

AGREEMENT FOR PURCHASE AND SALE OF REAL PROPERTY

This Purchase Agreement (the "Purchase Agreement") is made and entered into as of _____, 2008 by and between the City of Costa Mesa, a municipal corporation ("Seller") and Jason Lee Hyder, an individual ("Purchaser").

Seller's delivery to Purchaser of the Purchase Agreement constitutes an offer to Purchaser to purchase property at 540-544 Victoria Street, Costa Mesa, California ("Property") on the terms and conditions set forth in this Purchase Agreement. This offer shall remain open for 30 days from the date (the "Seller's Offer Expiration Date") this Purchase Agreement is received by Purchaser. If Purchase Agreement is not accepted by Purchaser by the Seller's Offer Expiration Date, it shall be considered revoked. If Purchaser accepts this offer within the time specified, communication of the acceptance to Seller shall be satisfied if Purchaser orally notifies Seller of the acceptance by the Seller's Offer Expiration Date and delivers to Seller within 72 hours thereafter, in person, by overnight delivery by a recognized private delivery service or by United States mail, one duplicate copy of this Purchase Agreement executed by Purchaser.

Purchaser's delivery to Seller of the Purchase Agreement executed by Purchaser constitutes an offer to Seller to purchase Property on the terms and conditions set forth in this Purchase Agreement. This offer shall remain open until 30 days from the date (the "Purchaser's Offer Expiration Date") this Purchase Agreement, containing Purchaser's signature, is received by Seller. If Purchase Agreement is not accepted by Seller by the Purchaser's Offer Expiration Date, it shall be considered revoked. If Seller accepts this offer within the time specified, communication of the acceptance to Purchaser shall be satisfied if Seller's representative orally notifies Purchaser of the acceptance by the Offer Expiration Date and delivers to Purchaser within 72 hours thereafter, in person, by overnight delivery by a recognized private delivery service or by United States mail, one duplicate copy of this Purchase Agreement executed by Seller. The effective date of this Purchase Agreement (the "Effective Date") shall be the date this Purchase Agreement is executed by the authorized officer of Seller, as noted in the space entitled "Dated: _____" adjacent to the signature of such authorized officer. Capitalized terms are defined in various portions of this Purchase Agreement.

Upon acceptance by Seller, the parties agree as follows:

1. Purchase of Property. Purchaser agrees to purchase from Seller, and Seller agrees to sell to Purchaser, on the terms and conditions set forth herein:

1.1 That certain real property located at 540-544 Victoria Street, Costa Mesa, California ("Property") and more specifically described in Exhibit A, attached hereto and incorporated herein by this reference; and, subject to the following: paragraph 3.1.1 below; Covenants, Conditions, and Restrictions created by Seller as a condition of this sale and transfer as described in a special Grant Deed attached hereto as Exhibit B and incorporated herein by this reference; all water and water rights, ditch and ditch rights, all coal, oil, gas and other minerals thereon or thereunder; all of Seller's interests as owner of Property, if any, in any public streets, roads, highways and alleys which are adjacent to the property; and all easements, rights-of-way and other rights appurtenant thereto.

1.2 Purchaser agrees prior to Close of Escrow to remove existing chain link fence adjacent to Myran Drive on the subject property to be purchased and to replace same with a six (6) foot high wood fence or block wall. Upon completion of the replacement, the fence/wall will be inspected by a representative (the "Representative") of the City of Costa Mesa Building Division, who shall determine, in his or her sole and absolute discretion, whether the fence/wall meets the City's standards for such construction. If the Representative determines that the fence/wall does not meet such

standards, the Purchaser agrees to repair or reconstruct the fence/wall so as to comply with the City's standards for same.

1.3 Purchaser agrees that at Close of Escrow Purchaser shall record an approved Lot Line Adjustment which merges the Property with the Purchaser's currently owned property known as 2156 Myran Drive to the effect that the Property and such adjoined property shall be regulated and considered under applicable state and municipal laws, regulations, codes and ordinances as one parcel. Such Lot Line Adjustment shall be compliant with the Subdivision Map Act of the State of California and approved by the City of Costa Mesa. Concurrently with the conveyance of the Property to Purchaser by Seller at the Close of Escrow, Purchaser shall execute, deliver and cause the recordation of the lot Line Adjustment as the instrument next in order of recordation after the Grant Deed from Seller in the form attached hereto as Exhibit B. Seller and Purchaser acknowledge that the aforementioned Lot Line Adjustment is being prepared outside of escrow of which Escrow Holder is not to be concerned. Said Lot Line Adjustment shall be recorded by the Title Company mentioned in paragraph 3.1.2 as an accommodation only. Seller and Purchaser further acknowledge that NO title insurance will be issued on said Lot Line Adjustment.

