

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): November 29, 2013

Limoneira Company

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

001-34755
(Commission File Number)

77-0260692
(I.R.S. Employer Identification
No.)

1141 Cummings Road
Santa Paula, CA 93060
(Address of principal executive offices and zip code)

Registrant's telephone number, including area code: **(805) 525-5541**

Check the appropriate box below if the Form 8-K is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Section 1 **Registrant's Business and Operations**
Item 1.01 **Entry into a Material Definitive Agreement**

Packing House Expansion

On December 3, 2013, Limoneira Company (the "Company") and NEXGEN Builders, Inc. (the "Contractor") entered into a Construction Contract and Agreement, dated as of October 1, 2013, and the corresponding General Conditions of the Contract and Agreement (collectively, the "Construction Agreement"). Pursuant to the Construction Agreement, the Contractor will perform all design and construction services, and provide all material, equipment, tools and labor, necessary to complete a project described as "Packing House Expansion" located in County of Ventura, California, and an addition to an existing cold storage building to be used for upgrading the citrus packing operations. The Company will pay the Contractor a contract price consisting of the cost of work plus a fee equal to 5.65% of the cost of work (or a fee equal to 2% on equipment provided by the Company), subject to a guaranteed maximum price of approximately \$9.3 million, which may be adjusted as the design process evolves and the final estimated cost of construction has been confirmed. The purchase price will be paid by the Company upon receipt of the Contractor's submission of application for payment on a monthly basis. The construction work, which has a scheduled substantial completion date of May 1, 2015, is expected to commence in March 2014.

The foregoing description of the Construction Agreement is qualified in its entirety by reference to the full text of the Construction Agreement, a copy of which is filed herewith as Exhibits 10.1 and 10.2 and is incorporated herein by reference.

Sale of Sevilla Property in Santa Barbara County, California.

On November 29, 2013, the Company, through its subsidiary, Templeton Santa Barbara, LLC, a Nevada limited liability company ("Templeton"), entered into a Purchase and Sale Agreement and Escrow Instructions (the "Sevilla Sale Agreement"), with MI Land, LLC, a California limited liability company, or its assignee ("MI Land"), to sell its certain real and personal property known as Sevilla Property (the "Sevilla Property") located in the City of Santa Maria (the "City"), County of Santa Barbara, California, for a total sale price of approximately \$4.8 million. The Sevilla Property consists of approximately 10 acres of undeveloped land. The purchase price includes (i) a deposit of \$250,000 paid in cash as escrow upon entry of the agreement, and (ii) a promissory note with a simple interest of 5% per annum, payable monthly, for the balance of the purchase price, secured by a first deed of trust on the Sevilla Property. The final due date of the promissory note will be the earlier of: (i) 30 days following final City approval of a tentative tract map for the Sevilla Property, or (ii) October 24, 2014. The transaction, which is subject to customary closing conditions and expected to close within 90 days after entry of the agreement, is estimated to generate net proceeds of approximately \$4.7 million. After transaction costs, the Company estimates that it will incur a non-cash impairment charge of approximately \$31,000. The Company intends to use the proceeds to reduce its debt and to make investments in the growth of its agribusiness and other strategic initiatives.

The foregoing description of the Sevilla Sale Agreement is qualified in its entirety by reference to the full text of the Sevilla Sale Agreement, a copy of which is filed herewith as Exhibit 10.3 and is incorporated herein by reference.

Sale of The Terraces at Pacific Crest Property in Santa Barbara County, California.

On November 29, 2013, the Company, through Templeton, entered into a Purchase and Sale Agreement and Escrow Instructions (the "Pacific Crest Sale Agreement") with MI Land, to sell its certain real and personal property known as The Terraces at Pacific Crest (the "Pacific Crest Property") located in the City, County of Santa Barbara, California, for a total sale price of approximately \$3.5 million. The purchase price includes (i) a deposit of \$250,000 paid in cash as escrow upon entry of the agreement, and (ii) a promissory note with a simple interest of 5% per annum, payable monthly, for the balance of the purchase price, secured by a first deed of trust on the Pacific Crest Property. The final due date of the promissory note will be the earlier of: (i) 30 days following final City approval of a tentative tract map for the Pacific Crest Property, or (ii) October 24, 2014. The Pacific Crest Property consists of approximately 8.36 acres of undeveloped land. The transaction, which is subject to customary closing conditions and expected to close within 90 days after entry of the agreement, is estimated to generate net proceeds of approximately \$3.4 million. After transaction costs, the Company estimates that it will incur a non-cash impairment charge of approximately \$63,000. The Company intends to use the proceeds to reduce its debt and to make investments in the growth of its agribusiness and other strategic initiatives.

The foregoing description of the Pacific Crest Sale Agreement is qualified in its entirety by reference to the full text of the Pacific Crest Sale Agreement, a copy of which is filed herewith as Exhibit 10.4 and is incorporated herein by reference.

Section 8 Other Events
Item 8.01 Other Events

On December 4, 2103, the Company issued a press release announcing its entry into the agreements to sell the Sevilla Property and the Pacific Crest Property, a copy of which is filed as Exhibit 99.1 to this Form 8-K and incorporated herein by reference.

Section 9 Financial Statements and Exhibits
Item 9.01 Financial Statements and Exhibits

(d) Exhibits

10.1 Construction Contract and Agreement, dated as of October 1, 2013, by and between Limoneira Company and NEXGEN Builders, Inc.

10.2 General Conditions of the Contract and Agreement, by and between Limoneira Company and NEXGEN Builders, Inc.

10.3 Purchase and Sale Agreement and Escrow Instructions, dated as of November 29, 2013, by and between Templeton Santa Barbara, LLC and MI Land, LLC, related to the sale of Sevilla Property

10.4 Purchase and Sale Agreement and Escrow Instructions, dated as of November 29, 2013, by and between Templeton Santa Barbara, LLC and MI Land, LLC, related to the sale of Pacific Crest Property

99.1 Press Release dated December 4, 2013, announcing sale of Sevilla Property and The Terraces at Pacific Crest Property

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: December 4, 2013

LIMONEIRA COMPANY

By: /s/ Joseph D. Rumley

Joseph D. Rumley

Chief Financial Officer, Treasurer and Corporate Secretary

Construction Contract & Agreement

Between

LIMONEIRA®

SINCE 1893

LIMONEIRA COMPANY

(owner)

And



(design-build contractor)

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EXHIBITS

Exhibit A:

Submittal Drawings from General Building Contractor and all Design – Build Sub Contractors and their associated Scopes of Work

DATED: 11.26.13 (Preliminary as of this date. They become final upon approval from Ventura County)

Exhibit B:

Construction Schedule

DATED: 11.26.13

Exhibit C:

Estimated Cost of Construction Spreadsheet

DATED: 11.26.13 (Final spreadsheet to be completed upon receipt of approved drawings from Ventura County)

Exhibit D:

General Conditions

DATED: 11.26.13

This **AGREEMENT** is made as of the First day of October in the year of 2013, by and between the following parties, for services in connection with the Project identified below:

OWNER:

*Limoneira Company
1141 Cummings Road
Santa Paula, CA 93060*

DESIGN-BUILDER:

*NEXGEN Builders, Inc.
225 Demeter Street
East Palo Alto, CA 94303
CALIC 709928*

PROJECT:

*Limoneira Company
Packing House Expansion
1141 Cummings Road
Santa Paula, CA 93060*

In consideration of the mutual covenants and obligations contained herein, Owner and Design-Builder agree as set forth herein.

Article 1

Scope of Work

1.1 Design-Builder shall perform all design and construction services, and provide all material, equipment, tools and labor, necessary to complete the Work described in and reasonably inferable from the Contract Documents and also described as "Packing House Expansion" and an addition to an existing cold storage building to be used for upgrading the citrus packing operations.

Article 2

Contract Documents

2.1 The Contract Documents are comprised of the following:

2.1.1 All written modifications, amendments, minor changes, and Change Orders to this Agreement issued in accordance with General Conditions of Contract.

2.1.2 The GMP Exhibit referenced in Section 6.6.1.1 herein or, if applicable, the GMP Spreadsheet accepted by Owner in accordance with Section 6.6.2 herein,

2.1.3 This Agreement, including all exhibits A, B, C, D,

2.1.4 The General Conditions of Contract, GMP Spreadsheet, Schedule and Drawings

2.1.5 Construction Documents prepared and approved in accordance with Section 2.4 of the General Conditions of Contract.

Article 3

Interpretation and Intent

3.1 Design-Builder and Owner, prior to execution of the Agreement (and again, if applicable, at the time of acceptance of the GMP Spreadsheet by Owner in accordance with Section 6.6.2 hereof), shall carefully review all the Contract Documents, including the various documents comprising the Basis of Design Documents, for any conflicts or ambiguities. Design-Builder and Owner will discuss and resolve any identified conflicts or ambiguities prior to execution of the Agreement or, if applicable, prior to Owner's acceptance of the GMP Spreadsheet.

3.2 The Contract Documents are intended to permit the parties to complete the Work and all obligations required by the Contract Documents within the Contract Time(s) for the Contract Price. The Contract Documents are intended to be complementary and interpreted in harmony so as to avoid conflict, with words and phrases interpreted in a manner consistent with construction and design industry standards. In the event inconsistencies, conflicts, or ambiguities between or among the Contract Documents are discovered after execution of the Agreement, or if applicable, after Owner's acceptance of the GMP Spreadsheet, Design-Builder and Owner shall attempt to resolve any ambiguity, conflict or inconsistency informally, recognizing that the Contract Documents shall take precedence in the order in which they are listed in Section 2.1 hereof.

3.3 Terms, words and phrases used in the Contract Documents, including this Agreement, shall have the meanings given them in the General Conditions of Contract.

3.4 If Owner's Project Criteria contain design specifications: (a) Design-Builder shall be entitled to reasonably rely on the accuracy of the information represented in such design specifications and their compatibility with other information set forth in Owner's Project Criteria, including any performance specifications; and (b) Design-Builder shall be entitled to an adjustment in the Contract Price and/or Contract Time(s) to the extent Design-Builder's cost and/or time of performance have been adversely impacted by such inaccurate design specification.

3.5 The Contract Documents form the entire agreement between Owner and Design-Builder and by incorporation herein are as fully binding on the parties as if repeated herein. The parties except as specifically stated in the Contract Documents have made no oral representations or other agreements.

Article 4

Ownership of Work Product

4.1 **Work Product.** All drawings, specifications and other documents and electronic data, including such documents identified in the General Conditions of Contract, furnished by Design-Builder to Owner under this Agreement ("Work Product") are deemed to be instruments of service and Design-Builder shall retain the ownership and property interests therein, including but not limited to any intellectual property rights, copyrights and/or patents, subject to the provisions set forth in Sections 4.2 through 4.5 below.

4.2 Owner's Limited License upon Project Completion and Payment in Full to Design-Builder. Upon Owner's payment in full for all Work performed under the Contract Documents, Design-Builder transfers to Owner all ownership and property interests, including but not limited to any intellectual property rights, copyrights and/or patents, in the Work Product. Such transfer is conditioned on Owner's express understanding that its alteration of the Work Product without the involvement of Design-Builder is at Owner's sole risk and without liability or legal exposure to Design-Builder or anyone working by or through Design-Builder, including Design Consultants of any tier (collectively the "Indemnified Parties"), and on the Owner's obligations to provide the indemnity set forth in Section 4.5 below.

4.3 Owner's Limited License upon Owner's Termination for Convenience or Design-Builder's Election to Terminate. If Owner terminates this Agreement for its convenience as set forth in Article 8 hereof, or if Design-Builder elects to terminate this Agreement in accordance with Section 11.4 of the General Conditions of Contract, Design-Builder shall, upon Owner's payment in full of the amounts due Design-Builder under the Contract Documents, grant Owner a limited license to use the Work Product to complete the Project and subsequently occupy the Project, and Owner shall thereafter have the same rights as set forth in Section 4.2 above, conditioned on the following:

4.3.1 Use of the Work Product is at Owner's sole risk without liability or legal exposure to any Indemnified Party, and on the Owner's obligation to provide the indemnity set forth in Section 4.5 below, and

4.4 Owner's Limited License upon Design-Builder's Default. If this Agreement is terminated due to Design-Builder's default pursuant to Section 11.2 of the General Conditions of Contract, then Design-Builder grants Owner a limited license to use the Work Product to complete the Project and subsequently occupy the Project, and Owner shall thereafter have the same rights and obligations as set forth in Section 4.2 above.

4.5 Owner's Indemnification for Use of Work Product. If Owner is required to indemnify any Indemnified Parties based on the use or alteration of the Work Product under any of the circumstances identified in this Article 4, Owner shall defend, indemnify and hold harmless such Indemnified Parties from and against any and all claims, damages, liabilities, losses and expenses, including attorneys' fees, arising out of or resulting from the use or alteration of the Work Product.

Article 5

Contract Time

5.1 Date of Commencement. The Work shall commence within five (5) days of Design-Builder's receipt of Owner's Notice to Proceed ("Date of Commencement") unless the parties mutually agree otherwise in writing.

5.2 Substantial Completion and Final Completion.

5.2.1 Substantial Completion of the entire Work shall be achieved no later than **351 "working"** calendar days after the Date of Commencement (Scheduled Substantial Completion Date May 1st, 2015).

