITATION ANY OF THE FOREGOING RELATING TO ZONING, LAND USE OR ENVIRONMENTAL REQUIREMENTS; (E) MANNER, QUALITY, STATE OF REPAIR OR LACK OF REPAIR OF THE PROPERTY; (F) THE ENVIRONMENTAL CONDITION OF THE PROPERTY; (G) ABILITY TO DEVELOP THE SUBJECT PROPERTY OR ANY RESTRICTIONS ON DEVELOPMENT; (H) THE SQUARE FOOTAGE OF THE SUBJECT PROPERTY; (I) ANY IMPROVEMENTS AND INFRASTRUCTURE, DEVELOPMENT RIGHTS, EXACTIONS AND EXPENSES ASSOCIATED WITH THE SUBJECT PROPERTY; (J) TAXES, ASSESSMENTS, BONDS, PERMISSIBLE USES, TITLE EXCEPTIONS, WATER OR WATER RIGHTS, TOPOGRAPHY, UTILITIES, ZONING OF THE SUBJECT PROPERTY; (K) SOIL, SUBSOIL, DRAINAGE, ENVIRONMENTAL OR BUILDING LAWS, RULES OR REGULATIONS; OR (L) ANY OTHER MATTER REGARDING THE SUBJECT PROPERTY, AND SELLER EXPRESSLY DISCLAIMS EACH AND EVERY SUCH REPRESENTATION AND WARRANTY.

11. **Representations and Warranties of City.** City hereby represents and warrants to Sellers the following, it being expressly understood and agreed that all such representations and warranties are to be true and correct as of the Close of Escrow and shall survive the Close of Escrow:

a. The City has taken all required action to permit them to execute, deliver, and perform its obligations under this Agreement.

b. The City has the power and authority to execute and deliver this Agreement and carry out its respective obligations hereunder and consummate the transactions contemplated herein.

c. Neither this Agreement nor anything to be provided to be done under this Agreement violates or shall violate, any contract, instrument, partnership agreement, trust agreement, or any other agreement to which City is a party, and which affects the Subject Property, and the purchase of the Subject Property herein contemplated does not require the consent of any party not a signatory hereto.

12. **Full Payment of Purchase Price for the Subject Property.** It is understood and agreed between Sellers and City that City's payment to Sellers of the Purchase Price is an all-inclusive settlement and constitutes the full and complete consideration and payment of just compensation for City's acquisition of the Subject Property in fee. Specifically, the payment by the City to Sellers of the Purchase Price of \$1,552,000.00 constitutes the full and complete consideration and payment of just compensation for the acquisition by City of the Subject Property in fee. The Purchase Price is also full and complete consideration for all claims arising in connection with or out of City's acquisition of the Subject Property for the respective proposed public use, claims for severance and other damages, inverse condemnation, precondemnation damages, attorneys' fees, interest, loss of rents, and any other damages of every kind and nature suffered by Sellers by reason of City's acquisition of the Subject Property or the public use for which City is acquiring the Subject Property in fee, and all costs and expenses whatever in connection therewith.

13. **Releases.**

a. **Sellers' Civil Code Section 1542 Release.** THIS AGREEMENT IS A VOLUNTARY AGREEMENT AND SELLERS, ON THE CLOSE OF ESCROW, ON BEHALF OF SELLERS AND SELLERS' SUCCESSORS AND ASSIGNS, FULLY RELEASES THE CITY, COUNCILMEMBERS, BOARD MEMBERS, OFFICIALS, COUNSEL, EMPLOYEES, AND AGENTS, FROM ALL CLAIMS AND CAUSES OF ACTION BY REASON OF ANY DAMAGE THAT HAS BEEN SUSTAINED, OR MAY BE SUSTAINED, AS A RESULT OF CITY'S EFFORTS TO ACQUIRE THE SUBJECT PROPERTY IN FEE OR ANY PRELIMINARY STEPS THERETO AND FROM ANY AND ALL CLAIMS, DEMANDS, CAUSES OF ACTION, OBLIGATIONS, LIABILITIES OR CLAIMS FOR FURTHER COMPENSATION RELATING TO CITY'S PURCHASE OF THE SUBJECT PROPERTY. SELLERS ACKNOWLEDGE THAT SELLERS MAY HAVE SUSTAINED DAMAGE, LOSS, COSTS, OR EXPENSES THAT ARE PRESENTLY UNKNOWN AND UNSUSPECTED, AND SUCH DAMAGE, LOSS, COSTS OR EXPENSES WHICH MAY HAVE BEEN SUSTAINED, MAY GIVE RISE TO ADDITIONAL DAMAGES, LOSS, COSTS OR EXPENSES IN THE FUTURE. NEVERTHELESS, SELLERS HEREBY ACKNOWLEDGE THAT THIS AGREEMENT HAS BEEN NEGOTIATED AND AGREED UPON IN LIGHT OF THAT SITUATION, AND HEREBY EXPRESSLY WAIVE ANY AND ALL RIGHTS THAT SELLERS MAY HAVE UNDER CALIFORNIA CIVIL CODE SECTION 1542 ("SECTION 1542"), OR UNDER ANY STATUTE OR COMMON LAW OR EQUITABLE PRINCIPLE OF SIMILAR EFFECT AS THESE MAY RELATE TO RELEASES DESCRIBED HEREIN.

i. IN CONNECTION WITH THE GENERAL RELEASE SET FORTH HEREIN, SELLERS HEREBY ACKNOWLEDGE THAT THEY HAVE READ AND ARE FAMILIAR WITH THE PROVISIONS OF SECTION 1542, WHICH IS SET FORTH BELOW. NOTWITHSTANDING THE FOREGOING, SUBJECT TO THE SURVIVAL PERIOD, THE FOREGOING RELEASE SHALL NOT APPLY TO THE VIOLATION OF ANY REPRESENTATIONS, WARRANTIES OR COVENANTS OF THE CITY HEREIN, OR IN ANY DOCUMENTS ATTACHED HERETO, THAT ARE EXPRESSLY PROVIDED TO SURVIVE THE CLOSING (AND HAVE NOT BEEN WAIVED OR DEEMED WAIVED BY SELLERS PURSUANT TO THE TERMS OF THIS AGREEMENT). NEVERTHELESS, SELLERS HEREBY EXPRESSLY WAIVE ANY AND ALL RIGHTS THAT SELLERS MAY

HAVE UNDER SECTION 1542, OR UNDER ANY STATUTE OR COMMON LAW OR EQUITABLE PRINCIPLE OF SIMILAR EFFECT AS THESE MAY RELATE TO RELEASES DESCRIBED HEREIN. SECTION 1542 PROVIDES AS FOLLOWS:

“A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.”