2. Purchase Price.

2.1 The Purchase Price of Property shall be \$1.00 (one dollar) in cash deposited into and paid from escrow as provided in this Purchase Agreement. Said Purchase Price has been agreed to and is calculated with reference to the following considerations:

2.1.1 Seller is not making any representations or warranties regarding, and Purchaser is accepting the risk of, the presence of toxic or hazardous wastes, materials or substances (as those terms are commonly defined and employed in accordance with all applicable federal, state and local laws, statutes, codes, regulations and ordinances) located on, in, under or about Property; all problems resulting from or caused by soil conditions, geologic abnormalities and soil subsidence; or the condition of title of Property except as expressly set forth below.

3. Conditions of Purchaser to Purchase Property. The following are conditions to the obligation of Purchaser to purchase Property and are not covenants of Seller:

3.1 Condition of Title

3.1.1 Purchaser shall have the right to approve the condition of title to Property as provided in this Section 3, provided Purchaser shall not have the right to disapprove the exclusion from such title (to the extent now validly excepted and reserved by the parties named in existing deeds, leases, and other documents of record) of all oil, gas, hydrocarbon substances and minerals of every kind and character lying below the surface, together with the right to drill into, through, and to use and occupy all parts of Property lying below the surface thereof for any and all purposes incidental to the exploration for and production of oil, gas, hydrocarbon substances or minerals from Property but without, however, any right to use either the surface of Property or any portion thereof for any purpose or purposes therefor whatsoever, and provided that any such subsurface rights do not interfere with the construction or presence of foundations, footings, subterranean parking, basements or sub-basements.

3.1.2 Purchaser shall, at his own expense, promptly obtain a survey and visual inspection of Property, and order a preliminary title report and copies of underlying recorded instruments of Property from First American Title Company

("Title Company"). Purchaser shall also make such searches of the records of the Secretary of State for Uniform Commercial Code filings and other public records as Purchaser deems appropriate. The preliminary title report and findings based on such survey and inspection together with copies of all recorded instruments noted as exceptions in the preliminary title report is referred to hereafter as the "PTR". Purchaser shall cause the Title Company to deliver a copy of the PTR to the Seller.

3.1.3 Not later than 30 days after the Effective Date of this Purchase Agreement, Purchaser shall have the right to disapprove an exception or other title defect in the preliminary title report that causes the title to Property to be unmerchantable or that would constitute a monetary encumbrance; provided, that notice ("Title Disapproval Notice") of such disapproval specifying the exception or defect (the "Specified Exception") for which the Title Disapproval Notice has been given shall have been given to Seller not later than 30 days after the Effective Date of this Purchase Agreement.

3.1.4 After receipt of the Title Disapproval Notice, Seller shall have the right (but not the obligation) to attempt to cure the Specified Exception within 30 days after receipt from Seller of the Title Disapproval Notice and, if such Specified Exception is cured or the Title Company has committed to eliminate the Specified Exception within such time, the Title Disapproval Notice shall be deemed to have been satisfied and the condition of title shall be deemed to be approved by Purchaser. If Purchaser does not deliver a Title Disapproval Notice to Seller on or before the 30th day after the Effective Date of this Purchase Agreement, the condition of title shall be deemed approved by Purchaser, and any condition based on Purchaser's right to approve the title shall be deemed waived.

3.1.5 Except as set forth in the paragraph immediately following, Seller makes no representation or warranty as to the condition of title to Property except that Seller is vested with the fee simple title thereto, subject to all recorded and unrecorded encumbrances, liens, tenancies, rights of possession, encroachments, rights of way, easements and other possible claims of interest in or to Property that may be discovered by examination of the public records and by survey and inspection of Property. Notwithstanding the foregoing sentence, Seller represents and warrants to Purchaser and to Purchaser's title company that, without investigation or the exercise of due diligence in inspecting Property or public records that may contain information regarding Property, the presently serving officers and incumbent elected officials of Seller have no actual knowledge (other than as may be disclosed in this Purchase Agreement, which have been set forth in the PTR or which could be ascertained by an inspection of the public records or by a survey or visual inspection of Property) of any unrecorded encumbrances, liens, tenancies, rights of possession, encroachments, rights of way or other claims of a right, title or interest in or to Property that would be superior to the vesting in Purchaser of title pursuant to this Purchase Agreement as a bona-fide purchaser without notice.