The parties agree that the definition for Substantial Completion set forth in Section 1.2.18 of the General Conditions of Contract is hereby modified to read as follows:

"Substantial Completion is the date on which the Work, or an agreed upon portion of the Work, is sufficiently complete in accordance with the Contract Documents so that Owner can occupy and use the Project or a portion thereof for its intended purposes, provided, however, that Substantial Completion shall be deemed to have been achieved no later than the date of issuance of a Temporary Certificate of Occupancy issued by the local building official."

5.2.3 Final Completion of the Work or identified portions of the Work shall be achieved as expeditiously as reasonably practicable. Final Completion is the date when all Work is complete pursuant to the definition of Final Completion set forth in Section 1.2.7 of the General Conditions of Contract.

5.2.4 All of the dates set forth in this Article 5 (collectively the "Contract Time(s)") shall be subject to adjustment in accordance with the General Conditions of Contract.

5.3 Time is of the Essence. Owner and Design-Builder mutually agree that time is of the essence with respect to the dates and times set forth in the Contract Documents.

Article 6

Contract Price

6.1 Contract Price.

6.1.1 Owner shall pay Design-Builder in accordance with Article 6 of the General Conditions of Contract a contract price ("Contract Price") equal to Design-Builder's Fee (as defined in Section 6.2 hereof) plus the Cost of the Work (as defined in Section 6.3 hereof), subject to any GMP established in Section 6.6 hereof and any adjustments made in accordance with the General Conditions of Contract.

6.1.2 For the specific Work set forth below; Owner agrees to pay Design-Builder, as part of the Contract Price, on the following basis:

6.2 Design-Builder's Fee.

6.2.1 Design-Builder's Fee shall be:

Five point sixty-five percent (5.65%) of the Cost of the Work, as adjusted in accordance with Section 6.2.2 below.

6.2.2 Design-Builder's Fee will be adjusted as follows for any changes in the Work:

6.2.2.1 for additive Change Orders, including additive Change Orders arising from both additive and deductive items, it is agreed that Design-Builder shall receive a Fee of five point sixty-five (5.65%) of the additional Costs of the Work incurred for that Change Order.

6.2.3 Design-Builder's fees shall include a two (2%) fee on owner provided equipment, for scheduling, site co-ordination and management.

6.3 The Guaranteed Maximum Price ("GMP").

6.3.1 GMP Established Upon Execution of this Agreement.

6.3.1.1 Design-Builder guarantees that it shall not exceed the GMP of **nine million, three hundred four thousand sixty-two dollars and twenty-one cents (\$9,304,062.21)**. Documents used as a basis for the GMP shall be identified in an exhibit to this Agreement ("GMP Exhibit").

The GMP as established at the time of signing of this contract document may NOT be the final GMP at the time of commencement of construction. Addendums will allow the Contractor and Owners to adjust the final GMP as the design process evolves and ultimately a stamped set of construction drawings, approved by the County of Ventura, has been circulated and ALL subcontractors, and have had five (5) business to review and revise the final estimated cost of construction. The final cost will establish the contract GMP, and will remain in effect until altered by additional addendums or change orders submitted by the owners for additional or reduction in scope of work.

Design-Builder does not guarantee any specific line item provided as part of the GMP, and has the sole discretion to change overruns in one line item to savings due to under runs in any other line item. Design-Builder agrees, however, that it will be responsible for paying all costs of completing the Work adjusted in accordance with the Contract Documents.

6.3.1.2 The GMP includes a Contingency in the amount of three percent (3%) of the final approved GMP at the time of issuance of any permits from the County of Ventura, which is available for Owners exclusive use for unanticipated costs it has incurred that are the basis for a Change Order under the Contract Documents.

6.3.2 GMP Established after Execution of this Agreement.

6.3.2.1 GMP Spreadsheet. If requested by Owner, Design-Builder shall submit a GMP Spreadsheet to Owner, which shall include the following, unless the parties mutually agree otherwise:

6.3.2.1.1 A proposed GMP, which shall be the sum of:

- i. Design-Builder's Fee as defined in Section 6.2.1 hereof;
- ii. Inclusive of any Contingency as defined in Section 6.3.1.2 hereof; and
- iii. If applicable, any prices established under Section 6.1.2 hereof.

6.3.2.1.2 The Basis of Design Documents, which may include, by way of example, Owner's Project Criteria, which are set forth in detail and are attached to the GMP Spreadsheet

6.3.2.1.3 A list of the assumptions and clarifications made by Design-Builder in the preparation of the GMP Spreadsheet which list is intended to supplement the information contained in the drawings and specifications and is specifically included as part of the Basis of Design Documents;

6.3.2.1.4 The Scheduled Substantial Completion Date upon which the proposed GMP is based, to the extent said date has not already been established under Section 5.2.1 hereof, and a schedule upon which the Scheduled Substantial Completion Date is based;

6.3.2.1.5 If applicable, a schedule of unit prices.

6.3.2.1.6 If applicable, a statement of Additional Services (Owner provided equipment), which may be performed, but which are not included in the GMP and which, if performed, shall be the basis for an increase in Contract Time.

6.3.2.2 Review and Adjustment to GMP Spreadsheet. After submission of the GMP Spreadsheet, Design-Builder and Owner shall meet to discuss and review the GMP Spreadsheet. If Owner has any comments regarding the GMP Spreadsheet or finds any inconsistencies or inaccuracies in the information presented, it shall promptly give written notice to Design-Builder of such comments or findings. If appropriate, Design-Builder shall, upon receipt of Owner's notice, make appropriate adjustments to the GMP Spreadsheet.

6.3.2.3 Acceptance of GMP Spreadsheet. If Owner accepts the GMP Spreadsheet, as may be amended by Design-Builder, the GMP and its basis shall be set forth in an amendment to this Agreement.

6.3.2.4 Failure to Accept the GMP Spreadsheet. If Owner rejects the GMP Spreadsheet, or fails to notify Design-Builder in writing on or before the date specified in the GMP Spreadsheet that it accepts the GMP Spreadsheet, the GMP Spreadsheet shall be deemed withdrawn and of no effect. In such event, Owner and Design-Builder shall meet and confer as to how the Project will proceed, with Owner having the following options:

6.3.2.4.1 Owner may suggest modifications to the GMP Spreadsheet, whereupon, if such modifications are accepted in writing by Design-Builder, the GMP Spreadsheet shall be deemed accepted and the parties shall proceed in accordance with Section 6.3.2.3 above.

6.3.2.4.2 Owner may authorize Design-Builder to continue to proceed with the Work on the basis of reimbursement as provided in Section 6.1 hereof without a GMP, in which case all references in this Agreement to the GMP shall not be applicable;

Article 7

Procedure for Payment

7.1 Progress Payments.

7.1.1 Design-Builder shall submit Pay Requests to Owner on the **Twenty-eighth (28th)** day of each month for review by owner. If accepted by owner, owner will submit for disbursement on or about the TENTH (10th) day of each month, beginning with the first month after the Date of Commencement,

7.1.2 Owner shall make payment within ten (10) days after Owner's receipt of each properly submitted and accurate Application for Payment in accordance with Article 6 of the General Conditions of Contract, but in each case less the total of payments previously made, and less amounts properly withheld under Section 6.3 of the General Conditions of Contract.

7.1.3 General contractor, as part of the pay application procedure, will also submit the following documents:

1. Conditional progress payment lien release for all subcontractors and general contractor.
2. Unconditional progress payment lien release from all payments made in previous months pay application
3. Unconditional final progress payment lien releases upon final payment

No payments will be released without submittal of these documents.

7.1.4 If Design-Builder's Fee under Section 6.2.1 hereof is a fixed amount, the amount of Design-Builder's Fee to be included in Design-Builder's monthly Application for Payment and paid by Owner shall be proportional to the percentage of the Work completed, less payments previously made on account of Design-Builder's Fee.

7.2 Final Payment. Design-Builder shall submit its Final Application for Payment to Owner in accordance with Section 6.7 of the General Conditions of Contract. Owner shall make payment on Design-Builder's properly submitted and accurate Final Application for Payment (less any amount the parties may have agreed to set aside for warranty work) within ten (10) days after Owner's receipt of the Final Application for Payment, provided that Design-Builder has satisfied the requirements for final payment set forth in Section 6.7.2 of the General Conditions of Contract.

7.3 Interest. Payments due and unpaid by Owner to Design-Builder, whether progress payments or final payment, shall bear interest commencing thirty (30) days after payment is due at the rate of one and one half percent (1.5 %) per month until paid.

Article 8

Termination for Convenience

8.1 Upon ten (10) days' written notice to Design-Builder, Owner may, for its convenience and without cause, elect to terminate this Agreement. In such event, Owner shall pay Design-Builder for the following:

8.1.1 All Work executed and cost or expenses in connection with the Work;

8.1.2 The reasonable costs and expenses attributable to such termination, including demobilization costs and amounts due in settlement of terminated contracts with Subcontractors and Design Consultants.

8.1.3 Both 8.1.1 and 8.1.2 will include the profit and overhead (5.65%) as stated in agreed contract

8.2 If Owner terminates this Agreement pursuant to Section 8.1 above and proceeds to design and construct the Project through its employees, agents or third parties, Owner's rights to use the Work Product shall be as set forth in Section 4.3 hereof. Such rights may not be transferred or assigned to others without Design-Builder's express written consent and such third parties' agreement to the terms of Article 4.

Article 9

Representatives of the Parties

9.1 Owner's Representatives.

9.1.1 Owner designates the individual listed below as its Senior Representative ("Owner Senior Representative"), which individual has the authority and responsibility for avoiding and resolving disputes under Section 10.2.3 of the General Conditions of Contract:

Alex Teague
Senior Vice President
1141 Cummings Road
Santa Paula, CA 93060
805.525.5541

9.1.2 Owner designates the individual listed below as its Owner's Representative, which individual has the authority and responsibility set forth in Section 3.4 of the General Conditions of Contract.

Doug Hawkins
Project Manager
1141 Cummings Road
Santa Paula, CA 93060
805.525.5541 ext 284
dhawkins@limoneira.com

9.2 Design-Builder's Representatives.

9.2.1 Design-Builder designates the individual listed below as its Senior Representative ("Design-Builder's Senior Representative"), which individual has the authority and responsibility for avoiding and resolving disputes under Section 10.2.3 of the General Conditions of Contract:

Steven Vencill, Program Manager
NEXGEN Builders, Inc.
225 Demeter Street
East Palo Alto, CA 94303
408.781.0094 (c)
650.322.5800 (o)

9.2.2 Design-Builder designates the individual listed below as its Design-Builder's Representative, which individual has the authority and responsibility set forth in Section 2.1.1 of the General Conditions of Contract:

John McCann, Project Manager
NEXGEN Builders, Inc.
225 Demeter Street
East Palo Alto, CA 94303
831.227.8270 (c)
650.322.5800 (o)

In executing this Agreement, Owner and Design-Builder each individually represents that it has the necessary financial resources to fulfill its obligations under this Agreement, and each has the necessary corporate approvals to execute this Agreement, and perform the services described herein.

OWNER:

Alex Teague or Representative
(Name of Owner)

/s/ Alex Teague
(Signature)

Alex Teague
(Printed Name)

Senior Vice President
(Title)

Date: 11/27/13

DESIGN-BUILDER:

NEXGEN Builders, Inc.
(Name of Design-Builder)

/s/ Steve Vencill
(Signature)

Steve Vencill
(Printed Name)

Program Manager
(Title)

Date: 12/3/13

General Conditions

of the

Contract & Agreement

Between

LIMONEIRA®

SINCE 1893

LIMONEIRA COMPANY

(owner)

And



(design-build contractor)

GENERAL CONDITIONS

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Article 1

General

1.1 Mutual Obligations

1.1.1 *Owner and Design-Builder* commit at all times to cooperate fully with each other, and proceed on the basis of trust and good faith, to permit each party to realize the benefits afforded under the Contract Documents.

1.2 Basic Definitions

1.2.1 *Agreement* refers to the executed contract between Owner and Design-Builder.

1.2.2 Basis of Design Documents are those documents specifically listed in, as applicable, the GMP Exhibit or GMP Proposal as being the “Basis of Design Documents.”

1.2.3 *Construction Documents* are the documents, consisting of Drawings and Specifications, to be prepared or assembled by the Design-Builder consistent with the Basis of Design Documents unless a deviation from the Basis of Design Documents is specifically set forth in a Change Order executed by both the Owner and Design-Builder, as part of the design review process contemplated by Section 2.4 of these General Conditions of Contract.

1.2.4 *Day* or *Days* shall mean calendar days unless otherwise specifically noted in the Contract Documents.

1.2.5 *Design-Build Team* is comprised of the Design-Builder, the Design Consultant, and key Subcontractors identified by the Design-Builder.

1.2.6 *Design Consultant* is a qualified, licensed design professional who is not an employee of Design-Builder, but is retained by Design-Builder, or employed or retained by anyone under contract with Design-Builder, to furnish design services required under the Contract Documents. A Design Sub-Consultant is a qualified, licensed design professional who is not an employee of the Design Consultant, but is retained by the Design Consultant or employed or retained by anyone under contract to Design Consultant, to furnish design services required under the Contract Documents.

1.2.7 *Final Completion* is the date on which all Work is complete in accordance with the Contract Documents, including but not limited to, any items identified in the punch list prepared under Section 6.6.1 and the submission of all documents set forth in Section 6.7.2.