City and Sellers acknowledge this Section by placing their initials below:

Initials of Hoff Investments, L.P.: JRH

Initials of PMD Investments, L.P.: SC/MT

Initials of City: _____

b. City’s Civil Code Section 1542 Release. WITHOUT LIMITING THE GENERALITY OF ANY OF THE FOREGOING, THE CITY ON ITS OWN BEHALF AND ON BEHALF OF ITS COUNCILMEMBERS, BOARD MEMBERS, OFFICIALS, COUNSEL, EMPLOYEES, AND AGENTS, SUCCESSORS AND ASSIGNS (COLLECTIVELY WITH THE CITY, THE “BUYER PARTIES”) AS OF THE CLOSE OF ESCROW, HEREBY FULLY AND IRREVOCABLY RELEASES SELLERS AND SELLERS' AGENTS, MEMBERS, MANAGERS, PARTNERS, EMPLOYEES, REPRESENTATIVES, OFFICERS, DIRECTORS, RELATED AND AFFILIATED ENTITIES, ATTORNEYS, DIRECT OR INDIRECT OWNERS, SHAREHOLDERS, SUCCESSORS AND ASSIGNS (COLLECTIVELY WITH SELLER, THE “SELLERS PARTIES”) FROM ANY AND ALL CLAIMS, WHETHER KNOWN OR UNKNOWN, THAT THE CITY PARTIES MAY HAVE OR THEREAFTER ACQUIRE AGAINST THE SELLERS PARTIES ARISING FROM OR RELATED TO ANY MATTER OF ANY NATURE RELATING TO (A) ANY PAST, PRESENT OR FUTURE PRESENCE OR EXISTENCE OF HAZARDOUS MATERIALS ON, UNDER, ABOUT OR IN THE VICINITY OF OR MIGRATING ONTO OR FROM THE PROPERTY (INCLUDING, WITHOUT LIMITATION, IN THE GROUNDWATER UNDERLYING THE PROPERTY) OR ANY PAST, PRESENT OR FUTURE VIOLATIONS OF ANY ENVIRONMENTAL LAWS; (B) THE CONDITION OF THE PROPERTY INCLUDING WITHOUT LIMITATION ANY LATENT OR PATENT CONSTRUCTION DEFECTS, ERRORS OR OMISSIONS, COMPLIANCE WITH LAW, AND ENVIRONMENTAL MATTERS WITHIN, UNDER OR UPON, OR IN THE VICINITY OF THE PROPERTY, (C) ANY STATUTORY OR COMMON LAW RIGHT BUYER MAY HAVE TO RECEIVE DISCLOSURES FROM SELLER, INCLUDING, WITHOUT LIMITATION, ANY DISCLOSURES AS TO A PROPERTY'S LOCATION WITHIN AREAS DESIGNATED AS SUBJECT TO FLOODING, FIRE, SEISMIC OR EARTHQUAKE RISKS BY ANY FEDERAL, STATE OR LOCAL ENTITY, THE NEED TO OBTAIN FLOOD INSURANCE, THE CERTIFICATION OF WATER HEATER BRACING


AND/OR THE ADVISABILITY OF OBTAINING TITLE INSURANCE, OR (D) ANY OTHER CONDITION OR CIRCUMSTANCE AFFECTING THE PROPERTY, OR THE FINANCIAL VIABILITY, USE OR OPERATION OF ANY PORTION THEREOF. THIS RELEASE INCLUDES CLAIMS OF WHICH THE CITY IS PRESENTLY UNAWARE OR WHICH BUYER DOES NOT PRESENTLY SUSPECT TO EXIST IN ITS FAVOR WHICH, IF KNOWN BY THE CITY, WOULD MATERIALLY AFFECT THE CITY'S RELEASE OF THE SELLER PARTIES.

i. IN CONNECTION WITH THE GENERAL RELEASE SET FORTH HEREIN , THE CITY HEREBY ACKNOWLEDGES THAT IT HAS READ AND IS FAMILIAR WITH SECTION 1542, WHICH IS SET FORTH BELOW. NOTWITHSTANDING THE FOREGOING, SUBJECT TO THE SURVIVAL PERIOD, THE FOREGOING RELEASE SHALL NOT APPLY TO (a) THE VIOLATION OF ANY REPRESENTATIONS, WARRANTIES OR COVENANTS OF SELLERS HEREIN, OR IN ANY DOCUMENTS ATTACHED HERETO, THAT ARE EXPRESSLY PROVIDED TO SURVIVE THE CLOSING (AND HAVE NOT BEEN WAIVED OR DEEMED WAIVED BY THE CITY PURSUANT TO THE TERMS OF THIS AGREEMENT), OR (b) FAILURE TO DISCLOSE MATERIAL FACTS REGARDING THE SUBJECT PROPERTY. NEVERTHELESS, THE CITY HEREBY EXPRESSLY WAIVES ANY AND ALL RIGHTS THAT THE CITY MAY HAVE UNDER SECTION 1542, OR UNDER ANY STATUTE OR COMMON LAW OR EQUITABLE PRINCIPLE OF SIMILAR EFFECT AS THESE MAY RELATE TO RELEASES DESCRIBED HEREIN. SECTION 1542 PROVIDES AS FOLLOWS:

“A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.”