3.1.6 Provided that the condition of title has been approved or is deemed approved in accordance with this Section 3.1 entitled "Condition of Title" and this Purchase Agreement has not been terminated in accordance with Section 3.3 entitled, "Right of Purchaser to terminate within 30 days for matters discovered within that time; \$500 per month payment thereafter", at the Close of Escrow referred to below, title to Property shall be conveyed by a special Grant Deed containing Covenants, Conditions and Restrictions, provided that such title

is insured by a title policy, as set forth in paragraph 4.9.2, including such reasonable endorsements, as may be requested by Purchaser, issued by First American Title Company ("Title Company"), with liability in the full amount of the Purchase Price, insuring good and marketable Fee Simple title to Property as vested in Purchaser, subject to all exceptions, filings and recorded and unrecorded matters affecting title as Purchaser shall have approved in the PTR.

3.2 Entitlements Condition.

3.2.1 Notwithstanding anything in this Purchase Agreement which is stated or may be implied to provide to the contrary, Purchaser acknowledges and agrees that: although Seller is a city and municipal corporation, the sale of Property is by the Seller in its proprietary capacity, that the purchase of Property by Purchaser is solely an undertaking by Purchaser for his own private purposes and not for any public purpose of Seller; that Seller retains all of its regulatory powers under applicable law and municipal ordinances; Purchaser will have to satisfy himself as to the zoning and other applicable laws and ordinances; and the sale by Seller of Property and the execution of this Purchase Agreement does not and will not constitute any agreement, promise or assurance by Seller to grant the Entitlements to or for the Property, to amend any zoning or other land use entitlements, or to grant a conditional use permit or any Building Permits.

3.3 Right of Purchaser to terminate within 30 days for matters discovered within that time; \$500 per month payment thereafter.

3.3.1 If not later than 30 days after the Effective Date of this Purchase Agreement, Purchaser notifies Seller in writing that Purchaser has determined in its sole and absolute discretion that the purchase of the Property is not feasible, such notice shall terminate this Purchase Agreement and the Escrow.

3.3.2 In the event this Purchase Agreement and the escrow is terminated under the terms of paragraph 3.3.1, Purchaser shall pay all the fees, charges and other expenses of the Escrow Agent and shall bear the cost and expenses Purchaser may have incurred in performing this Purchase Agreement, such as the costs of the various reports, inspections, plan preparations, applications, fees and title reports, and shall seek no refund or reimbursement from Seller; and Purchaser shall deliver to Seller a recordable quitclaim deed ("Quitclaim Deed") in the form attached hereto as Exhibit C, quitclaiming and surrendering to Seller any right, title or interest in or to Property or this Purchase Agreement that Purchaser may have or claim to have. Seller shall also bear its own costs and expenses without seeking refund or reimbursement from Purchaser. Upon such termination, the parties shall not have any further rights, duties, obligations or liabilities between them. If Purchaser does not deliver such Quitclaim Deed to Seller within said 30 day period, this right to terminate shall be deemed waived, shall be null and void without any further notice and the Non-Refundable Payment as provided in paragraph 3.3.3 shall be due and payable.

3.3.3 Unless Purchaser terminates this agreement by delivering to Seller the Quitclaim Deed as provided in paragraph 3.3.2 above, Purchaser shall pay \$500 commencing on the 31st day from the Effective Date as a non-refundable payment ("Non-Refundable Payment") to Seller in consideration of this Purchase Agreement. Like payments of \$500 shall be made on each subsequent 30th day until the Quitclaim Deed is delivered to Seller. Seller shall be entitled to retain all such payments for its own account without obligation to repay Purchaser. Payment to Seller of each Non-Refundable Payment when due is a condition precedent of Seller's obligation to sell Property. Failure of Purchaser to

make each such Non-Refundable Payment when due is not excused nor does Purchaser's obligation cease by termination of this Purchase Agreement or cancellation of the Escrow.

4. Escrow

4.1 Opening. The purchase of Property will be consummated through an escrow ("Escrow") to be opened at Earth Escrow (the "Escrow Agent") at its _____, California office within 5 business days after the execution of this Purchase Agreement and the parties each agree to execute such escrow instructions that comply with and implement this Purchase Agreement.