1.2.8 *Force Majeure Events* are those events that are beyond the control of both Design-Builder and Owner, including the events of war, floods, labor disputes, earthquakes, epidemics, adverse weather conditions not reasonably anticipated, and other acts of God.

1.2.9 *Hazardous Conditions* are any materials, wastes, substances and chemicals deemed to be hazardous under applicable Legal Requirements, or the handling, storage, remediation, or disposal of which are regulated by applicable Legal Requirements.

1.2.10 *Legal Requirements* are all applicable federal, state and local laws, codes, ordinances, rules, regulations, orders and decrees of any government or quasi-government entity having jurisdiction over the Project or Site, the practices involved in the Project or Site, or any Work.

1.2.11 *Owner's Project Criteria* are developed by or for Owner to describe Owner's program requirements and objectives for the Project, including use, space, price, time, site and expandability requirements, as well as submittal requirements and other requirements governing Design-Builder's performance of the Work. Owner's Project Criteria may include conceptual documents, design criteria, design performance specifications, design specifications, and LEED® or other sustainable design criteria and other Project-specific technical materials and requirements.

1.2.12 *Site* is the land or premises on which the Project is located.

1.2.13 *Subcontractor* is any person or entity retained by Design-Builder as an independent contractor to perform a portion of the Work and shall include material men and suppliers.

1.2.14 *Sub-Subcontractor* is any person or entity retained by a Subcontractor as an independent contractor to perform any portion of a Subcontractor's Work and shall include material men and suppliers.

1.2.15 *Substantial Completion* or *Substantially Complete* means the date on which the Work, or an agreed upon portion of the Work, is sufficiently complete in accordance with the Contract Documents so that Owner can occupy and use the Project or a portion thereof for its intended purposes.

1.2.16 *Work* is comprised of all Design-Builder's design, construction and other services required by the Contract Documents, including procuring and furnishing all materials, equipment, services and labor reasonably inferable from the Contract Documents.

Article 2

Design-Builder's Services and Responsibilities

2.1 General Services.

2.1.1 Design-Builder's Representative shall be reasonably available to Owner and shall have the necessary expertise and experience required to supervise the Work. Design-Builder's Representative shall communicate regularly with Owner and shall be vested with the authority to act on behalf of Design-Builder. Design-Builder's Representative may be replaced only with the mutual agreement of Owner and Design-Builder.

2.1.2 Design-Builder shall provide Owner with a monthly status report detailing the progress of the Work, including (i) whether the Work is proceeding according to schedule, (ii) whether discrepancies, conflicts, or ambiguities exist in the Contract Documents that require resolution, (iii) whether health and safety issues exist in connection with the Work; (iv) status of the contingency account to the extent provided for in the Standard Form of Agreement Between Owner and Design-Builder - Cost Plus Fee with an Option for a Guaranteed Maximum Price; and (v) other items that require resolution so as not to jeopardize Design-Builder's ability to complete the Work for the Contract Price and within the Contract Time(s).

2.1.3 Unless a schedule for the execution of the Work has been attached to the Agreement as an exhibit at the time the Agreement is executed, Design-Builder shall prepare and submit, at least three (3) days prior to the meeting contemplated by Section 2.1.4 hereof, a schedule for the execution of the Work for Owner's review and response. The schedule shall indicate the dates for the start and completion of the various stages of Work, including the dates when Owner information and approvals are required to enable Design-Builder to achieve the Contract Time(s). The schedule shall be revised as required by conditions and progress of the Work, but such revisions shall not relieve Design-Builder of its obligations to complete the Work within the Contract Time(s), as such dates may be adjusted in accordance with the Contract Documents. Owner's review of, and response to, the schedule shall not be construed as relieving Design-Builder of its complete and exclusive control over the means, methods, sequences and techniques for executing the Work.

2.1.4 The parties will meet within seven (7) days after execution of the Agreement to discuss issues affecting the administration of the Work and to implement the necessary procedures, including those relating to submittals and payment, to facilitate the ability of the parties to perform their obligations under the Contract Documents.

2.2 Design Professional Services.

2.2.1 Design-Builder shall, consistent with applicable state licensing laws, provide through qualified, licensed design professionals employed by Design-Builder, or procured from qualified, independent licensed Design Consultants, the necessary design services, including architectural, engineering and other design professional services, for the preparation of the required drawings, specifications and other design submittals to permit Design-Builder to complete the Work consistent with the Contract Documents. Nothing in the Contract Documents is intended or deemed to create any legal or contractual relationship between Owner and any Design Consultant.

2.3 Standard of Care for Design Professional Services.

2.3.1 The standard of care for all design professional services performed to execute the Work shall be the care and skill ordinarily used by members of the design profession practicing under similar conditions at the same time and locality of the Project.

2.4 Design Development Services.

2.4.1 Design-Builder and Owner shall, consistent with any applicable provision of the Contract Documents, agree upon any interim design submissions that Owner may wish to review, which interim design submissions may include design criteria, drawings, diagrams and specifications setting forth the Project requirements. Interim design submissions shall be consistent with the Basis of Design Documents, as the Basis of Design Documents may have been changed through the design process set forth in this Section 2.4.1. On or about the time of the scheduled submissions, Design-Builder and Owner shall meet and confer about the submissions, with Design-Builder identifying during such meetings, among other things, the evolution of the design and any changes to the Basis of Design Documents, or, if applicable, previously submitted design submissions. Changes to the Basis of Design Documents, including those that are deemed minor changes under Section 9.3.1, shall be processed in accordance with Article 9. Minutes of the meetings, including a full listing of all changes, will be maintained by Design-Builder and provided to all attendees for review. Following the design review meeting, Owner shall review and approve the interim design submissions and meeting minutes in a time that is consistent with the turnaround times set forth in Design-Builder's schedule.

2.4.2 Design-Builder shall submit to Owner Construction Documents setting forth in detail drawings and specifications describing the requirements for construction of the Work. The Construction Documents shall be consistent with the latest set of interim design submissions, as such submissions may have been modified in a design review meeting and recorded in the meetings minutes. The parties shall have a design review meeting to discuss, and Owner shall review and approve, the Construction Documents in accordance with the procedures set forth in Section 2.4.1 above. Design-Builder shall proceed with construction in accordance with the approved Construction Documents and shall submit one set of approved Construction Documents to Owner prior to commencement of construction.

2.4.3 Owner's review and approval of interim design submissions, meeting minutes, and the Construction Documents is for the purpose of mutually establishing a conformed set of Contract Documents compatible with the requirements of the Work. Neither Owner's review nor approval of any interim design submissions, meeting minutes, and Construction Documents shall be deemed to transfer any design liability from Design-Builder to Owner.

2.4.4 To the extent not prohibited by the Contract Documents or Legal Requirements, Design-Builder may prepare interim design submissions and Construction Documents for a portion of the Work to permit construction to proceed on that portion of the Work prior to completion of the Construction Documents for the entire Work.

2.5 Legal Requirements.

2.5.1 Design-Builder shall perform the Work in accordance with all Legal Requirements and shall provide all notices applicable to the Work as required by the Legal Requirements.

2.5.2 The Contract Price and/or Contract Time(s) shall be adjusted to compensate Design-Builder for the effects of any changes in the Legal Requirements enacted after the date of the Agreement affecting the performance of the Work, or if a Guaranteed Maximum Price is established after the date of the Agreement, the date the parties agree upon the Guaranteed Maximum Price. Such effects may include, without limitation, revisions Design-Builder is required to make to the Construction Documents because of changes in Legal Requirements.

2.6 Government Approvals and Permits.

2.6.1 Design-Builder shall provide reasonable assistance to Owner in obtaining permits, approvals and licenses that are Owner's responsibility, including all inspections, special or otherwise, soils reports, etc.

2.7 Design-Builder's Construction Phase Services.

2.7.1 Unless otherwise provided in the Contract Documents to be the responsibility of Owner or a separate contractor, Design-Builder shall provide through itself or Subcontractors the necessary supervision, labor, inspection, testing, start-up, material, equipment, machinery, temporary utilities and other temporary facilities to permit Design-Builder to complete construction of the Project consistent with the Contract Documents.

2.7.2 Design-Builder shall perform all construction activities efficiently and with the requisite expertise, skill and competence to satisfy the requirements of the Contract Documents. Design-Builder shall at all times exercise complete and exclusive control over the means, methods, sequences and techniques of construction.

2.7.3 Design-Builder shall employ only Subcontractors who are duly licensed and qualified to perform the Work consistent with the Contract Documents. Owner may reasonably object to Design-Builder's selection of any Subcontractor, provided that the Contract Price and/or Contract Time(s) shall be adjusted to the extent that Owner's decision impacts Design-Builder's cost and/or time of performance.

2.7.4 Design-Builder assumes responsibility to Owner for the proper performance of the Work of Subcontractors and any acts and omissions in connection with such performance. Nothing in the Contract Documents is intended or deemed to create any legal or contractual relationship between Owner and any Subcontractor or Sub-Subcontractor, including but not limited to any third-party beneficiary rights.

2.7.5 Design-Builder shall coordinate the activities of all Subcontractors. If Owner performs other work on the Project or at the Site with separate contractors under Owner's control, Design-Builder agrees to reasonably cooperate and coordinate its activities with those of such separate contractors so that the Project can be completed in an orderly and coordinated manner without unreasonable disruption. Management of Owner provided contractors and equipment is subject to Design-Builder's fee as per contract as stated in 6.2.3.

2.7.6 Design-Builder shall keep the Site reasonably free from debris, trash and construction wastes to permit Design-Builder to perform its construction services efficiently, safely and without interfering with the use of adjacent land areas. Upon Substantial Completion of the Work, or a portion of the Work, Design-Builder shall remove all debris, trash, construction wastes, materials, equipment, machinery and tools arising from the Work or applicable portions thereof to permit Owner to occupy the Project or a portion of the Project for its intended use.

2.8 Design-Builder's Responsibility for Project Safety.

2.8.1 Design-Builder recognizes the importance of performing the Work in a safe manner so as to prevent damage, injury or loss to (i) all individuals at the Site, whether working or visiting, (ii) the Work, including materials and equipment incorporated into the Work or stored on-Site or off-Site, and (iii) all other property at the Site or adjacent thereto. Design-Builder assumes responsibility for implementing and monitoring all safety precautions and programs related to the performance of the Work. Design-Builder shall, prior to commencing construction, designate a Safety Representative with the necessary qualifications and experience to supervise the implementation and monitoring of all safety precautions and programs related to the Work. Unless otherwise required by the Contract Documents, Design-Builder's Safety Representative shall be an individual stationed at the Site who may have responsibilities on the Project in addition to safety. The Safety Representative shall make routine daily inspections of the Site and shall hold weekly safety meetings with Design-Builder's personnel, Subcontractors and others as applicable.

2.8.2 Design-Builder and Subcontractors shall comply with all Legal Requirements relating to safety, as well as any Owner-specific safety requirements set forth in the Contract Documents, provided that such Owner-specific requirements do not violate any applicable Legal Requirement. Design-Builder will immediately report in writing any safety-related injury, loss, damage or accident arising from the Work to Owner's Representative and, to the extent mandated by Legal Requirements, to all government or quasi-government authorities having jurisdiction over safety-related matters involving the Project or the Work.

2.8.3 Design-Builder's responsibility for safety under this Section 2.8 is not intended in any way to relieve Subcontractors and Sub-Subcontractors of their own contractual and legal obligations and responsibility for (i) complying with all Legal Requirements, including those related to health and safety matters, and (ii) taking all necessary measures to implement and monitor all safety precautions and programs to guard against injuries, losses, damages or accidents resulting from their performance of the Work.

2.9 Design-Builder's Warranty.

2.9.1 Design-Builder warrants to Owner that the construction, including all materials and equipment furnished as part of the construction, shall be new unless otherwise specified in the Contract Documents, of good quality, in conformance with the Contract Documents and free of defects in materials and workmanship. Design-Builder's warranty obligation excludes defects caused by abuse, alterations, or failure to maintain the Work in a commercially reasonable manner. Nothing in this warranty is intended to limit any manufacturer's warranty (one (1) year parts and ninety (90) days labor) which provides Owner with greater warranty rights than set forth in this Section 2.9 or the Contract Documents. Design-Builder is not responsible product losses, production time losses. Design-Builder will provide Owner with all manufacturers' warranties upon Substantial Completion.

2.10 Correction of Defective Work.

2.10.1 Design-Builder agrees to correct any Work that is found to not be in conformance with the Contract Documents, including that part of the Work subject to Section 2.9 hereof, within a period of one year from the date of Substantial Completion of the Work or any portion of the Work, or within such longer period to the extent required by any specific warranty included in the Contract Documents.

2.10.2 Design-Builder shall, within seven (7) days of receipt of written notice from Owner that the Work is not in conformance with the Contract Documents, take meaningful steps to commence correction of such nonconforming Work, including the correction, removal or replacement of the nonconforming Work and any damage caused to other parts of the Work affected by the nonconforming Work. If Design-Builder fails to commence the necessary steps within such seven (7) day period, Owner, in addition to any other remedies provided under the Contract Documents, may provide Design-Builder with written notice that Owner will commence correction of such nonconforming Work with its own forces. If Owner does perform such corrective Work, Design-Builder shall be responsible for all reasonable costs incurred by Owner in performing such correction. If the nonconforming Work creates an emergency requiring an immediate response, the seven (7) day period identified herein shall be deemed inapplicable.