City and Sellers acknowledge this Section by placing their initials below:

Initials of Hoff Investments, L.P.: 

Initials of PMD Investments, L.P.: 

Initials of City: _____

c. Waiver of Any Rights Pursuant to Code of Civil Procedure Section 1245.245. Sellers have reviewed Code of Civil Procedure Section 1245.245, a copy of which is attached as EXHIBIT "D" hereto and incorporated herein by this reference. Sellers expressly waive any rights that they may have pursuant to Code of Civil Procedure Section 1245.245 to re-purchase the Subject Property from City if City has not used the Subject Property in connection with the Project within ten (10) years of the sale of the Subject Property to City.

Initials of Hoff Investments, L.P.: 

Initials of PMD Investments, L.P.: OC/MT.

This Section 13 will survive the Close of Escrow.

14. **Conditions/Contingencies to Close of Escrow.**

a. *City's Conditions/Contingencies.* For the benefit of City, the Close of Escrow and the City's obligation to consummate the purchase of the Subject Property will be contingent upon and subject to the occurrence of all of the following (or City's written waiver thereof, it being agreed that City can waive any or all such contingencies) on or before the Close of Escrow:

i. That as of the Close of Escrow, the representations and warranties of Sellers contained in this Agreement are all true and correct.

ii. The delivery to Escrow Holder of all documents pursuant to Section 6 of this Agreement.

iii. First American Title Insurance Company's commitment to issue in favor of the City a CLTA Standard Coverage Owner's Policy of Title Insurance (or at City's Option an ALTA Extended Policy) with liability equal to \$1,552,000.00 showing the fee interest of the City to the Subject Property more particularly described in the Grant Deed attached as EXHIBIT "C" hereto, subject only to the Permitted Title Exceptions.

iv. City's approval prior to the expiration of the Due Diligence Period of any environmental site assessment, soils or geological reports, or other physical inspections of the Subject Property that City might perform.

b. *Sellers Conditions/Contingencies.* For the benefit of Sellers, the Close of Escrow and the City's obligation to consummate the purchase of the Subject Property will be contingent upon and subject to the occurrence of all of the following (or Sellers' written waivers thereof, it being agreed that Sellers can waive any or all such contingencies) on or before the Close of Escrow:

i. That as of the Close of Escrow, the representations and warranties of City contained in this Agreement are all true and correct.

ii. That as of the Close of Escrow, City has deposited with Escrow Holder the Purchase Price and City's share of escrow-related costs.

15. **Right of Termination.** Notwithstanding anything to the contrary contained herein, and without limiting any other right of termination for the benefit of City contained herein, City shall have the right, in the exercise of its sole and absolute discretion and upon written notice to the Sellers and Escrow Holder, to terminate this Agreement (a) at any time prior to the expiration of the Due Diligence Period for any reason or no reason whatsoever, and (b) at any time prior to the Close of Escrow upon the failure of any of City's contingencies described in Section 14.a. Upon such termination, all documents and monies deposited by City with Escrow Holder, less any escrow cancellation charges, shall be immediately returned to City.

16. **Remedies in the Event of Default.** In the event of a breach or a default under this Agreement by either City or Sellers, the non-defaulting party shall have the right to terminate this Agreement by providing ten (10) calendar days written notice thereof to the defaulting party or, if City is the non-defaulting party, City, as permitted by law, may specifically enforce the provisions of this Agreement. If such breach or default is not cured within such ten day period (other than a failure by the Sellers to convey the Subject Property at the Close of Escrow, for which there shall be no cure period), this Agreement and the Escrow for the purchase and sale of the Subject Property shall terminate, and if City is the non-defaulting party, City shall thereupon promptly receive a refund of any funds deposited with Escrow Holder. Except as herein otherwise expressly provided, such termination of the Escrow by a non-defaulting party shall be without prejudice to the non-defaulting party's rights and remedies against the defaulting party at law or equity.

17. **Certain Definitions.**

a. The term "Hazardous Materials" or "Hazardous Substances" will mean and include the following, including mixtures thereof: any hazardous substance, pollutant, contaminant, waste, by-product or constituent regulated under the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. Section 9601 *et seq.*; oil and petroleum products and natural gas, natural gas liquids, liquefied natural gas and synthetic gas usable for fuel; pesticides regulated under the Federal Insecticide, Fungicide, and Rodenticide Act, 7 U.S.C. Section 136 *et seq.*; asbestos and asbestos-containing materials, PCBs and other substances regulated under the Toxic Substances Control Act, 15 U.S.C. Section 2601 *et seq.*; source material, special nuclear material, by-product material and any other radioactive materials or radioactive wastes, however produced, regulated under the Atomic Energy Act or the Nuclear Waste Policy Act of 1982; chemicals subject to the OSHA Hazard Communication Standard, 29 C.F.R. Section 1910.1200 *et seq.*; industrial process and pollution control wastes, whether or not hazardous within the meaning of the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901 *et seq.*; any substance defined as a "hazardous substance" in California Civil Code Section 2929.5(e)(2) or California Code of Civil Procedure Section 736(f)(3); and any other substance or material regulated by any Environmental Laws.

b. The term "Environmental Laws" shall mean and include all federal, state and local statutes, ordinances, regulations and rules in effect on or prior to the date hereof relating to environmental quality, health, safety, contamination and clean-up, including, without limitation, the Clean Air Act, 42 U.S.C. Section 7401 *et seq.*; the Clean Water Act, 33 U.S.C. Section 1251 *et seq.*; and the Water Quality Act of 1987; the Federal Insecticide, Fungicide, and Rodenticide Act 7 U.S.C. Section 136 *et seq.*; the Marine Protection, Research, and Sanctuaries Act, 33 U.S.C. Section 1401 *et seq.*; the National Environmental Policy Act, 42 U.S.C. Section 4321 *et seq.*; the Noise Control Act, 42 U.S.C. Section 4901 *et seq.*; the Occupational Safety and Health Act, 29 U.S.C. Section 651 *et seq.*; the Resource Conservation and Recovery Act 42 U.S.C. Section 6901 *et seq.*; as amended by the Hazardous and Solid Waste Amendments of 1984; the Safe Drinking Water Act, 42 U.S.C. Section 300f *et seq.*; the Comprehensive Environmental Response, Compensation and Liability Act 42 U.S.C. Section 9601 *et seq.* as amended by the Superfund Amendments and Reauthorization Act, the Emergency Planning and Community Right-to-Know Act and the Radon Gas and Indoor Air Quality Research Act; the Toxic Substances Control Act 15 U.S.C. Section 2601 *et seq.*; the Atomic Energy Act, 42 U.S.C. Section 2011 *et seq.*; and the Nuclear Waste Policy Act of 1982, 42 U.S.C. Section 10101 *et seq.*; and state and local

environmental statutes and ordinances, with implementing regulations and rules in effect on or prior to the date hereof.