4.2 Escrow Instructions. This Purchase Agreement shall constitute the escrow instructions as between the parties, with such further instructions as the Escrow Agent shall require in order to clarify the duties and responsibilities of the Escrow Agent. If the Escrow Agent shall require further escrow instructions, either party shall request that the Escrow Agent promptly prepare escrow instructions, on its usual form, for the purchase and sale of Property upon the terms and provisions hereof. The escrow instructions shall incorporate each and every term of this Purchase Agreement and shall provide, that in the event of any conflict between the terms and conditions of this Purchase Agreement and said escrow instructions, the terms and conditions of this Purchase Agreement shall control.

4.3 Paragraph deleted intentionally

4.4 Closing. Provided this Purchase Agreement has not been terminated as provided herein, Escrow shall close ("Close of Escrow") not later than 60 days following the opening thereof, unless such date is extended by mutual agreement of the parties hereto or as provided in the next paragraph. The terms "Close of Escrow", "Closing" and "Closing Date" are used herein to mean the time the Grant Deed referred to herein is filed for recordation by the Escrow Agent in the office of the County Recorder of Orange County, California.

4.5 Right to extend escrow. Purchaser shall have the option to extend the close of escrow one time only, for reasonable cause beyond the control of the Purchaser, by thirty (30) days.

4.6 Purchaser Required to Deliver. On or before the Close of Escrow, Purchaser shall deposit with the Escrow Agent the sum of \$1.00 (one dollar) (adjusted by the amount of prorations to be debited or credited in a preliminary settlement statement to be agreed to by the parties), which constitutes the Purchase Price.

4.7 Seller Required to Deliver. On or before the Close of Escrow, Seller shall deposit with the Escrow Agent the duly executed and acknowledged recordable Grant Deed as provided in this Purchase Agreement.

4.8 Purchaser's Escrow Costs. Purchaser shall pay costs of the Escrow as follows:

4.8.1 Charges and fees of the Escrow Agent;

4.8.2 Recordation fees and any other costs and expenses not expressly provided for herein which are customarily paid by the Purchaser in a real estate transaction in Orange County, California.

4.9 Seller's Escrow Costs. Seller shall pay costs of the Escrow as follows:

4.9.1 The documentary transfer tax;

4.9.2 The cost of the premium for a CLTA (i.e., California Land Title Association; records search only) Title Policy;

4.9.3 Any other costs and expenses not expressly provided for herein which are customarily paid by the Seller in a real estate transaction in Orange County, California.

4.10 Conditions Precedent to Close of Escrow.

4.10.1 Obligations of Seller. All obligations of Seller to consummate the transactions provided for by this Purchase Agreement are subject to the fulfillment, at or prior to the Close of Escrow, of each of the following conditions (unless waived by Seller in writing);

4.10.1.1 Escrow Agent has advised Seller that Escrow Agent holds the amount of the Purchase Price; and

4.10.1.2 Purchaser shall have performed and complied with all conditions required by this Purchase Agreement to be performed or complied with by Purchaser prior to or on the Close of Escrow.

4.10.2 Obligations of Purchaser. All obligations of Purchaser to consummate the transactions provided for by this Purchase Agreement are subject to the fulfillment, at or prior to the Close of Escrow, of each of the following conditions (unless waived by Purchaser in writing):

4.10.2.1 That the Entitlements Condition has been found satisfactory or waived by Purchaser; and

4.10.2.2 That the Title Company has issued, or has committed to issue, its owner's policy of title insurance dated as of the Closing Date, on its usual form, with liability not less than the Purchase Price, covering Property, showing title vested in Purchaser, and subject to the exceptions approved, or deemed approved, by Purchaser as provided for above and real property taxes allocable for the period of time after the Close of Escrow; and

4.10.2.3 That the representations of Seller contained in this Purchase Agreement shall be deemed to have been made again at and as of the Close of Escrow and shall be true and correct; and

4.10.2.4 That Seller has provided the Escrow Agent with all of the requisite Documents, Instruments, conveyances, and any and all other documents contemplated by and required under the terms of this Purchase Agreement, so as to cause title upon closing to be in the condition as required under this Purchase Agreement.

4.10.3 Failure of Condition. If any condition precedent is not satisfied and such condition is not waived at or prior to the Close of Escrow, this Purchase Agreement shall thereupon be terminated, Purchaser shall not be obligated to purchase Property, Seller shall not be obligated to sell Property and the parties shall be relieved of any further obligation to each other with respect to Property

and this Purchase Agreement. If Escrow fails to close as a result of the fault of Purchaser, the costs of canceling the Escrow shall be charged to Purchaser. If Escrow fails to close as a result of the fault of Seller, the costs of canceling the Escrow shall be charged to Seller. If Escrow fails to close as a result of the fault of both Purchaser and Seller, or fails to close without fault of either party, the costs of canceling the Escrow shall be divided equally. Either party may, in its sole and absolute discretion, elect to waive a condition precedent to its obligations hereunder rather than terminate the agreement for failure of such condition precedent; provided, that no such waiver shall be deemed exercised unless such waiver is in writing or the party entitled to such condition precedent directs the Escrow Agent to Close the Escrow without requiring the satisfaction of the condition precedent.