2.10.3 The one-year period referenced in Section 2.10.1 above applies only to Design-Builder's obligation to correct nonconforming Work and is not intended to constitute a period of limitations for any other rights or remedies Owner may have regarding Design-Builder's other obligations under the Contract Documents.

Article 3

Owner's Services and Responsibilities

3.1 Duty to Cooperate.

3.1.1 Owner shall, throughout the performance of the Work, cooperate with Design-Builder and perform its responsibilities, obligations and services in a timely manner to facilitate Design-Builder's timely and efficient performance of the Work and so as not to delay or interfere with Design-Builder's performance of its obligations under the Contract Documents.

3.1.2 Owner shall provide timely reviews and approvals of interim design submissions and Construction Documents consistent with the turnaround times set forth in Design-Builder's schedule.

3.1.3 Owner shall give Design-Builder timely notice of any Work that Owner notices to be defective or not in compliance with the Contract Documents.

3.2 Furnishing of Services and Information.

3.2.1 Unless expressly stated to the contrary in the Contract Documents, Owner shall provide, at its own cost and expense, for Design-Builder's information and use the following, all of which Design-Builder is entitled to rely upon in performing the Work:

3.2.1.1 Surveys describing the property, boundaries, topography and reference points for use during construction, including existing service and utility lines;

3.2.1.2 Geotechnical studies describing subsurface conditions, and other surveys describing other latent or concealed physical conditions at the Site;

3.2.1.3 Temporary and permanent easements, zoning and other requirements and encumbrances affecting land use, or necessary to permit the proper design and construction of the Project and enable Design-Builder to perform the Work;

3.2.1.4 A legal description of the Site;

3.2.1.5 To the extent available, record drawings of any existing structures at the Site; and

3.2.1.6 To the extent available, environmental studies, reports and impact statements describing the environmental conditions, including Hazardous Conditions, in existence at the Site.

3.2.2 Owner is responsible for securing and executing all necessary agreements with adjacent land or property owners that are necessary to enable Design-Builder to perform the Work. Owner is further responsible for all costs, including attorneys' fees, incurred in securing these necessary agreements.

3.3 Financial Information.

3.3.1 At Design-Builder's request, Owner shall promptly furnish reasonable evidence satisfactory to Design-Builder that Owner has adequate funds available and committed to fulfill all of Owner's contractual obligations under the Contract Documents. If Owner fails to furnish such financial information in a timely manner, Design-Builder may stop Work under Section 11.3 hereof or exercise any other right permitted under the Contract Documents.

3.3.2 Design-Builder shall cooperate with the reasonable requirements of Owner's lenders or other financial sources. Notwithstanding the preceding sentence, after execution of the Agreement Design-Builder shall have no obligation to execute for Owner or Owner's lenders or other financial sources any documents or agreements that require Design-Builder to assume obligations or responsibilities greater than those existing obligations Design-Builder has under the Contract Documents.

3.4 Owner's Representative.

3.4.1 Owner's Representative shall be responsible for providing Owner-supplied information and approvals in a timely manner to permit Design-Builder to fulfill its obligations under the Contract Documents. Owner's Representative shall also provide Design-Builder with prompt notice if it observes any failure on the part of Design-Builder to fulfill its contractual obligations, including any errors, omissions or defects in the performance of the Work. Owner's Representative shall communicate regularly with Design-Builder and shall be vested with the authority to act on behalf of Owner.

3.5 Government Approvals and Permits.

3.5.1 Owner shall pay for all necessary permits, approvals, licenses, government charges and inspection, special or otherwise, fees.

3.5.2 Owner shall provide reasonable assistance to Design-Builder in obtaining permits, approvals and licenses that are Owner's responsibility, including all inspections, special or otherwise, soils reports, etc.

3.6 Owner's Separate Contractors.

3.6.1 Owner is responsible for all work performed on the Project or at the Site by separate contractors under Owner's control. Owner shall contractually require its separate contractors to cooperate with, and coordinate their activities so as not to interfere with, Design-Builder in order to enable Design-Builder to timely complete the Work consistent with the Contract Documents.

Article 4

Hazardous Conditions and Differing Site Conditions

4.1 Hazardous Conditions.

4.1.1 Unless otherwise expressly provided in the Contract Documents to be part of the Work, Design-Builder is not responsible for any Hazardous Conditions encountered at the Site. Upon encountering any Hazardous Conditions, Design-Builder will stop Work immediately in the affected area and duly notify Owner and, if required by Legal Requirements, all government or quasi-government entities with jurisdiction over the Project or Site.

4.1.2 Upon receiving notice of the presence of suspected Hazardous Conditions, Owner shall take the necessary measures required to ensure that the Hazardous Conditions are remediated or rendered harmless. Such necessary measures shall include Owner retaining qualified independent experts to (i) ascertain whether Hazardous Conditions have actually been encountered, and, if they have been encountered, (ii) prescribe the remedial measures that Owner must take either to remove the Hazardous Conditions or render the Hazardous Conditions harmless.

4.1.3 Design-Builder shall be obligated to resume Work at the affected area of the Project only after Owner's expert provides it with written certification that (i) the Hazardous Conditions have been removed or rendered harmless and (ii) all necessary approvals have been obtained from all government and quasi-government entities having jurisdiction over the Project or Site.

4.1.4 Design-Builder will be entitled, in accordance with these General Conditions of Contract, to an adjustment in its Contract Price and/or Contract Time(s) to the extent Design-Builder's cost and/or time of performance have been adversely impacted by the presence of Hazardous Conditions.

4.1.5 To the fullest extent permitted by law, Owner shall indemnify, defend and hold harmless Design-Builder, Design Consultants, Subcontractors, anyone employed directly or indirectly by any of them, and their officers, directors, employees and agents, from and against any and all claims, losses, damages, liabilities and expenses, including attorneys' fees and expenses, arising out of or resulting from the presence, removal or remediation of Hazardous Conditions at the Site.

4.1.6 Notwithstanding the preceding provisions of this Section 4.1, Owner is not responsible for Hazardous Conditions introduced to the Site by Design-Builder, Subcontractors or anyone for whose acts they may be liable. To the fullest extent permitted by law, Design-Builder shall indemnify, defend and hold harmless Owner and Owner's officers, directors, employees and agents from and against all claims, losses, damages, liabilities and expenses, including attorneys' fees and expenses, arising out of or resulting from those Hazardous Conditions introduced to the Site by Design-Builder, Subcontractors or anyone for whose acts they may be liable.

4.2 Differing Site Conditions.

4.2.1 Concealed or latent physical conditions or subsurface conditions at the Site that (i) materially differ from the conditions indicated in the Contract Documents or (ii) are of an unusual nature, differing materially from the conditions ordinarily encountered and generally recognized as inherent in the Work are collectively referred to herein as “Differing Site Conditions.” If Design-Builder encounters a Differing Site Condition, Design-Builder will be entitled to an adjustment in the Contract Price and/or Contract Time(s) to the extent Design-Builder’s cost and/or time of performance are adversely impacted by the Differing Site Condition.

4.2.2 Upon encountering a Differing Site Condition, Design-Builder shall provide prompt written notice to Owner of such condition, which notice shall not be later than fourteen (14) days after such condition has been encountered. Design-Builder shall, to the extent reasonably possible, provide such notice before the Differing Site Condition has been substantially disturbed or altered.

Article 5

Insurance and Bonds

5.1 Design-Builder’s Insurance Requirements.

5.1.1 Design-Builder is responsible for procuring and maintaining the insurance for the coverage amounts all as set forth in the Insurance Exhibit to the Agreement. Coverage shall be secured from insurance companies authorized to do business in the state in which the Project is located, and with a minimum rating set forth in the Agreement.

5.1.2 Design-Builder’s insurance shall specifically delete any design-build or similar exclusions that could compromise coverages because of the design-build delivery of the Project.

5.1.3 Prior to commencing any construction services hereunder, Design-Builder shall provide Owner with certificates evidencing that (i) all insurance obligations required by the Contract Documents are in full force and in effect and will remain in effect for the duration required by the Contract Documents and (ii) no insurance coverage will be canceled, renewal refused, or materially changed unless at least thirty (30) days prior written notice is given to Owner. If any of the foregoing insurance coverages are required to remain in force after final payment are reasonably available, an additional certificate evidencing continuation of such coverage shall be submitted with the Final Application for Payment. If any information concerning reduction of coverage is not furnished by the insurer, it shall be furnished by the Design-Builder with reasonable promptness according to the Design-Builder’s information and belief.

5.2 Owner’s Liability Insurance.

5.2.1 Owner shall procure and maintain from insurance companies authorized to do business in the state in which the Project is located such liability insurance as set forth in the Insurance Exhibit to the Agreement to protect Owner from claims which may arise from the performance of Owner’s obligations under the Contract Documents or Owner’s conduct during the course of the Project.

5.3 Owner’s Property Insurance.

5.3.1 Unless otherwise provided in the Contract Documents, Owner shall procure and maintain from insurance companies authorized to do business in the state in which the Project is located property insurance upon the entire Project to the full insurable value of the Project, including professional fees, overtime premiums and all other expenses incurred to replace or repair the insured property. The property insurance obtained by Owner shall be the broadest coverage commercially available, and shall include as additional insureds the interests of Owner, Design-Builder, Design Consultants and Subcontractors of any tier. Such insurance shall include but not be limited to the perils of fire and extended coverage, theft, vandalism, malicious mischief, collapse, flood, earthquake, debris removal and other perils or causes of loss as called for in the Contract Documents. The property insurance shall include physical loss or damage to the Work, including materials and equipment in transit, at the Site or at another location as may be indicated in Design-Builder’s Application for Payment and approved by Owner. The Owner is responsible for the payment of any deductibles under the insurance required by this Section 5.3.1.

5.3.2 Unless the Contract Documents provide otherwise, Owner shall procure and maintain boiler and machinery insurance that will include the interests of Owner, Design-Builder, Design Consultants, and Subcontractors of any tier. The Owner is responsible for the payment of any deductibles under the insurance required by this Section 5.3.2.

5.3.3 Prior to Design-Builder commencing any Work, Owner shall provide Design-Builder with certificates evidencing that (i) all Owner's insurance obligations required by the Contract Documents are in full force and in effect and will remain in effect until Design-Builder has completed all of the Work and has received final payment from Owner and (ii) no insurance coverage will be canceled, renewal refused, or materially changed unless at least thirty (30) days prior written notice is given to Design-Builder. Owner's property insurance shall not lapse or be canceled if Owner occupies a portion of the Work pursuant to Section 6.6.3 hereof. Owner shall provide Design-Builder with the necessary endorsements from the insurance company prior to occupying a portion of the Work.

5.3.4 Any loss covered under Owner's property insurance shall be adjusted with Owner and Design-Builder and made payable to both of them as trustees for the insureds as their interests may appear, subject to any applicable mortgage clause. All insurance proceeds received as a result of any loss will be placed in a separate account and distributed in accordance with such agreement as the interested parties may reach. Any disagreement concerning the distribution of any proceeds will be resolved in accordance with Article 10 hereof.

5.3.5 Owner and Design-Builder waive against each other and Owner's separate contractors, Design Consultants, Subcontractors, agents and employees of each and all of them, all damages covered by property insurance provided herein, except such rights as they may have to the proceeds of such insurance. Design-Builder and Owner shall, where appropriate, require similar waivers of subrogation from Owner's separate contractors, Design Consultants and Subcontractors and shall require each of them to include similar waivers in their contracts. These waivers of subrogation shall not contain any restriction or limitation that will impair the full and complete extent of its applicability to any person or entity unless agreed to in writing prior to the execution of this Agreement.

Article 6

Payment

6.1 Schedule of Values.

6.1.1 Unless required by the Owner upon execution of this Agreement, within ten (10) days of execution of the Agreement, Design-Builder shall submit for Owner's review and approval a schedule of values for all of the Work. The Schedule of Values will (i) subdivide the Work into its respective parts, (ii) include values for all items comprising the Work and (iii) serve as the basis for monthly progress payments made to Design-Builder throughout the Work.

6.1.2 The Owner will timely review and approve the schedule of values so as not to delay the submission of the Design-Builder's first application for payment. The Owner and Design-Builder shall timely resolve any differences so as not to delay the Design-Builder's submission of its first application for payment.

6.2 Monthly Progress Payments.

6.2.1 On or before the date established in the Agreement, Design-Builder shall submit for Owner's review and approval its Application for Payment requesting payment for all Work performed as of the date of the Application for Payment. The Application for Payment shall be accompanied by all supporting documentation required by the Contract Documents and/or established at the meeting required by Section 2.1.4 hereof.

6.2.2 The Application for Payment may request payment for equipment and materials not yet incorporated into the Project, provided that (i) Owner is satisfied that the equipment and materials are suitably stored at either the Site or another acceptable location, (ii) the equipment and materials are protected by suitable insurance and (iii) upon payment, Owner will receive the equipment and materials free and clear of all liens and encumbrances.

6.2.3 All discounts offered by Subcontractor, Sub-Subcontractors and suppliers to Design-Builder for early payment shall accrue 50%/50% (Owner/Design-Builder) to the extent Owner advances payment. Owner advances payment to Design-Builder specifically to receive the discount.