18. **No Waiver.** Nothing in this Agreement shall be deemed to be a waiver by the City of its rights to elect to recover its cleanup costs from those who caused or contributed to any contamination or Hazardous Materials or Hazardous Substances (as defined in Section 17 above) on the Subject Property if said Subject Property is found to be contaminated by the presence of Hazardous Substances or Hazardous Materials that require mitigation under federal or state law.

19. **Evidence in Court Proceeding.** The Parties agree that the total Purchase Price of \$1,552,000.00 or any inference of per square foot value of the fee value of the Subject Property based on said Purchase Price will not be admissible as evidence of the fair market value of the Subject Property, or any portion thereof, in any eminent domain or other proceeding or litigation concerning the Subject Property.

20. **Notices.** All notices and demands will be given in writing by certified or registered mail, postage prepaid, and return receipt requested, or by overnight carrier. Notices will be considered given upon the earlier of (a) two (2) business days following deposit in the United States mail, postage prepaid, certified or registered, return receipt requested, or (b) one (1) business day following deposit with an overnight carrier service. The Parties will address such notices as provided below or as may be amended by written notice:

BUYER: City of Temecula
41000 Main Street
Temecula, California 92590
Attention: Aaron Adams, City Manager

COPY TO: Richards, Watson & Gershon
350 South Grand Avenue, 37th Floor
Los Angeles, California 90071
Attention: Peter M. Thorson, City Attorney

SELLERS: Hoff Investments, L.P.
PMD Investments, L.P.
25792 Obrero Road
Mission Viejo, California 92691-3105

COPY TO: Lieberg Oberhansley LLP
41911 5th Street, Suite 300
Temecula, California 92590
Attention: Phillip D. Oberhansley, Esq.

ESCROW
HOLDER: First American Title Insurance Company
One Ridgeway Drive, Suite 225
Temecula, CA 92590
Telephone No. 951.296.2948
Attention: Debbie Fritz, Escrow Officer
email: dfritz@firstam.com

21. **Further Documents.** Each party will, wherever and as often as it shall be requested by the other party, execute, acknowledge, and deliver, or cause to be executed, acknowledged, and delivered, such further instruments and documents, including further escrow instructions, as may reasonably be necessary in order to complete the sale, conveyance, and transfer herein provided and to do any and all other acts and to execute, acknowledge, and deliver any and all documents as may be requested in order to carry out the intent and purpose of this Agreement.

22. **Broker's Commissions.** No broker represented City in this transaction. Sellers shall be solely responsible for the payment of any and all broker's commissions or similar compensation due to any broker representing Sellers, if any, and Sellers shall defend, indemnify and hold City harmless from and against any and all claims for any broker's commission or similar compensation that may be payable to any broker claiming it represented Sellers in connection with this transaction. Each party shall defend, indemnify and hold the other party harmless from and against any and all claims for any broker's commission or similar compensation that may be payable to any other broker, finder or other person or entity (other than those described above) based upon such party's own acts. The provisions of this Section 23 shall survive the Close of Escrow.

23. **Miscellaneous.**

a. *Amendments.* Any amendments to this Agreement will be effective only when duly executed by Sellers and City and deposited with Escrow Holder.

b. *Applicable Law.* This Agreement will be construed and interpreted under, and governed and enforced according to the laws of the State of California.

c. *Entire Agreement.* This Agreement supersedes any prior agreement, oral or written, and together with the Exhibits hereto and any agreements delivered pursuant hereto, contains the entire agreement between City and Sellers on the subject matter of this Agreement. No subsequent agreement, representation or promise made by either party hereto, or by or to any employee, officer, agent or representative of either party, will be of any effect unless it is in writing and executed by the party to be bound thereby. No person is authorized to make, and by execution hereof Sellers and City acknowledge that no person has made, any representation, warranty, guaranty or promise except as set forth herein; and no such agreement, statement, representation or promise that is not contained herein will be valid or binding on Sellers or City.

d. *Successors and Assigns.* This Agreement will be binding upon and inure to the benefit of the heirs, executors, administrators, successors, and assigns of the Parties hereto.

e. *Time of Essence.* The Parties acknowledge that time is of the essence in this Agreement, notwithstanding anything to the contrary in the Escrow Holder's general Escrow instructions.

f. *Counterparts and Facsimile and Electronic Signatures.* This Agreement may be executed simultaneously in one or more counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument. Sellers may transmit to the City electronic signatures of this Agreement. Any such electronic signatures by

Sellers, however, shall be followed by Sellers' transmittal of the original-executed Agreement to the City.

g. *Interpretation and Construction.* Each party has reviewed this Agreement and each has had the opportunity to have its respective counsel and real estate advisors review and revise this Agreement and that any rule of construction to the effect that ambiguities are to be resolved against the drafting party will not apply in the interpretation of this Agreement or any amendments or exhibits thereto. In this Agreement the neuter gender includes the feminine and masculine, and singular number includes the plural, and the words "person" and "party" include corporation, partnership, firm, trust, or association wherever the context so requires. The Recitals and captions of the Sections and Subsections of this Agreement are for convenience and reference only, and the words contained therein will in no way be held to explain, modify, amplify, or aid in the interpretation, construction, or meaning of the provisions of this Agreement.

h. *Severability.* If any part, term, or provision of this Agreement is held by a court of competent jurisdiction to be illegal or in conflict with any law, the validity of the remaining provisions will not be affected, and the rights and obligations of the Parties will be construed and enforced as if this Agreement did not contain the particular part, term, or provision held to be invalid.

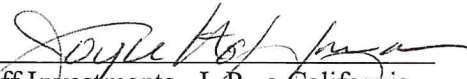
i. *Exhibits.* The exhibits attached hereto are incorporated in this Agreement by reference herein.