4.10.4 Possession. Seller shall deliver and Purchaser shall have possession of Property at the Close of Escrow.

5. Representations, Warranties, Waivers, and Indemnification by Purchaser.

5.1 Purchaser represents and acknowledges that the purchase of Property is for the private use of Purchaser for his own purposes, and that development or further improvement of Property is not required by Seller as an obligation of Purchaser.

5.2 Purchaser acknowledges that Purchaser is purchasing Property solely in reliance on Purchaser's own investigation, and that no representations or warranties of any kind whatsoever, express or implied, have been made by Seller, Seller's agents or representatives as to the physical condition of Property or the condition of the title to Property, including, but not limited to the condition of the soil, the geology, the presence of known and unknown faults, the presence of any hazardous or toxic substances, other kinds of soil or water contamination or pollutants of any kind, or the suitability of Property for the construction and use of the improvements thereon. Purchaser further warrants and acknowledges that as of the Close of Escrow Purchaser will be aware of all zoning regulations, other governmental requirements, site and physical conditions, and other matters affecting the use and condition of Property and agrees to purchase Property in Property's existing condition at Close of Escrow, subject, however, to Purchaser's right to terminate this Purchase Agreement as otherwise provided for in this Purchase Agreement.

5.3 Purchaser hereby releases Seller from any and all claims it may have against Seller, and from and against all liability, loss, damage, costs and/or expense (including attorney's fees and court costs), arising out of or in any way connected with the condition of Property, including but not limited to the existence of any hazardous and/or toxic substances, other kinds of soil or water contamination or pollutants of any kind, thereon or therein whether such condition, liability, loss, damage, cost and/or expense shall have occurred, existed, accrued, migrated to or be discovered before or after the conveyance of Property by Seller to Purchaser.

5.4 Purchaser acknowledges that it is familiar with Section 1542 of the California Civil Code which reads:

"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.";

and hereby releases Seller from any unknown claims and waives all rights it may have under Section 1542 of the Civil Code or under any other statute or common law principle of similar effect.

6. Seller's Representations and Warranties. Seller hereby represents and warrants to Purchaser that Seller has full right, power and authority to enter into this Purchase Agreement, to consummate the transactions contemplated herein and that all documents delivered to Purchaser are true, correct and complete copies of the original documents and that Seller will not enter into any new leases or cause any new encumbrances in Property without the written consent of Purchaser.
7. Unilateral Right to Terminate. Seller reserves the unilateral right to terminate this Purchase Agreement in its sole and absolute discretion after the 90th day of Escrow. In the event that this Purchase Agreement is terminated as such the costs of canceling escrow shall be charged to the Seller.
8. Time is of the Essence. Time is of the essence in all phases of this Purchase Agreement and the Escrow referred to herein.
9. Further Instruments. Each party shall execute and deliver all further instruments, documents and papers, and shall perform any and all acts necessary, to give full force and effect to all of the terms and provisions of this Purchase Agreement.
10. Severability. If any provision of this Purchase Agreement, as applied to any party or to any circumstance, shall be found by a court of competent jurisdiction to be void, invalid or unenforceable, the same shall in no way affect any other provision of this Purchase Agreement, the application of any such provision in any other circumstance, or the validity or enforceability of this Purchase Agreement.
11. Notices. All notices, statements or demands shall be in writing and shall be served in person, by telegraph, by express mail, by certified mail or by private overnight delivery. Service shall be deemed conclusively made: (a) at the time of service, if personally served; (b) at the time (as confirmed in writing by the telegraphic agency) of delivery thereof to the addressee, if served telegraphically; (c) twenty-four (24) hours after deposit in the United States mail, properly addressed and postage prepaid, if served by express mail; (d) five (5) days after deposit in the United States mail, properly addressed and postage prepaid, return receipt requested, if served by certified mail; and (e) twenty-four (24) hours after delivery by the party giving the notice, statement or demand to the private overnight deliverer, if served by private overnight delivery.