6.2.4 The Application for Payment shall constitute Design-Builder's representation that the Work described herein has been performed consistent with the Contract Documents, has progressed to the point indicated in the Application for Payment, and that title to all Work will pass to Owner free and clear of all claims, liens, encumbrances, and security interests upon the incorporation of the Work into the Project, or upon Design-Builder's receipt of payment, whichever occurs earlier.

6.3 Withholding of Payments.

6.3.1 On or before the date established in the Agreement, Owner shall pay Design-Builder all amounts properly due. If Owner determines that Design-Builder is not entitled to all or part of an Application for Payment as a result of Design-Builder's failure to meet its obligations hereunder, it will notify Design-Builder in writing at least five (5) days prior to the date payment is due. The notice shall indicate the specific amounts Owner intends to withhold, the reasons and contractual basis for the withholding, and the specific measures Design-Builder must take to rectify Owner's concerns. Design-Builder and Owner will attempt to resolve Owner's concerns prior to the date payment is due. If the parties cannot resolve such concerns, Design-Builder may pursue its rights under the Contract Documents, including those under Article 10 hereof.

6.3.2 Notwithstanding anything to the contrary in the Contract Documents, Owner shall pay Design-Builder all undisputed amounts in an Application for Payment within the times required by the Agreement.

6.4 Right to Stop Work and Interest.

6.4.1 If Owner fails to pay timely Design-Builder any amount that becomes due, Design-Builder, in addition to all other remedies provided in the Contract Documents, may stop Work pursuant to Section 11.3 hereof. All payments due and unpaid shall bear interest at the rate set forth in the Agreement.

6.5 Design-Builder's Payment Obligations.

6.5.1 Design-Builder will pay Design Consultants and Subcontractors, in accordance with its contractual obligations to such parties, all the amounts Design-Builder has received from Owner on account of their work. Design-Builder will impose similar requirements on Design Consultants and Subcontractors to pay those parties with whom they have contracted. Design-Builder will indemnify and defend Owner against any claims for payment and mechanic's liens as set forth in Section 7.3 hereof.

6.6 Substantial Completion.

6.6.1 Design-Builder shall notify Owner when it believes the Work, or to the extent permitted in the Contract Documents, a portion of the Work, is Substantially Complete. Within five (5) days of Owner's receipt of Design-Builder's notice, Owner and Design-Builder will jointly inspect such Work to verify that it is Substantially Complete in accordance with the requirements of the Contract Documents. If such Work is Substantially Complete, Owner shall prepare and issue a Certificate of Substantial Completion that will set forth (i) the date of Substantial Completion of the Work or portion thereof, (ii) the remaining items of Work that have to be completed before final payment, (iii) provisions (to the extent not already provided in the Contract Documents) establishing Owner's and Design-Builder's responsibility for the Project's security, maintenance, utilities and insurance pending final payment, and (iv) an acknowledgment that warranties commence to run on the date of Substantial Completion, except as may otherwise be noted in the Certificate of Substantial Completion.

6.6.2 Upon Substantial Completion of the entire Work or, if applicable, any portion of the Work, Owner shall release to Design-Builder all remaining amounts relating, as applicable, to the entire Work or completed portion of the Work, less an amount equal to the reasonable value of all remaining or incomplete items of Work as noted in the Certificate of Substantial Completion.

6.6.3 Owner, at its option, may use a portion of the Work which has been determined to be Substantially Complete, provided, however, that (i) a Certificate of Substantial Completion has been issued for the portion of Work addressing the items set forth in Section 6.6.1 above, (ii) Design-Builder and Owner have obtained the consent of their sureties and insurers, and to the extent applicable, the appropriate government authorities having jurisdiction over the Project, and (iii) Owner and Design-Builder agree that Owner's use or occupancy will not interfere with Design-Builder's completion of the remaining Work.

6.7 Final Payment.

6.7.1 After receipt of a Final Application for Payment from Design-Builder, Owner shall make final payment by the time required in the Agreement, provided that Design-Builder has achieved Final Completion.

6.7.2 At the time of submission of its Final Application for Payment, Design-Builder shall provide the following information:

6.7.2.1 An affidavit that there are no claims, obligations or liens outstanding or unsatisfied for labor, services, material, equipment, taxes or other items performed, furnished or incurred for or in connection with the Work which will in any way affect Owner's interests;

6.7.2.2 A general release executed by Design-Builder waiving, upon receipt of final payment by Design-Builder, all claims, except those claims previously made in writing to Owner and remaining unsettled at the time of final payment;

6.7.2.3 Consent of Design-Builder's surety, if any, to final payment;

6.7.2.4 All operating manuals, warranties and other deliverables required by the Contract Documents; and

6.7.2.5 Certificates of insurance confirming that required coverages will remain in effect consistent with the requirements of the Contract Documents.

6.7.3 Upon making final payment, Owner waives all claims against Design-Builder except claims relating to (i) Design-Builder's failure to satisfy its payment obligations, if such failure affects Owner's interests, (ii) Design-Builder's failure to complete the Work consistent with the Contract Documents, including defects appearing after Substantial Completion and (iii) the terms of any special warranties required by the Contract Documents.

6.7.4 Deficiencies in the Work discovered after Substantial Completion, whether or not such deficiencies would have been included on the Punch List if discovered earlier, shall be deemed warranty Work. Such deficiencies shall be corrected by Design-Builder under Sections 2.9 and 2.10 herein, and shall not be a reason to withhold final payment from Design-Builder.

Article 7

Indemnification

7.1 Patent and Copyright Infringement.

7.1.1 Design-Builder shall defend any action or proceeding brought against Owner based on any claim that the Work, or any part thereof, or the operation or use of the Work or any part thereof, constitutes infringement of any United States patent or copyright, now or hereafter issued. Owner shall give prompt written notice to Design-Builder of any such action or proceeding and will reasonably provide authority, information and assistance in the defense of same. Design-Builder shall indemnify and hold harmless Owner from and against all damages and costs, including but not limited to attorneys' fees and expenses awarded against Owner or Design-Builder in any such action or proceeding. Design-Builder agrees to keep Owner informed of all developments in the defense of such actions.

7.1.2 If Owner is enjoined from the operation or use of the Work, or any part thereof, as the result of any patent or copyright suit, claim, or proceeding, Design-Builder shall at its sole expense take reasonable steps to procure the right to operate or use the Work. If Design-Builder cannot so procure such right within a reasonable time, Design-Builder shall promptly, at Design-Builder's option and at Design-Builder's expense, (i) modify the Work so as to avoid infringement of any such patent or copyright or (ii) replace said Work with Work that does not infringe or violate any such patent or copyright.

7.1.3 Sections 7.1.1 and 7.1.2 above shall not be applicable to any suit, claim or proceeding based on infringement or violation of a patent or copyright (i) relating solely to a particular process or product of a particular manufacturer specified by Owner and not offered or recommended by Design-Builder to Owner or (ii) arising from modifications to the Work by Owner or its agents after acceptance of the Work. If the suit, claim or proceeding is based upon events set forth in the preceding sentence, Owner shall defend, indemnify and hold harmless Design-Builder to the same extent Design-Builder is obligated to defend, indemnify and hold harmless Owner in Section 7.1.1 above.

7.1.4 The obligations set forth in this Section 7.1 shall constitute the sole agreement between the parties relating to liability for infringement of violation of any patent or copyright.

7.2 Tax Claim Indemnification.

7.2.1 If, in accordance with Owner's direction, an exemption for all or part of the Work is claimed for taxes, Owner shall indemnify, defend and hold harmless Design-Builder from and against any liability, penalty, interest, fine, tax assessment, attorneys' fees or other expenses or costs incurred by Design-Builder as a result of any action taken by Design-Builder in accordance with Owner's directive. Owner shall furnish Design-Builder with any applicable tax exemption certificates necessary to obtain such exemption, upon which Design-Builder may rely.

7.3 Payment Claim Indemnification.

7.3.1 Provided that Owner is not in breach of its contractual obligation to make payments to Design-Builder for the Work, Design-Builder shall indemnify, defend and hold harmless Owner from any claims or mechanic's liens brought against Owner or against the Project as a result of the failure of Design-Builder, or those for whose acts it is responsible, to pay for any services, materials, labor, equipment, taxes or other items or obligations furnished or incurred for or in connection with the Work. Within three (3) days of receiving written notice from Owner that such a claim or mechanic's lien has been filed, Design-Builder shall commence to take the steps necessary to discharge said claim or lien, including, if necessary, the furnishing of a mechanic's lien bond. If Design-Builder fails to do so, Owner will have the right to discharge the claim or lien and hold Design-Builder liable for costs and expenses incurred, including attorneys' fees.

7.4 Design-Builder's General Indemnification

7.4.1 Design-Builder, to the fullest extent permitted by law, shall indemnify, hold harmless and defend Owner, its officers, directors, and employees from and against claims, losses, damages, liabilities, including attorneys' fees and expenses, for bodily injury, sickness or death, and property damage or destruction (other than to the Work itself) to the extent resulting from the negligent acts of Design-Builder, Design Consultants, Subcontractors, anyone employed directly or indirectly by any of them or anyone for whose acts any of them may be liable.

7.4.2 If an employee of Design-Builder, Design Consultants, Subcontractors, anyone employed directly or indirectly by any of them or anyone for whose acts any of them may be liable has a claim against Owner, its officers, directors, employees, or agents, Design-Builder's indemnity obligation set forth in Section 7.4.1 above shall not be limited by any limitation on the amount of damages, compensation or benefits payable by or for Design-Builder, Design Consultants, Subcontractors, or other entity under any employee benefit acts, including workers' compensation or disability acts.

7.5 Owner's General Indemnification

7.5.1 Owner, to the fullest extent permitted by law, shall indemnify, hold harmless and defend Design-Builder and any of Design-Builder's officers, directors, and employees, from and against claims, losses, damages, liabilities, including attorneys' fees and expenses, for bodily injury, sickness or death, and property damage or destruction (other than to the Work itself) to the extent resulting from the negligent acts or omissions of Owner's separate contractors or anyone for whose acts any of them may be liable.

Article 8

Time

8.1 Obligation to Achieve the Contract Times.

8.1.1 Design-Builder agrees that it will commence performance of the Work and achieve the Contract Time(s) in accordance with Article 5 of the Agreement.

8.2 Delays to the Work.

8.2.1 If Design-Builder is delayed in the performance of the Work due to acts, omissions, conditions, events, or Change Order shall reasonably extend circumstances beyond its control and due to no fault of its own or those, for whom Design-Builder is responsible, the Contract Time (s) for performance. By way of example, events that will entitle Design-Builder to an extension of the Contract Time(s) include acts or omissions of Owner or anyone under Owner's control (including separate contractors), changes in the Work, Differing Site Conditions, Hazardous Conditions, and Force Majeure Events.

8.2.2 In addition to Design-Builder's right to a time extension for those events set forth in Section 8.2.1 above, Design-Builder shall also be entitled to an appropriate adjustment of the Contract Price provided, however, that the Contract Price shall not be adjusted for Force Majeure Events unless otherwise provided in the Agreement.

Article 9

Changes to the Contract Price and Time

9.1 Change Orders.

9.1.1 A Change Order is a written instrument issued after execution of the Agreement signed by Owner and Design-Builder, stating their agreement upon all of the following:

9.1.1.1 The scope of the change in the Work;

9.1.1.2 The amount of the adjustment to the Contract Price; and

9.1.1.3 The extent of the adjustment to the Contract Time(s).

9.1.2 All changes in the Work authorized by applicable Change Order shall be performed under the applicable conditions of the Contract Documents. Owner and Design-Builder shall negotiate in good faith and as expeditiously as possible the appropriate adjustments for such changes.

9.1.3 If Owner requests a proposal for a change in the Work from Design-Builder and subsequently elects not to proceed with the change, a Change Order shall be issued to reimburse Design-Builder for reasonable costs incurred for estimating services, design services and services involved in the preparation of proposed revisions to the Contract Documents.

9.2 Work Change Directives.

9.2.1 A Work Change Directive is a written order prepared and signed by Owner directing a change in the Work prior to agreement on an adjustment in the Contract Price and/or the Contract Time(s).

9.2.2 Owner and Design-Builder shall negotiate in good faith and as expeditiously as possible the appropriate adjustments for the Work Change Directive. Upon reaching an agreement, the parties shall prepare and execute an appropriate Change Order reflecting the terms of the agreement.

9.3 Minor Changes in the Work.

9.3.1 Minor changes in the Work do not involve an adjustment in the Contract Price and/or Contract Time(s) and do not materially and adversely affect the Work, including the design, quality, performance and workmanship required by the Contract Documents. Design-Builder may make minor changes in the Work consistent with the intent of the Contract Documents, provided, however, that Design-Builder shall promptly inform Owner, in writing, of any such changes and record such changes on the documents maintained by Design-Builder.

9.4 Contract Price Adjustments.

9.4.1 The increase or decrease in Contract Price resulting from a change in the Work shall be determined by one or more of the following methods:

9.4.1.1 Unit prices set forth in the Agreement or as subsequently agreed to between the parties;

9.4.1.2 A mutually accepted lump sum, properly itemized and supported by sufficient substantiating data to permit evaluation by Owner;

9.4.1.3 Costs, fees and any other markups set forth in the Agreement; or

9.4.1.4 If an increase or decrease cannot be agreed to as set forth in items 9.4.1.1 through 9.4.1.3 above and Owner issues a Work Change Directive, the cost of the change of the Work shall be determined by the reasonable expense and savings in the performance of the Work resulting from the change, including a reasonable overhead and profit, as may be set forth in the Agreement.