IN WITNESS WHEREOF, this Agreement is effective as of the date it is fully executed by the Parties.

SELLERS

**HOFF INVESTMENTS, L.P., a
California limited partnership, as to
an undivided 50% interest**


Dated: 9/17/24

By: 
Hoff Investments, L.P., a California
limited partnership, as to an undivided
50% interest

Title: MANAGER

**PMD INVESTMENTS, L.P., a
California limited partnership, as to an
undivided 50% interest**

Dated: 9-17-24.

By: 
Dana Ledesberg
PMD Investments, L.P., a California
limited partnership, as to an undivided
50% interest

Title: General Partner

BUYER
City of Temecula, a municipal
corporation

Dated: _____

By: _____
Aaron Adams, City Manager

ATTEST:

By: _____
Randi Johl, City Clerk

APPROVED AS TO FORM:

By: _____
Peter M. Thorson, City Attorney

EXHIBIT "A"

LEGAL DESCRIPTION OF SUBJECT PROPERTY

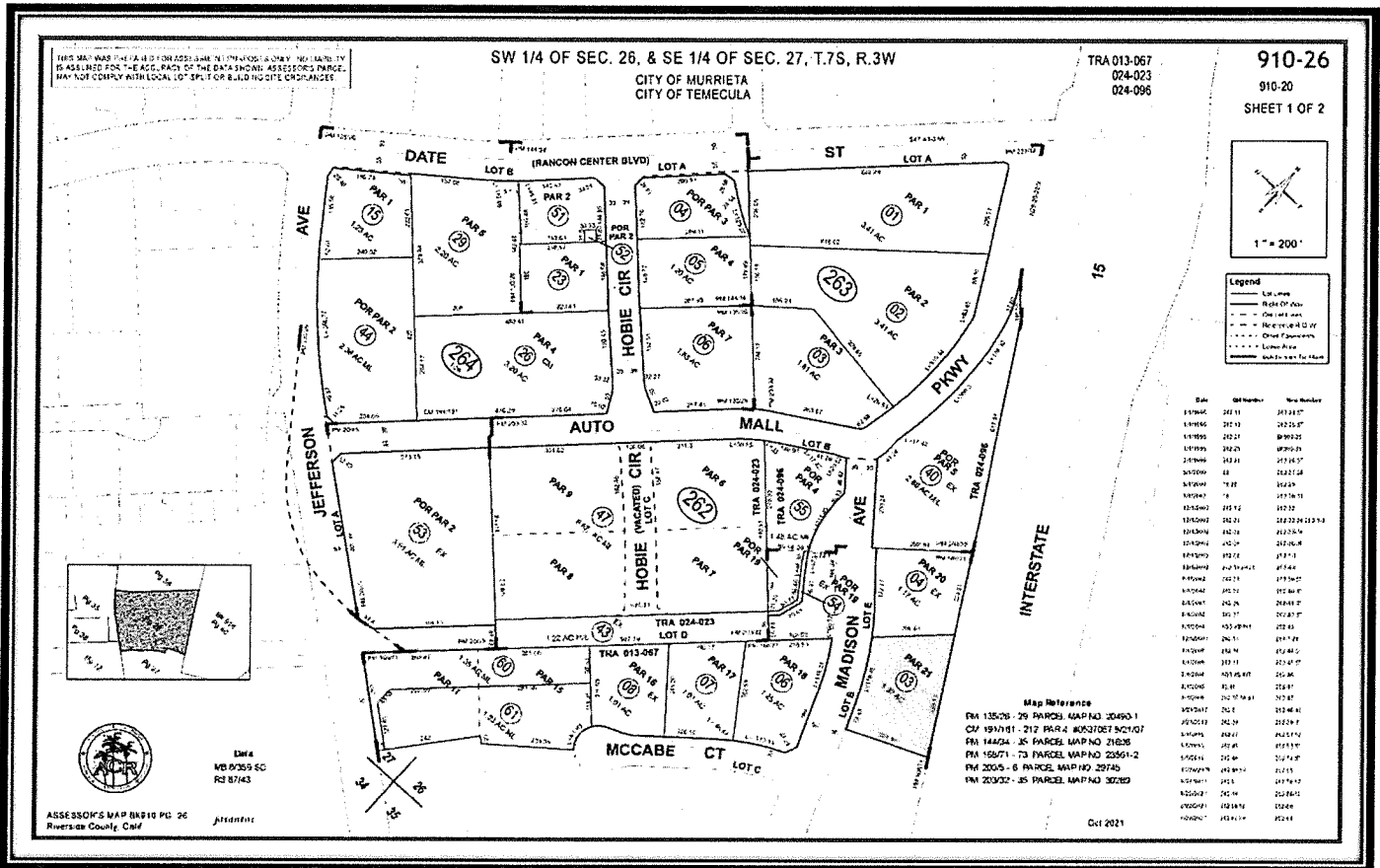
The Land referred to herein below is situated in the City of Temecula, County of Riverside, State of California, and is described as follows:

PARCEL 21 OF PARCEL MAP NO. 23561-2, AS SHOWN BY PARCEL MAP ON FILE IN BOOK 168 PAGES 71 THROUGH 73, INCLUSIVE, OF PARCEL MAPS, RECORDS OF RIVERSIDE COUNTY, CALIFORNIA.