Any notice or demand to Seller shall be given to:

City of Costa Mesa
Public Services Department
77 Fair Drive
Costa Mesa, California

with copy to:

City of Costa Mesa
City Attorney
77 Fair Drive
Costa Mesa, California

Any notice or demand to Purchaser be given to:

Jason Lee Hyder
2156 Myran Drive
Costa Mesa, CA 92627

Any party may, by virtue of written notice in compliance with this Paragraph, alter or change the address or the identity of the person to whom any notice, or copy thereof, is to be sent.

12. Waivers. A waiver by any party of any of the terms and conditions of this Purchase Agreement in any one instance shall not be deemed or construed to be a waiver of such term or condition for the future, or of any subsequent breach thereof, nor shall it be deemed a waiver of performance of any other obligation hereunder.
13. Entire Agreement. This Purchase Agreement contains the entire understanding of the parties hereto relating to the subject matter hereof and supersedes all prior and collateral agreements, understandings, statements and negotiations of the parties. Each party acknowledges that no representations, inducements, promises, or agreements, oral or written, with reference to the subject matter hereof have been made other than as expressly set forth herein.
14. Successors and Assigns. This Purchase Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective estates, successors, legal or personal representatives, heirs, distributees, designees and assigns.
15. Governing Law. This Purchase Agreement shall be governed by and construed in accordance with the laws of the State of California.
16. Gender and Number. In all matters of interpretation, whenever necessary to give effect to any provision of this Purchase Agreement, each gender shall include the other, the singular shall include the plural, and the plural shall include the singular.
17. Paragraph and Subparagraph Headings. The titles of the paragraphs of this Purchase Agreement are for convenience only and shall not in any way affect the interpretation of any provision or condition of this Purchase Agreement.
18. Third Parties. The parties hereto do not intend to confer any rights or remedies upon any person other than the parties hereto.
19. Legal Action. In the event of any litigation between or among the parties hereto respecting or arising out of this Purchase Agreement, the prevailing party or parties shall be entitled to recover reasonable attorneys' fees and costs, whether or not such litigation proceeds to final judgment or determination.
20. Counterparts. This Purchase Agreement may be executed in counterparts which, taken together, shall constitute the whole of the Agreement as between the parties.
21. Remedies.

21.1 At any time after 5 days' written notice to Purchaser of the failure claimed, and provided that prior to the expiration of such 5 days Purchaser has failed to cure such failure, Seller shall have the right to terminate this Purchase Agreement and the Escrow in the event of the following:

21.1.1 Failure of Purchaser to cooperate in the opening of the Escrow and to execute appropriate escrow instructions;

21.1.2 Failure of Purchaser to commence, conduct and complete inspections, perform tests, obtain reports or otherwise examine the Condition of Title within the time provided for and as required by Section 3 above;

21.1.3 Failure by Purchaser to file applications and diligently pursue efforts to process such applications and to supply such information, reports and documentation as may be necessary;

21.1.4 Failure of Purchaser to pay when due any Non-Refundable Payment; or

21.1.5 Failure of Purchaser to timely deposit with the Escrow Agent the Purchase Price as required by this Purchase Agreement.

21.2 LIQUIDATED DAMAGES. PURCHASER AND SELLER AGREE THAT IT WOULD BE IMPRACTICAL OR EXTREMELY DIFFICULT TO FIX, PRIOR TO SIGNING THIS AGREEMENT, THE ACTUAL DAMAGES WHICH WOULD BE SUFFERED BY SELLER SHOULD PURCHASER FAIL TO PERFORM HIS OBLIGATIONS UNDER THIS AGREEMENT. THEREFORE, IF, AFTER THE SATISFACTION OR WAIVER OF ALL CONTINGENCIES PROVIDED HEREIN PURCHASER BREACHES THIS AGREEMENT, SELLER SHALL BE ENTITLED TO LIQUIDATED DAMAGES IN THE AMOUNT OF \$3,000, LESS THE AMOUNT OF ANY NON-REFUNDABLE PAYMENTS RECEIVED BY SELLER, PLUS ALL THE ESCROW COSTS PAID BY SELLER OR FOR WHICH SELLER MAY BE LIABLE. NOTWITHSTANDING THE FOREGOING, THE DAMAGES FOR WHICH PURCHASER IS OR MAY BE LIABLE DUE TO THE BREACH OF PURCHASER'S OBLIGATIONS UNDER SECTION 5 ENTITLED "REPRESENTATIONS, WARRANTIES, WAIVERS AND INDEMNIFICATION BY PURCHASER" SHALL NOT BE SO LIMITED.

BY INITIALLING WHERE INDICATED BELOW, THE PARTIES AGREE TO THE LIQUIDATED DAMAGES PROVISION.

PURCHASER J. H.