9.4.2 If unit prices are set forth in the Contract Documents or are subsequently agreed to by the parties, but application of such unit prices will cause substantial inequity to Owner or Design-Builder because of differences in the character or quantity of such unit items as originally contemplated, such unit prices shall be equitably adjusted.

9.4.3 If Owner and Design-Builder disagree upon whether Design-Builder is entitled to be paid for any services required by Owner, or if there are any other disagreements over the scope of Work or proposed changes to the Work, Owner and Design-Builder shall resolve the disagreement pursuant to Article 10 hereof. As part of the negotiation process, Design-Builder shall furnish Owner with a good faith estimate of the costs to perform the disputed services in accordance with Owner's interpretations. If the parties are unable to agree and Owner expects Design-Builder to perform the services in accordance with Owner's interpretations, Design-Builder shall proceed to perform the disputed services, conditioned upon Owner issuing a written order to Design-Builder (i) directing Design-Builder to proceed and (ii) specifying Owner's interpretation of the services that are to be performed. If this occurs, Design-Builder shall be entitled to submit in its Applications for Payment an amount equal to fifty percent (50%) of its reasonable estimated direct cost to perform the services, and Owner agrees to pay such amounts, with the express understanding that (i) such payment by Owner does not prejudice Owner's right to argue that it has no responsibility to pay for such services and (ii) receipt of such payment by Design-Builder does not prejudice Design-Builder's right to seek full payment of the disputed services if Owner's order is deemed to be a change to the Work.

9.5 Emergencies.

9.5.1 In any emergency affecting the safety of persons and/or property, Design-Builder shall act, at its discretion, to prevent threatened damage, injury or loss. Any change in the Contract Price and/or Contract Time(s) on account of emergency work shall be determined as provided in this Article 9.

Article 10

Contract Adjustments and Disputes

10.1 Requests for Contract Adjustments and Relief.

10.1.1 If either Design-Builder or Owner believes that it is entitled to relief against the other for any event arising out of or related to the Work or Project, such party shall provide written notice to the other party of the basis for its claim for relief. Such notice shall, if possible, be made prior to incurring any cost or expense and in accordance with any specific notice requirements contained in applicable sections of these General Conditions of Contract. In the absence of any specific notice requirement, written notice shall be given within a reasonable time, not to exceed twenty-one (21) days, after the occurrence giving rise to the claim for relief or after the claiming party reasonably should have recognized the event or condition giving rise to the request, whichever is later. Such notice shall include sufficient information to advise the other party of the circumstances giving rise to the claim for relief, the specific contractual adjustment or relief requested and the basis of such request.

10.2 Dispute Avoidance and Resolution.

10.2.1 The parties are fully committed to working with each other throughout the Project and agree to communicate regularly with each other at all times so as to avoid or minimize disputes or disagreements. If disputes or disagreements do arise, Design-Builder and Owner each commit to resolving such disputes or disagreements in an amicable, professional and expeditious manner so as to avoid unnecessary losses, delays and disruptions to the Work.

10.2.2 Design-Builder and Owner will first attempt to resolve disputes or disagreements at the field level through discussions between Design-Builder's Representative and Owner's Representative which shall conclude within fourteen (14) days of the written notice provided for in Section 10.1.1 unless the Owner and Design-Builder mutually agree otherwise.

10.2.3 If a dispute or disagreement cannot be resolved through Design-Builder's Representative and Owner's Representative, Design-Builder's Senior Representative and Owner's Senior Representative, upon the request of either party, shall meet as soon as conveniently possible, but in no case later than thirty (30) days after such a request is made, to attempt to resolve such dispute or disagreement. Five (5) days prior to any meetings between the Senior Representatives, the parties will exchange relevant information that will assist the parties in resolving their dispute or disagreement.

10.2.4 If after meeting the Senior Representatives determine that the dispute or disagreement cannot be resolved on terms satisfactory to both parties, the parties shall submit within thirty (30) days of the conclusion of the meeting of Senior Representatives the dispute or disagreement to non-binding mediation. The mediation shall be conducted by a mutually agreeable impartial mediator, or if the parties cannot so agree, a mediator designated by the American Arbitration Association (“AAA”) pursuant to its Construction Industry Mediation Rules. The mediation will be governed by and conducted pursuant to a mediation agreement negotiated by the parties or, if the parties cannot so agree, by procedures established by the mediator. Unless otherwise mutually agreed by the Owner and Design-Builder and consistent with the mediator’s schedule, the mediation shall commence within ninety (90) days of the submission of the dispute to mediation.

10.3 Arbitration.

10.3.1 Any claims, disputes or controversies between the parties arising out of or relating to the Agreement, or the breach thereof, which have not been resolved in accordance with the procedures set forth in Section 10.2 above, shall be decided by arbitration in accordance with the Construction Industry Arbitration Rules of the AAA then in effect, unless the parties mutually agree otherwise.

10.3.2 The award of the arbitrator(s) shall be final and binding upon the parties without the right of appeal to the courts. Judgment may be entered upon it in accordance with applicable law by any court having jurisdiction thereof.

10.3.3 Design-Builder and Owner expressly agree that any arbitration pursuant to this Section 10.3 may be joined or consolidated with any arbitration involving any other person or entity (i) necessary to resolve the claim, dispute or controversy, or (ii) substantially involved in or affected by such claim, dispute or controversy. Both Design-Builder and Owner will include appropriate provisions in all contracts they execute with other parties in connection with the Project to require such joinder or consolidation.

10.3.4 The prevailing party in any arbitration, or any other final, binding dispute proceeding upon which the parties may agree, shall be entitled to recover from the other party reasonable attorneys’ fees and expenses incurred by the prevailing party.

10.4 Duty to Continue Performance.

10.4.1 Unless provided to the contrary in the Contract Documents, Design-Builder shall continue to perform the Work and Owner shall continue to satisfy its payment obligations to Design-Builder, pending the final resolution of any dispute or disagreement between Design-Builder and Owner.

10.5 CONSEQUENTIAL DAMAGES.

10.5.1 NOTWITHSTANDING ANYTHING HEREIN TO THE CONTRARY (EXCEPT AS SET FORTH IN SECTION 10.5.2 BELOW), NEITHER DESIGN-BUILDER NOR OWNER SHALL BE LIABLE TO THE OTHER FOR ANY CONSEQUENTIAL LOSSES OR DAMAGES, WHETHER ARISING IN CONTRACT, WARRANTY, TORT (INCLUDING NEGLIGENCE), STRICT LIABILITY OR OTHERWISE, INCLUDING BUT NOT LIMITED TO LOSSES OF USE, PROFITS, BUSINESS, REPUTATION OR FINANCING.

10.5.2 The consequential damages limitation set forth in Section 10.5.1 above is not intended to affect the payment of liquidated damages or lost early completion bonus, if any, set forth in Article 5 of the Agreement, which both parties recognize has been established, in part, to reimburse Owner or reward Design-Builder for some damages that might otherwise be deemed to be consequential.

Article 11

Stop Work and Termination for Cause

11.1 Owner's Right to Stop Work.

11.1.1 Owner may, without cause and for its convenience, order Design-Builder in writing to stop and suspend the Work. Such suspension shall not exceed sixty (60) consecutive days or aggregate more than ninety (90) days during the duration of the Project.

11.1.2 Design-Builder is entitled to seek an adjustment of the Contract Price and/or Contract Time(s) if its cost or time to perform the Work has been adversely impacted by any suspension of stoppage of the Work by Owner.

11.2 Owner's Right to Perform and Terminate for Cause.

11.2.1 If Design-Builder persistently fails to (i) provide a sufficient number of skilled workers, (ii) supply the materials required by the Contract Documents, (iii) comply with applicable Legal Requirements, (iv) timely pay, without cause, Design Consultants or Subcontractors, (v) prosecute the Work with promptness and diligence to ensure that the Work is completed by the Contract Time(s), as such times may be adjusted, or (vi) perform material obligations under the Contract Documents, then Owner, in addition to any other rights and remedies provided in the Contract Documents or by law, shall have the rights set forth in Sections 11.2.2 and 11.2.3 below.

11.2.2 Upon the occurrence of an event set forth in Section 11.2.1 above, Owner may provide written notice to Design-Builder that it intends to terminate the Agreement unless the problem cited is cured, or commenced to be cured, within seven (7) days of Design-Builder's receipt of such notice. If Design-Builder fails to cure, or reasonably commence to cure, such problem, then Owner may give a second written notice to Design-Builder of its intent to terminate within an additional seven (7) day period. If Design-Builder, within such second seven (7) day period, fails to cure, or reasonably commence to cure, such problem, then Owner may declare the Agreement terminated for default by providing written notice to Design-Builder of such declaration.

11.2.3 Upon declaring the Agreement terminated pursuant to Section 11.2.2 above, Owner may enter the premises and take possession, for the purpose of completing the Work, of all materials, equipment, scaffolds, tools, appliances and other items thereon, which have been purchased or provided for the performance of the Work, all of which Design-Builder hereby transfers, assigns and sets over to Owner for such purpose, and to employ any person or persons to complete the Work and provide all of the required labor, services, materials, equipment and other items. In the event of such termination, Design-Builder shall not be entitled to receive any further payments under the Contract Documents, except for Progress Payments submitted and approved in accordance with Article 7 of the Agreement and Article 6 of General Conditions, until the Work shall be finally completed in accordance with the Contract Documents. At such time, if the unpaid balance of the Contract Price exceeds the cost and expenses incurred by Owner in completing the Work, such excess shall be paid by Owner to Design Builder. Notwithstanding the preceding sentence, if the Agreement establishes a Guaranteed Maximum Price, Design-Builder will only be entitled to be paid for Work performed prior to its default. If Owner's cost and expenses of completing the Work exceeds the unpaid balance of the Contract Price, then Design-Builder shall be obligated to pay the difference to Owner. Such costs and expenses shall include not only the cost of completing the Work, but also losses, damages, costs and expenses, including attorneys' fees and expenses, incurred by Owner in connection with the procurement and defense of the claims arising from Design-Builder's default, subject to the waiver of consequential damages set forth in Section 10.5. Total costs, expenses and damages that the Design-Builder may be obligated to pay the Owner is limited to two (2) times the Design-Builders Fee that the Design-Builder would be entitled to for the Guaranteed Maximum Price of the Agreement.

11.2.4 If Owner improperly terminates the Agreement for cause, the termination for cause will be converted to a termination for convenience in accordance with the provisions of Article 8 of the Agreement.

11.3 Design-Builder's Right to Stop Work.

11.3.1 Design-Builder may, in addition to any other rights afforded under the Contract Documents or at law, stop the Work for the following reasons:

11.3.1.1 Owner's failure to provide financial assurances as required under Section 3.3 hereof; or

11.3.1.2 Owner's failure to pay amounts properly due under Design-Builder's Application for Payment.

11.3.2 Should any of the events set forth in Section 11.3.1 above occur, Design-Builder has the right to provide Owner with written notice that Design-Builder will stop the Work unless said event is cured within seven (7) days from Owner's receipt of Design-Builder's notice. If Owner does not cure the problem within such seven (7) day period, Design-Builder may stop the Work. In such case, Design-Builder shall be entitled to make a claim for adjustment to the Contract Price and Contract Time(s) to the extent it has been adversely impacted by such stoppage.

11.4 Design-Builder's Right to Terminate for Cause.

11.4.1 Design-Builder, in addition to any other rights and remedies provided in the Contract Documents or by law, may terminate the Agreement for cause for the following reasons:

11.4.1.1 The Work has been stopped for sixty (60) consecutive days, or more than ninety (90) days during the duration of the Project, because of court order, any government authority having jurisdiction over the Work, or orders by Owner under Section 11.1.1 hereof, provided that such stoppages are not due to the acts or omissions of Design-Builder or anyone for whose acts Design-Builder may be responsible.

11.4.1.2 Owner's failure to provide Design-Builder with any information, permits or approvals that are Owner's responsibility under the Contract Documents which result in the Work being stopped for sixty (60) consecutive days, or more than ninety (90) days during the duration of the Project, even though Owner has not ordered Design-Builder in writing to stop and suspend the Work pursuant to Section 11.1.1 hereof.

11.4.1.3 Owner's failure to cure the problems set forth in Section 11.3.1 above after Design-Builder has stopped the Work.

11.4.2 Upon the occurrence of an event set forth in Section 11.4.1 above, Design-Builder may provide written notice to Owner that it intends to terminate the Agreement unless the problem cited is cured, or commenced to be cured, within seven (7) days of Owner's receipt of such notice. If Owner fails to cure, or reasonably commence to cure, such problem, then Design-Builder may give a second written notice to Owner of its intent to terminate within an additional seven (7) day period. If Owner, within such second seven (7) day period, fails to cure, or reasonably commence to cure, such problem, then Design-Builder may declare the Agreement terminated for default by providing written notice to Owner of such declaration. In such case, Design-Builder shall be entitled to recover in the same manner as if Owner had terminated the Agreement for its convenience under Article 8 of the Agreement.