EXHIBIT "B"

DEPICTION OF SUBJECT PROPERTY

PLAT MAP



Aerial Plat Map

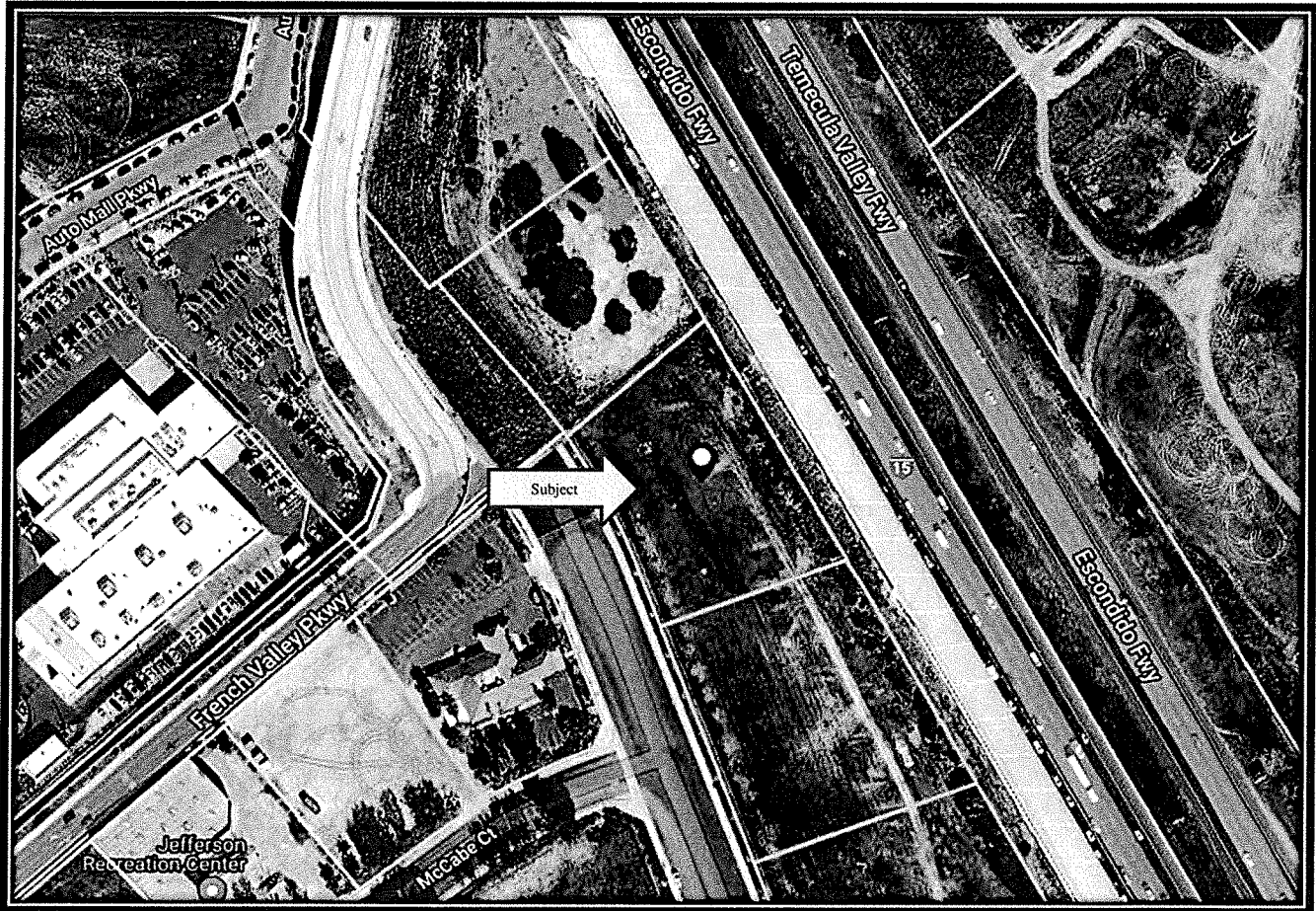


EXHIBIT "C"

FORM OF GRANT DEED

RECORDING REQUESTED BY:

City of Temecula, a municipal corporation

AND WHEN RECORDED RETURN TO:

City of Temecula
Attention: City Clerk
41000 Main Street
Temecula, California 92590

[SPACE ABOVE FOR RECORDER'S USE ONLY]

APN 910-262-003 [X] All

Documentary Transfer Tax \$0.00

This Instrument is for the benefit of the City of Temecula and is exempt from Recording Fees (Govt. Code § 27383), Filing Fees (Govt. Code § 6103), and Documentary Transfer Tax (Rev & Tax Code § 11922).

GRANT DEED

The undersigned Grantors declare:

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, Hoff Investments, L.P., a California limited partnership as to an undivided 50% interest and PMD Investments, L.P., a California limited partnership as to an undivided 50% interest (collectively "Grantors") hereby grant in fee to the City of Temecula, a municipal corporation, that real property located in the City of Temecula, County of Riverside, California described more particularly in EXHIBIT "A" and roughly depicted on EXHIBIT "B", which are attached hereto and incorporated herein by this reference ("Property"). The grant of the Property hereto includes all of the interests of Grantors in and to the Property and all rights and appurtenances pertaining to said real property, including any improvements and landscaping, all rights, title, interest of Grantors in and to adjacent streets, alleys or rights of way.

IN WITNESS WHEREOF, Grantors have executed this Grant Deed on the date set forth below.

GRANTORS

**Hoff Investments, L.P.,
a California limited partnership as to an
undivided 50% interest**

Dated: _____

By: _____
Joyce Hoffman

Title: _____

**PMD Investments, L.P.,
a California limited partnership as to an
undivided 50% interest**

Dated: _____

By: _____
Dana Cederburg

Title: _____

Dated: _____

By: _____
Martin T. Hoffman

Title: _____

EXHIBIT "A"