SELLER _____

21.3 Unless specifically set forth to the contrary herein, all of the rights and remedies of either party under this Purchase Agreement are intended to be distinct, separate and cumulative and no such right or remedy is intended to be in exclusion of or a waiver of any of the others.

22. Survival. The covenants, terms, conditions, warranties, representations and indemnities contained herein shall survive the Closing.
23. Performance of Acts on Business Days. All references to "days" shall mean calendar days, unless specified otherwise. In the event that the final date for payment of any amount or performance of any act contemplated by this Purchase Agreement falls on a Saturday, Sunday or holiday, such payment shall be made or act performed on the next succeeding business day.
24. Indemnification. Except for claims arising out of the sole active negligence of Seller, its officers, employees, or agents, Purchaser agrees to protect, defend, indemnify and hold harmless Seller and its elective and appointive boards, officers, agents and employees from any and all claims, liabilities, expenses or damages of any nature, including attorneys' fees,

for injury to any person or any property, including consequential damages of any nature resulting therefrom, arising out of or in any way connected with the performance of this Agreement by or on behalf of Purchaser.

IN WITNESS WHEREOF, the parties have executed this Purchase Agreement as of the day and year first above written.

"Seller"

City of Costa Mesa,
a municipal corporation

By: _____
MAYOR

Dated: _____

Approved as to form for Seller:

CITY ATTORNEY

Dated: _____

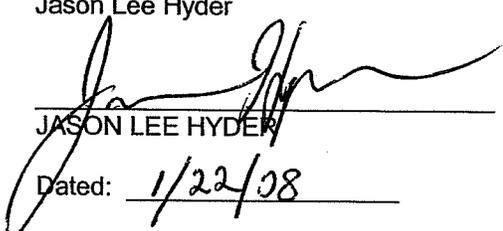
ATTEST:

By: _____
DEPUTY CITY CLERK

Dated: _____

"Purchaser"

Jason Lee Hyder



JASON LEE HYDER

Dated: 1/22/08

CITY OF COSTA MESA
PUBLIC SERVICES DEPARTMENT

EXHIBIT "A"

LEGAL DESCRIPTION

Exhibit
"A"

PARCEL 1:

THE WESTERLY 1 ACRE OF THE SOUTH HALF OF LOT 28 OF FAIRVIEW FARMS IN THE CITY OF COSTA MESA, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS SHOWN ON A MAP RECORDED IN BOOK 8, PAGE 71, OF MISCELLANEOUS MAPS, RECORDS OF SAID ORANGE COUNTY, EXCEPTING THEREFROM THE NORTHERLY 240.00 FEET AND THE SOUTHERLY 46.98 FEET THEREOF.

THE ABOVE DESCRIBED PARCEL CONTAINS 2,379 SQUARE FEET.

PARCEL 2:

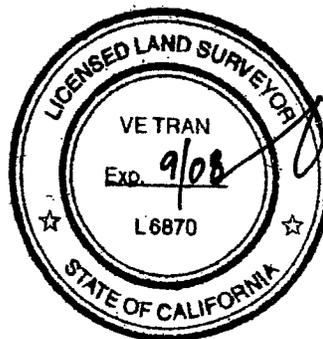
A RIGHT OF WAY OVER THE WESTERLY 25 FEET OF THE SOUTH HALF OF LOT 28 OF FAIRVIEW FARMS, AS SHOWN ON A MAP RECORDED IN BOOK 9, PAGE 71 OF MISCELLANEOUS MAPS, RECORDS OF ORNAGE COUNTY, CALIFORNIA.

EXCEPT THEREFROM THAT PORTION INCLUDED WITH IN PARCEL 1.

RESERVING THEREFROM A PUBLIC UTILITY EASEMENT FOR ALL EXISTING UNDERGROUND AND OVERHEAD FACILITIES AND PUBLIC UTILITIES, TOGETHER WITH RIGHT OF INGRESS AND EGRESS FOR THE PURPOSE OF MAINTAINING, REPLACING AND UPGRADING SAID FACILITIES AND PUBLIC UTILITIES, AND RESERVING ALL RIGHTS.

SUBJECT TO ALL COVENANTS, CONDITIONS, RESTRICTIONS, RESERVATIONS, RIGHTS, RIGHTS OF WAY, AND EASEMENTS OF RECORD, IF ANY.