11.5 Bankruptcy of Owner or Design-Builder.

11.5.1 If either Owner or Design-Builder institutes or has instituted against it a case under the United States Bankruptcy Code (such party being referred to as the "Bankrupt Party"), such event may impair or frustrate the Bankrupt Party's ability to perform its obligations under the Contract Documents. Accordingly, should such event occur:

11.5.1.1 The Bankrupt Party, its trustee or other successor, shall furnish, upon request of the non-Bankrupt Party, adequate assurance of the ability of the Bankrupt Party to perform all future material obligations under the Contract Documents, which assurances shall be provided within ten (10) days after receiving notice of the request; and

11.5.1.2 The Bankrupt Party shall file an appropriate action within the bankruptcy court to seek assumption or rejection of the Agreement within sixty (60) days of the institution of the bankruptcy filing and shall diligently prosecute such action.

If the Bankrupt Party fails to comply with its foregoing obligations, the non-Bankrupt Party shall be entitled to request the bankruptcy court to reject the Agreement, declare the Agreement terminated and pursue any other recourse available to the non-Bankrupt Party under this Article 11.

11.5.2 The rights and remedies under Section 11.5.1 above shall not be deemed to limit the ability of the non-Bankrupt Party to seek any other rights and remedies provided by the Contract Documents or by law, including its ability to seek relief from any automatic stays under the United States Bankruptcy Code or the right of Design-Builder to stop Work under any applicable provision of these General Conditions of Contract.

Article 12

Electronic Data

12.1 Electronic Data.

12.1.1 The parties recognize that Contract Documents, including drawings, specifications and three-dimensional modeling (such as Building Information Models) and other Work Product may be transmitted among Owner, Design-Builder and others in electronic media as an alternative to paper hard copies (collectively “Electronic Data”).

12.2 Transmission of Electronic Data.

12.2.1 Owner and Design-Builder shall agree upon the software and the format for the transmission of Electronic Data. Each party shall be responsible for securing the legal rights to access the agreed-upon format, including, if necessary, obtaining appropriately licensed copies of the applicable software or electronic program to display, interpret and/or generate the Electronic Data.

12.2.2 Neither party makes any representations or warranties to the other with respect to the functionality of the software or computer program associated with the electronic transmission of Work Product. Unless specifically set forth in the Agreement, ownership of the Electronic Data does not include ownership of the software or computer program with which it is associated, transmitted, generated or interpreted.

12.2.3 By transmitting Work Product in electronic form, the transmitting party does not transfer or assign its rights in the Work Product. The rights in the Electronic Data shall be as set forth in Article 4 of the Agreement. Under no circumstances shall the transfer of ownership of Electronic Data be deemed to be a sale by the transmitting party of tangible goods.

12.3 Electronic Data Protocol.

12.3.1 The parties acknowledge that Electronic Data may be altered or corrupted, intentionally or otherwise, due to occurrences beyond their reasonable control or knowledge, including but not limited to compatibility issues with user software, manipulation by the recipient, errors in transcription or transmission, machine error, environmental factors, and operator error. Consequently, the parties understand that there is some level of increased risk in the use of Electronic Data for the communication of design and construction information and, in consideration of this, agree, and shall require their independent contractors, Subcontractors and Design Consultants to agree, to the following protocols, terms and conditions set forth in this Section 12.3.

12.3.2 Electronic Data will be transmitted in the format agreed upon in Section 12.2.1 above, including file conventions and document properties, unless prior arrangements are made in advance in writing.

12.3.3 The Electronic Data represents the information at a particular point in time and is subject to change. Therefore, the parties shall agree upon protocols for notification by the author to the recipient of any changes which may thereafter be made to the Electronic Data, which protocol shall also address the duty, if any, to update such information, data or other information contained in the electronic media if such information changes prior to Final Completion of the Project.

12.3.4 The transmitting party specifically disclaims all warranties, expressed or implied, including, but not limited to, implied warranties of merchantability and fitness for a particular purpose, with respect to the media transmitting the Electronic Data. However, transmission of the Electronic Data via electronic means shall not invalidate or negate any duties pursuant to the applicable standard of care with respect to the creation of the Electronic Data, unless such data is materially changed or altered after it is transmitted to the receiving party, and the transmitting party did not participate in such change or alteration.

Article 13

Miscellaneous

13.1 Confidential Information.

13.1.1 Confidential Information is defined as information which is determined by the transmitting party to be of a confidential or proprietary nature and: (i) the transmitting party identifies as either confidential or proprietary; (ii) the transmitting party takes steps to maintain the confidential or proprietary nature of the information; and (iii) the document is not otherwise available in or considered to be in the public domain. The receiving party agrees to maintain the confidentiality of the Confidential Information and agrees to use the Confidential Information solely in connection with the Project.

13.2 Assignment.

13.2.1 Neither Design-Builder nor Owner shall, without the written consent of the other assign, transfer or sublet any portion or part of the Work or the obligations required by the Contract Documents.

13.3 Successorship.

13.3.1 Design-Builder and Owner intend that the provisions of the Contract Documents are binding upon the parties, their employees, agents, heirs, successors and assigns.

13.4 Governing Law.

13.4.1 The Agreement and all Contract Documents shall be governed by the laws of the place of the Project, without giving effect to its conflict of law principles.

13.5 Severability.

13.5.1 If any provision or any part of a provision of the Contract Documents shall be finally determined to be superseded, invalid, illegal, or otherwise unenforceable pursuant to any applicable Legal Requirements, such determination shall not impair or otherwise affect the validity, legality, or enforceability of the remaining provision or parts of the provision of the Contract Documents, which shall remain in full force and effect as if the unenforceable provision or part were deleted.

13.6 No Waiver.

13.6.1 The failure of either Design-Builder or Owner to insist, in any one or more instances, on the performance of any of the obligations required by the other under the Contract Documents shall not be construed as a waiver or relinquishment of such obligation or right with respect to future performance.

13.7 Headings.

13.7.1 The headings used in these General Conditions of Contract, or any other Contract Document, are for ease of reference only and shall not in any way be construed to limit or alter the meaning of any provision.

13.8 Notice.

13.8.1 Whenever the Contract Documents require that notice be provided to the other party, notice will be deemed to have been validly given (i) if delivered in person to the individual intended to receive such notice, (ii) four (4) days after being sent by registered or certified mail, postage prepaid to the address indicated in the Agreement, or (iii) if transmitted by facsimile or via electronic mail, by the time stated in a machine generated confirmation that notice was received at the facsimile number of the intended recipient.

13.9 Amendments.

13.9.1 The Contract Documents may not be changed, altered, or amended in any way except in writing signed by a duly authorized representative of each party.

In executing this Agreement, Owner and Design-Builder each individually represents that it has the necessary financial resources to fulfill its obligations under this Agreement, and each has the necessary corporate approvals to execute this Agreement, and perform the services described herein.

OWNER:

Alex Teague or Representative
(Name of Owner)

/s/ Alex Teague
(Signature)

Alex Teague
(Printed Name)

Senior Vice President
(Title)

Date: 11/27/13

DESIGN-BUILDER:

NEXGEN Builders, Inc.
(Name of Design-Builder)

/s/ Steve Vencill
(Signature)

Steve Vencill
(Printed Name)

Program Manager
(Title)

Date: 12/3/13

PURCHASE AND SALE AGREEMENT AND ESCROW INSTRUCTIONS

SEVILLA PROPERTY

THIS PURCHASE AND SALE AGREEMENT AND ESCROW INSTRUCTIONS ("**Agreement**"), dated as of November 29, 2013, is entered into by and between Templeton Santa Barbara, LLC, a Nevada limited liability company ("**Seller**") and MI Land, LLC, a California limited liability company, or its assignee ("**Buyer**"). This Agreement constitutes (i) a contract of purchase-and-sale and (ii) escrow instructions to **Lawyer's Title**, Oxnard, CA ("**Escrow Holder**"), whose consent appears at the end of this Agreement.

RECITALS:

1 . **The Property.** Seller owns that certain real and personal property in the City of Santa Maria, County of Santa Barbara, California, consisting of approximately 10 acres of undeveloped land, the legal description of which is set forth on **Exhibit "A"** attached hereto ("the Property").

2 . **Purchase and Sale.** Seller and Buyer wish to enter into a transaction pursuant to which Buyer shall purchase the Property from Seller subject to the terms set forth below.

DEFINITIONS:

In addition to the definitions contained elsewhere in this Agreement, unless the context otherwise indicated, the following terms shall have the meanings as set forth in this Article:

"**Additional Purchase Price**" shall mean Four Million Eight Hundred Forty-One Thousand Dollars (\$4,841,000.00), less the amount of the Deposit applied thereto at Closing.

"**Business Day**" means any day other than Saturday, Sunday or any legal state or national holiday observed in the State of California.

"**Cash**" means (i) currency, (ii) a check or checks currently dated payable to Escrow Holder or order and honored upon presentation for payment, or (iii) funds wire-transferred or otherwise deposited into Escrow Holder's account at Escrow Holder's direction, in each event in U.S. dollars.

"**Close of Escrow**" and "**Closing**" means the date the Seller's Grant Deed and any other documents to be recorded on closing pursuant to the terms hereof are filed for record.

"**Closing Date**" has the meaning set forth in Section 11.1.

"**Control**" means owning, directly or indirectly, fifty percent (50%) or greater of the voting power of an entity.

"**Escrow Holder**" means Lawyers Title, Oxnard, CA.

"**Feasibility Period**" is described in Section 2.2 below.

"**Final Payment Date**" shall be the last day for Buyer to pay all amounts owing under the Promissory Note (as defined in Section 1.2 below), which shall be earlier occur of: (i) 30 days following final City approval of a tentative tract map for the Property, or (ii) October 24, 2014.

"**Hazardous Materials**" means any material or substance which is (i) defined as a "hazardous waste," extremely hazardous waste," "restricted hazardous waste," "hazardous material," "hazardous substance," or any similar formation under or pursuant to any California or Federal statute or common law rule; (ii) petroleum and natural gas liquids as those terms are used in Section 109(14) of the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. Section 6901, et seq. (41 U.S.C. Section 6903); (iii) asbestos; (iv) polychlorinated biphenyls; (v) designated as a "hazardous substance" pursuant to Section 311 of the Clean Water Act, 33 U.S.C., Section 1251, et seq. (33 U.S.C. Section 1321) or listed pursuant to Section 307 of the Clean Water Act (33 U.S.C. Section 1317); (vi) defined as a "hazardous waste" pursuant to Section 1004 of the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq. (42 U.S.C. Section 6903); or (vii) defined as a "hazardous substance" pursuant to Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. Section 9601, et seq. (41 U.S.C. Section 9601), in each case, as any such statute now provides or may hereafter be amended, and in the regulations promulgated pursuant thereto.

"**Hazardous Materials Laws**" means all federal, state and local laws (whether under common law, statute or otherwise), ordinances, orders, rules, regulations and guidance documents now or hereafter in force, as amended from time to time, in any way relating to or regulating human health or safety, industrial hygiene or environmental conditions, protection of the environment, Hazardous Materials, pollution or contamination of the air, soil, surface water or groundwater, and regulations, rules, guidelines, or standards promulgated pursuant to such laws, statutes and regulations, as such statutes, regulations, rules, guidelines, and standards are amended from time to time.

"**Opening of Escrow**" means the date that this Agreement has been signed by Buyer and Seller and the Escrow Officer has executed the Consent of Escrow Holder attached hereto as part of this Agreement.

"**Title Company**" means Lawyers Title, Oxnard, CA.

AGREEMENT:

ARTICLE 1

PURCHASE PRICE AND DEPOSIT

1 . 1 **Deposit.** Upon mutual execution of this Agreement, Buyer will deliver to Escrow Holder the sum of Two Hundred Fifty Thousand Dollars (\$250,000.00) in Cash (the "Deposit"). The Deposit shall be placed in an interest bearing account pursuant to the terms of Section 10.1. Interest on the Deposit shall accrue for the benefit of Buyer unless Buyer is in default under the terms and conditions of this Agreement in which case the interest shall be paid to Seller. The Deposit and all accrued interest thereon shall be applied to the Purchase Price upon Close of Escrow.

1.2 **Purchase Price.** Subject to the terms and conditions of this Agreement, Seller shall sell and Buyer shall buy the Property for Four Million Eight Hundred Forty-One Thousand Dollars (\$4,841,000.00) (the "Purchase Price"). The Purchase Price is payable as follows: (i) Buyer shall make the Deposit as set forth in Section 1.1 above, (ii) on or before three (3) Business Day prior to the Closing Date, Buyer shall deposit with Escrow Holder a fully executed promissory note for the balance of the Purchase Price (the "Promissory Note"), and a fully executed first deed of trust securing Buyer's obligations thereunder ("Deed of Trust"), in the form attached hereto as **Exhibit "C,"** and (iii) Cash for all other amounts due by Buyer hereunder in order to complete the Close of Escrow. The total amount owed under the Promissory Note shall be referenced herein as the "Additional Purchase Price," shall be due and payable on or before the Final Payment Date, and shall accrue simple interest at the rate of five percent (5%) per annum, payable to Seller monthly.

ARTICLE 2

BUYER'S FEASIBILITY AND RIGHT TO ENTER THE PROPERTY

2.1 **Limit on Escrow Holder's Responsibility.** Escrow Holder shall have no concern with, responsibility for, or liability for this Article.