LEGAL DESCRIPTION OF PROPERTY

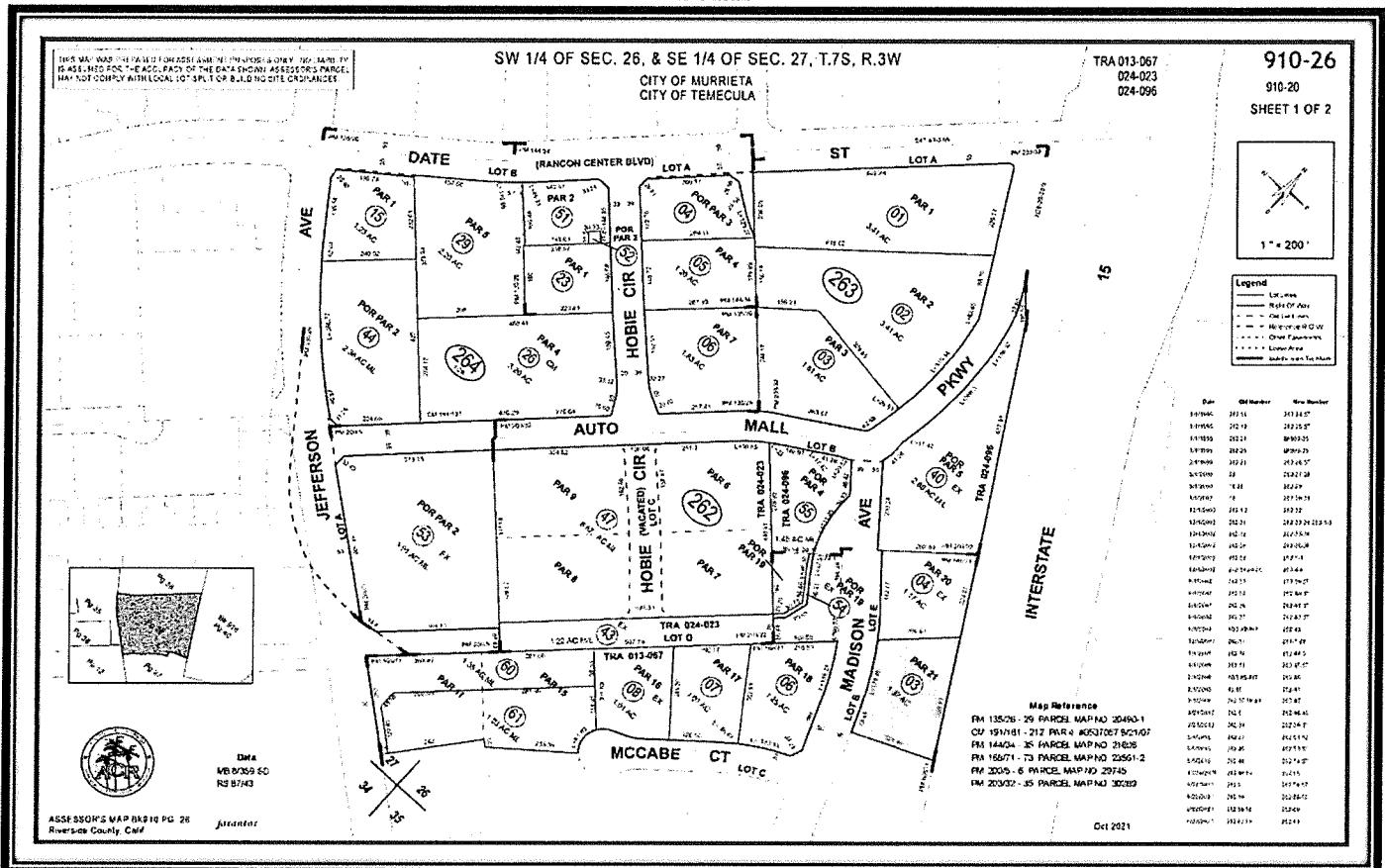
The Land referred to herein below is situated in the City of Temecula, County of Riverside, State of California, and is described as follows:

PARCEL 21 OF PARCEL MAP NO. 23561-2, AS SHOWN BY PARCEL MAP ON FILE IN BOOK 168 PAGES 71 THROUGH 73, INCLUSIVE, OF PARCEL MAPS, RECORDS OF RIVERSIDE COUNTY, CALIFORNIA.

EXHIBIT "B"

DEPICTION OF PROPERTY

PLAT MAP



A Notary Public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
County of _____)

On _____, before me, _____,
(insert name and title of the officer)

Notary Public, 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(s) on the instrument the
person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

Signature _____

(Seal)

A Notary Public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
County of _____)

On _____, before me, _____,
(insert name and title of the officer)

Notary Public, 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(s) on the instrument the
person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

Signature _____

(Seal)

A Notary Public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
County of _____)

On _____, before me, _____,
(insert name and title of the officer)

Notary Public, 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(s) on the instrument the
person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

Signature _____

(Seal)

CITY OF TEMECULA
Office of the City Clerk
41000 Main Street
Temecula, CA 92590

CERTIFICATE OF ACCEPTANCE OF GRANT DEED

(Govt. Code § 27281)
(Assessor's Parcel Number 910-262-003)

This is to certify that the attached Grant Deed, which conveys in fee to the City of Temecula that certain real property located in the City of Temecula, County of Riverside described more particularly in EXHIBIT "A" hereto and roughly depicted on EXHIBIT "B" to said Grant Deed, including all of the interests of Grantors in and to said Property and all rights and appurtenances pertaining to said real property, any improvements and landscaping, all rights, title, interest of Grantors in and to adjacent streets, alleys or rights of way, is hereby accepted under the authority of the City Council of the City of Temecula, and the City of Temecula consents to the recordation thereof by its duly authorized officer.

Dated: _____

CITY OF TEMECULA, a municipal corporation

By: _____
Aaron Adams, City Manager

ATTEST:

By: _____
Randi Johl, City Clerk

EXHIBIT "D"

COPY OF CODE OF CIVIL PROCEDURE SECTION 1245.245

State of California

CODE OF CIVIL PROCEDURE

Section 1245.245

1245.245. (a) Property acquired by a public entity by any means set forth in subdivision (e) that is subject to a resolution of necessity adopted pursuant to this article shall only be used for the public use stated in the resolution unless the governing body of the public entity adopts a resolution authorizing a different use of the property by a vote of at least two-thirds of all members of the governing body of the public entity, or a greater vote as required by statute, charter, or ordinance. The resolution shall contain all of the following:

(1) A general statement of the new public use that is proposed for the property and a reference to the statute that would have authorized the public entity to acquire the property by eminent domain for that use.

(2) A description of the general location and extent of the property proposed to be used for the new use, with sufficient detail for reasonable identification.

(3) A declaration that the governing body has found and determined each of the following:

(A) The public interest and necessity require the proposed use.

(B) The proposed use is planned and located in the manner that will be most compatible with the greatest public good and least private injury.

(C) The property described in the resolution is necessary for the proposed use.