SEE EXHIBIT "B" ATTACHED HERETO AND
BY THIS REFERENCE MADE A PART HEREOF



[Handwritten signature]
6.14.07

EXHIBIT "B"

DEED NO. 3620

SKETCH TO ACCOMPANY (EXHIBIT "A")
LEGAL DESCRIPTION

SCALE: 1"=20'



FAIRVIEW FARMS
8-1-71
23

PARCEL 2

25.0'

SOUTH LINE OF THE N'LY 240'
OF SOUTH 1/2 OF LOT 28,
FAIRVIEW FARMS, M.M. 8/71

N89°28'00"E 132.00'

PARCEL 1

18.02'

18.02'

N89°28'00"E 132.00'

46.98'

46.98'

FAIRVIEW

M. M. LOT

EAST LINE OF THE W'LY
1 ACRE OF THE SOUTH
1/2 OF LOT 28, FAIRVIEW
FARMS, M.M. 8 / 71
ALSO BEING THE S'LY
PROLONGATION OF THE
W'LY LINE OF TR. 2092

WEST LINE OF LOT 28,
FAIRVIEW FARMS, M.M. 8/71

N89°28'00"E 98.00'

N89°28'00"E 132.00'

25.0'

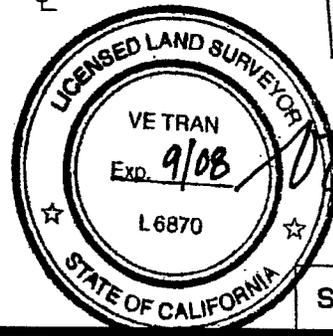
N89°28'00"E 132.00'

VICTORIA STREET

HARBOR BLVD.



AREA OF RIGHT-OF-WAY VACATION
CONTAINING 2379 S.F.



SHEET 2 OF 2

CITY OF COSTA MESA

PLAT

THIS IS NOT A SURVEY BUT IS
COMPILED FROM EXISTING RECORD

ADDRESS: 540 & 544
VICTORIA STREET

DATE: 02-21-07

DRAWN BY: BE

SCALE: 1" = 20'

COMPILED FROM EXISTING RECORDS

Recording Requested by CITY OF COSTA MESA
When Recorded Mail to:
CITY OF COSTA MESA
Attention - City Clerk
P.O. BOX 1200
COSTA MESA, CALIFORNIA 92628-1200

"B"

Mail Tax Statements to:
JASON LEE HYDER
2156 MYRAN DIVE
COSTA MESA, CA 92627

A.P. No.: _____

TCA: 15039

Location: 540-544 VICTORIA STREET

Deed No. 3633

R/W No. 07-02

GRANT DEED

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged,

CITY OF COSTA MESA, A Municipal Corporation

grant(s) and convey(s) to **JASON LEE HYDER**, an individual, all that real property situated in the City of Cost Mesa, State of California, described as follows:

**SEE LEGAL DESCRIPTION ATTACHED HERETO
AS EXHIBIT "A" AND EXHBT "B" AND MADE A PART HEREOF**

**SUBJECT TO ALL COVENANTS, CONDITIONS, RESTRICTIONS, RESERVATIONS, RIGHTS,
RIGHTS OF WAY, AND EASEMENTS OF RECORD, IF ANY.**

Deputy City Clerk of the City of Costa Mesa

Mayor of the City of Costa Mesa

Recording Requested by CITY OF COSTA MESA
When Recorded Mail to:
CITY OF COSTA MESA
Attention - City Clerk
P.O. BOX 1200
COSTA MESA, CALIFORNIA 92628-1200

Mail Tax Statements to:
CITY OF COSTA MESA
P.O. BOX 1200
COSTA MESA, CA 92628-1200

" C "

APN: _____

TCA: 15039 _____

Location: 135 E. 17TH STREET _____

_____ No. 3634 _____

R/W No.: 07-02 _____

Exempt Recording Requested per
Government Code 6103

QUITCLAIM DEED

THE UNDERSIGNED DECLARE(S) DOCUMENTARY TRANSFER TAX IS NONE.
GOVERNMENTAL AGENCY EXEMPT CITY OF COSTA MESA

FOR A VALUABLE CONSIDERATION, the receipt and legal sufficiency of which is hereby acknowledged,

JASON LEE HYDER

does hereby remise, release and forever quitclaim to owner, **the City of Costa Mesa, a Municipal Corporation**, any and all right, title and interest it may have or claim to have in (i) the real property in the City of Costa Mesa, County of Orange, State of California, described on Exhibit "A" attached hereto and incorporated herein by this reference; and (ii) that certain Purchase and Sale Agreement by and between the Jason Lee Hyder and the City of Costa Mesa dated as of _____, 2007.

Jason Lee Hyder

DATE: _____