(b) Property acquired by a public entity by any means set forth in subdivision (e) that is subject to a resolution of necessity pursuant to this article, and is not used for the public use stated in the resolution of necessity within 10 years of the adoption of the resolution of necessity, shall be sold in accordance with the terms of subdivisions (f) and (g), unless the governing body adopts a resolution according to the terms of subdivision (a) or a resolution according to the terms of this subdivision reauthorizing the existing stated public use of the property by a vote of at least two-thirds of all members of the governing body of the public entity or a greater vote as required by statute, charter, or ordinance. A reauthorization resolution under this subdivision shall contain all of the following:

(1) A general statement of the public use that is proposed to be reauthorized for the property and a reference to the statute that authorized the public entity to acquire the property by eminent domain for that use.

(2) A description of the general location and extent of the property proposed to be used for the public use, but not yet in use for the public use, with sufficient detail for reasonable identification.

(3) A declaration that the governing body has found and determined each of the following:

(A) The public interest and necessity require the proposed use.

(B) The proposed use is planned and located in the manner that will be most compatible with the greatest public good and least private injury.

(C) The property described in the resolution is necessary for the proposed use.

(c) In addition to any notice required by law, the notice required for a new or reauthorization resolution sought pursuant to subdivision (a) or (b) shall comply with Section 1245.235 and shall be sent to each person who was given notice required by Section 1245.235 in connection with the original acquisition of the property by the public entity.

(d) Judicial review of an action pursuant to subdivision (a) or (b) may be obtained by a person who had an interest in the property described in the resolution at the time that the property was acquired by the public entity, and shall be governed by Section 1085.

(e) The following property acquisitions are subject to the requirements of this section:

(1) Any acquisition by a public entity pursuant to eminent domain.

(2) Any acquisition by a public entity following adoption of a resolution of necessity pursuant to this article for the property.

(3) Any acquisition by a public entity prior to the adoption of a resolution of necessity pursuant to this article for the property, but subsequent to a written notice that the public entity may take the property by eminent domain.

(f) If the public entity fails to adopt either a new resolution pursuant to subdivision (a) or a reauthorization resolution pursuant to subdivision (b), as required by this section, and that property was not used for the public use stated in a resolution of necessity adopted pursuant to this article or a resolution adopted pursuant to subdivision (a) or (b) between the time of its acquisition and the time of the public entity's failure to adopt a resolution pursuant to subdivision (a) or (b), the public entity shall offer the person or persons from whom the property was acquired the right of first refusal to purchase the property pursuant to this section, as follows:

(1) At the present market value, as determined by independent licensed appraisers.

(2) For property that was a single-family residence at the time of acquisition, at an affordable price, which price shall not be greater than the price paid by the agency for the original acquisition, adjusted for inflation, and shall not be greater than fair market value, if the following requirements are met:

(A) The person or persons from whom the property was acquired certify their income to the public entity as persons or families of low or moderate income.

(B) If the single-family residence is offered at a price that is less than fair market value, the public entity may verify the certifications of income in accordance with procedures used for verification of incomes of purchasers and occupants of housing financed by the California Housing Finance Agency.

(C) If the single-family residence is offered at a price that is less than fair market value, the public entity shall impose terms, conditions, and restrictions to ensure that the residence will either:

(i) Remain owner-occupied by the person or persons from whom the property was acquired for at least five years.

(ii) Remain available to persons or families of low or moderate income and households with incomes no greater than the incomes of the present occupants in proportion to the area median income for the longest feasible time, but for not less than 55 years for rental units and 45 years for home ownership units.

(D) The Department of Housing and Community Development shall provide to the public entity recommendations of standards and criteria for those prices, terms, conditions, and restrictions.

(g) If after a diligent effort the public entity is unable to locate the person from whom the property was acquired, if the person from whom the property was acquired does not choose to purchase the property as provided in subdivision (f), or if the public entity fails to adopt a resolution as required pursuant to subdivision (a) or (b) but is not required to offer a right of first refusal pursuant to subdivision (f), the public entity shall sell the property as surplus property pursuant to Article 8 (commencing with Section 54220) of Chapter 5 of Part 1 of Division 2 of Title 5 of the Government Code.

(h) If residential property acquired by a public entity by any means set forth in subdivision (e) is sold as surplus property pursuant to subdivision (g), and that property was not used for the public use stated in a resolution of necessity adopted pursuant to this article or a resolution adopted pursuant to subdivision (a) or (b) between the time of its acquisition and the time of its sale as surplus property, the public entity shall pay to the person or persons from whom the public entity acquired the property the sum of any financial gain between the original acquisition price, adjusted for inflation, and the final sale price.

(i) Upon completion of any acquisition described in subdivision (e) or upon the adoption of a resolution of necessity pursuant to this section, whichever is later, the public entity shall give written notice to the person or persons from whom the property was acquired as described in subdivision (e) stating that the notice, right of first refusal, and return of financial gain rights discussed in this section may accrue.

(j) At least 60 days before selling the property pursuant to subdivision (g), the public entity shall make a diligent effort to locate the person from whom the property was acquired. At any time before the proposed sale, the person from whom the property was acquired may exercise the rights provided by this section. As used in this section, "diligent effort" means that the public entity has done all of the following:

(1) Mailed the notice of the proposed sale by certified mail, return receipt requested, to the last known address of the person from whom the property was acquired.

(2) Mailed the notice of the proposed sale by certified mail, return receipt requested, to each person with the same name as the person from whom the property was acquired at any other address on the last equalized assessment roll.

(3) Published the notice of the proposed sale pursuant to Section 6061 of the Government Code in at least one newspaper of general circulation within the city or county in which the property is located.

(4) Posted the notice of the proposed sale in at least three public places within the city or county in which the property is located.

(5) Posted the notice of the proposed sale on the property proposed to be sold.

(k) For purposes of this section, "adjusted for inflation" means the original acquisition price increased to reflect the proportional increase in the Consumer Price Index for all items for the State of California, as determined by the United States Bureau of Labor Statistics, for the period from the date of acquisition to the date the property is offered for sale.

(Amended by Stats. 2007, Ch. 130, Sec. 36. Effective January 1, 2008.)