2.2 **Feasibility Period.** Buyer shall have through 5:00 p.m. Pacific Time on the date that is ninety (90) days from the execution of this Agreement by both parties hereto (the "Feasibility Period") to conduct such investigations, testing and inspections of the Property as deemed necessary or appropriate by Buyer. Buyer's satisfaction with the Property and its feasibility for Buyer's intended purposes is referred to as the "Feasibility Condition." If Buyer is not satisfied with the Property in Buyer's sole discretion, Buyer may terminate this Agreement and receive a refund of the Deposit and all interest accrued thereon by notifying Seller and Escrow Holder in writing at any time on or before 5:00 p.m. (Pacific Time) on the last day of the Feasibility Period. Failure of Buyer to deliver a notice of termination to Seller and Escrow Holder by the end of the Feasibility Period shall be deemed Buyer's approval of the Feasibility Condition.

2.3 **Property Information.** Within five (5) Business Days after the Opening of Escrow, Seller shall deliver to Buyer copies of all tests, surveys, reports, records, permits, applications, inspections, approvals, entitlements, mitigation agreements, licenses, correspondence with or notices from any Governmental Agencies, agreements with the applicable jurisdictions, easement agreements, flood control agreements, utility agreements, development rights, studies (including all traffic, soils, geotechnical and environmental studies and reports), contracts, agreements, tax bills, maps, plans (including but not limited to civil engineering, architectural, grading, improvement and landscaping plans and calculations), drawings, and authorizations relating to or affecting the Property or the development thereof in Seller's possession (collectively referred to as the "Property Information").

2 . 4 **Right to Enter Upon the Property; Indemnity.** Buyer, its employees, agents, consultants and contractors shall have access to the Property on one (1) Business Day advance written notice to Seller, and may enter upon the Property to inspect, survey and test the conditions present on the Property. Any physically intrusive or destructive test will require Seller's reasonable approval. Prior to any entry on the Property by Buyer prior to the Closing, Buyer shall secure and maintain: a) a comprehensive general liability and property damage policy in an amount of no less than Two Million Dollars (\$2,000,000.00) which will cover the activities of Buyer and its agents and consultants on the Property and shall name Seller an additional insured thereunder, and b) worker's compensation and employer's liability insurance in accordance with the applicable provisions of California law. Buyer shall provide a certificate of insurance to Seller evidencing the insurance required herein. Buyer shall fully protect, defend, hold harmless and indemnify Seller and its officers, directors, employees, agents, attorneys, shareholders, successors and assigns ("Seller Indemnified Parties") and the Property, from any and all claims, liabilities, damages, costs, injuries, liens (including but not limited to mechanic's, materialman's, contractor's and similar liens), actions or judgments of any kind or nature (including, without limitation, attorneys' fees, expert fees, and litigation costs and expenses) (collectively, "Losses") arising out of or resulting in any way from any such entry onto the Property or the acts and omissions of Buyer, its agents, employees, consultants or contractors; provided, however that the foregoing indemnity shall not apply to (i) any Losses arising out of the gross negligence of willful misconduct of any of the Seller Indemnified Parties, and (ii) or any Losses caused by any existing condition on the Property discovered but not caused or exacerbated by Borrower. The provisions of this Section 2.4 shall survive the termination or Closing of this Agreement.

ARTICLE 3

TITLE

3.1 **Preliminary Title Report.** Seller will, within five (5) Business Days after the Opening of Escrow, cause the Title Company to deliver a preliminary title report for the Property to Buyer and Seller (the "Title Report") along with copies of all plotted easements and underlying documents referenced therein. Buyer shall have until thirty (30) days prior to the end of the Feasibility Period (the "Title Disapproval Deadline") to notify Seller and Title Company what exceptions to title shown thereon, if any, are unacceptable to Buyer ("Disapproved Exceptions"). Buyer's failure to deliver to Seller written notice of any Disapproved Exceptions by the end of the Title Disapproval Deadline shall be deemed approval by Buyer of all exceptions to title reported in the Title Report. In the event Buyer timely gives notice of any Disapproved Exception, Seller shall have ten (10) Business Days after receipt of such notice to notify Buyer and Escrow Holder either (1) that Seller will cure or insure over such Disapproved Exception; or (2) that Seller will not cure or insure over such Disapproved Exception. Seller's failure to give such notice with respect to a Disapproved Exception shall constitute an election not to cure or insure over such Disapproved Exception; provided, however, that Seller shall cure any Disapproved Exception which is a deed of trust or other monetary lien encumbering the Property not caused by or on behalf of Buyer and any delinquent property taxes or assessments. Seller shall keep the Property free and clear of all monetary liens and encumbrances not reflected in the Title Report, except for current real property taxes. In the event Seller elects or is deemed to elect not to cure or insure over any Disapproved Exception, Buyer shall have the option within five (5) Business Days after receipt (or five (5) Business Days after the date Seller's response was due if not given) to terminate this Agreement by written notice to Seller and Escrow Holder to that effect, in which case Buyer shall receive a refund of the Deposit and accrued interest thereon, and no party shall have any further rights or obligations under this Agreement except those which, by their terms, survive the termination hereof.

3 . 2 **Title Policy.** At Closing, Buyer's title to the Property shall be insured by a Standard Coverage ALTA Owner's Policy of Title Insurance in the amount of the Purchase Price, insuring title to the Property in Buyer subject only to (1) Title Company's standard exceptions and exclusions, (2) the lien of supplemental taxes assessed pursuant to California Revenue and Taxation Code Sections 75, et seq., resulting from this transaction, (3) exceptions to title approved by Buyer or deemed approved by Buyer pursuant to Section 3.1, (4) items shown or that would have been shown on any survey of the Property, and (5) such deeds of trust or other exceptions to title caused or created by or for the benefit of Buyer. Additionally, the Property shall be insured against mechanics liens not caused by Buyer pursuant to a title policy endorsement. Buyer may, at Buyer's option and at Buyer's expense, direct Escrow Holder to procure an ALTA Extended Coverage Policy of Title Insurance or endorsements which expand coverage in excess of that which is described above. Any updated or new survey shall be at Buyer's expense. The policy of title insurance to be obtained pursuant to this Section 3.2 is referred to as the "Title Policy". Fees and costs associated with the Title Policy shall be split equally between the two parties, except all of the costs of any extended policy of title insurance shall be Buyer's sole expense.

3.3 **Failure of Seller to Cure.** In the event Seller elects to cure any Disapproved Exception but is unable to do so or does not do so by the Closing Date, Buyer may (i) terminate this Agreement and receive a full refund of the Deposit and accrued interest thereon, or (ii) elect to waive its objection to the Disapproved Exception(s) in question and proceed to close escrow.

ARTICLE 4

ESCROW INSTRUCTIONS

4.1 If requested by Escrow Holder, Buyer and Seller shall execute further escrow instructions to Escrow Holder that are consistent with the terms of this Agreement and that incorporate Escrow Holder's general provisions. In the event of any conflict between such escrow instructions and this Agreement the terms in the body of this Agreement shall prevail unless such escrow instructions specifically provide that they modify this Agreement.

ARTICLE 5

CONDITIONS PRECEDENT TO CLOSING

5.1 **Conditions to Buyer's Obligation to Close.** Buyer's obligation to close Escrow under this Agreement shall be subject to the satisfaction or written waiver, in whole or in part, by Buyer of each of the following conditions precedent:

- (a) Feasibility. Buyer shall have approved, or be deemed to have approved, the Feasibility Condition.

(b) Title Policy. The Title Company shall have irrevocably committed to issue the Title Policy in the form prescribed in Section 3.2.

(c) Representations and Warranties. Seller's representations and warranties set forth in this Agreement shall be true and correct in all material respects as of the Close of Escrow.

(d) Material Default. Seller shall not be in material default of any term or condition of this Agreement.

The foregoing conditions are conditions precedent in favor of Buyer and may be waived by Buyer at its election.

5.2 **Conditions to Seller's Obligation to Close**. Seller's obligation to close Escrow under this Agreement shall be subject to the satisfaction or written waiver, in whole or in part, by Seller of each of the following conditions precedent:

(a) Purchase Price. Buyer shall have delivered the Deposit and all prorrations and closing costs for which Buyer is responsible, as well as the fully executed Promissory Note and Deed of Trust into Escrow pursuant to the provisions set forth herein.

(b) Representations and Warranties. Buyer's representations and warranties set forth in this Agreement shall be true and correct in all material respects as of the Close of Escrow.

(c) Material Default. Buyer shall not be in material default of any term or condition of this Agreement.

The foregoing conditions are conditions precedent in favor of Seller and may be waived by Seller at its election.

5.3 Effect of Failure of a Condition Precedent. In the event any condition precedent set forth in this Article 5 is not satisfied or waived within the applicable time period, the party in whose favor the condition exists may thereafter terminate this Agreement by giving written notice of termination to the other party provided that the party giving notice is not in material breach of its obligations under the Agreement. Upon any such termination, each party shall return any documents, plans, studies which were previously delivered by the other party. The Deposit shall be returned to Buyer if Buyer terminates this Agreement as required hereunder on or before the end of the Feasibility Period. The Deposit and all interest accrued thereon shall be retained by Seller if this Agreement is not terminated on or before the end of the Feasibility Period by Buyer, and Buyer's purchase is not consummated on or before the Closing Date due to a material breach by Buyer. Nothing in this paragraph shall limit the rights of either party to seek damages in accordance with California law, including, but not limited to, specific performance and/or other equitable remedies.

ARTICLE 6

BUYER'S DELIVERIES TO ESCROW HOLDER AND SELLER

6.1 **Closing Deposit and Documents.** At least three (3) Business Days prior to Close of Escrow, Buyer shall deliver to Escrow Holder (i) all remaining sums required to be paid by Buyer through this Escrow, including the sums payable pursuant to Article 9 below, (ii) the Promissory Note and First Deed of Trust in the form of **Exhibit "C"** hereto, fully executed by Buyer and recordable (iii) the Assignment of Property Rights in the form of **Exhibit "D"** hereto, fully executed by Buyer and (iv) a completed and signed Preliminary Change of Ownership Form.

ARTICLE 7

SELLER'S DELIVERIES TO ESCROW HOLDER

7.1 **Documents.** At least three (3) Business Days prior to the Closing Date, Seller shall deliver to Escrow Holder the following documents:

- (a) A fully executed and recordable Grant Deed in the form attached as **Exhibit "B"** to this Agreement.
- (b) The Assignment of Property Rights in the form of **Exhibit "D,"** fully executed by Seller.
- (c) Appropriate certifications, including without limitation, a Foreign Investment in Real Property Tax Act ("FIRPTA") Certificate and California Form 593-C, evidencing that neither Buyer nor Escrow Holder are required to withhold Seller's closing funds pursuant to Internal Revenue Code Section 1445 and California Revenue and Taxation Code Section 18662(e).

ARTICLE 8

CONDEMNATION/CASUALTY

8.1 **Risk of Loss/Condemnation.** If, prior to the Close of Escrow, the Property is (a) damaged by reason of earthquake, rain, flooding or other cause, the cost of which to repair or restore exceeds five percent (5%) of the Purchase Price for the Property ("Material Damage"), or (b) all or a portion of the Property in excess of five percent (5%) of the Property is condemned, or written notice of intent to condemn is provided to Seller, by any legally constituted governmental authority ("Material Condemnation"), then, Buyer shall have the right to terminate this Agreement by delivery of written notice thereof to Seller within ten (10) Business Days after Buyer's receipt of written notice of any such Material Damage or Material Condemnation, unless, with respect to Material Damage, Seller elects to, and does, repair such damage. In the event Buyer so terminates this Agreement, the Deposit and all interest accrued thereon will be returned to Buyer. If Buyer fails to so terminate this Agreement, or if any damage to the Property is not Material Damage, or the condemnation is not Material Condemnation, then Buyer shall not be released from any obligation to purchase the Property and, when sold, the Property shall be sold to Buyer in its then "as is" condition with no reduction in the Purchase Price, except that if Seller has not caused the damage to be fully repaired prior to the Close of Escrow, Seller shall pay or assign to Buyer any insurance proceeds payable for such damage to the Property, and shall assign to Buyer all condemnation proceeds payable for such condemnation of the Property at Close of Escrow and there shall be a credit against the Purchase Price for the amount of any applicable deductible or self-insured retention, under Seller's insurance policy.

8.2 **Survival.** The provisions of this Article 8 shall survive the Close of Escrow.

ARTICLE 9

PRORATIONS, FEES, COSTS AND REIMBURSEMENTS

9.1 **Taxes and Assessments.** Escrow Holder shall prorate between the parties, in Cash, as of Close of Escrow, on the basis of a thirty (30) day month, general and special real estate taxes and assessments, based on the regular tax bill for the fiscal year in which the escrow closes, and including any homeowners or other association assessments. If such tax bill has not been issued as of the Closing Date, such proration shall be based on the regular tax bill for the fiscal year preceding that in which the escrow closes. The proration of taxes and assessments shall be without regard to any supplemental assessments levied pursuant to California Revenue and Taxation Code Sections 75 and following unless such supplemental taxes have been levied and shown on a tax bill. In the event that a separate tax bill has not been issued, Escrow Holder shall apportion general and special real estate taxes and assessments based upon a written apportionment statement, based on land area, prepared by Seller and reasonably approved by Buyer, which approval shall not be unreasonably withheld.

9.2 **Supplemental Taxes.** Escrow Holder shall have no responsibility for this Section. Should any supplemental taxes be levied and billed after Close of Escrow pursuant to California Revenue and Taxation Code Sections 75 and following as a result of the transfer of title to Buyer, such taxes shall be the obligation of Buyer except for supplemental taxes levied by reason of improvements or transfers or other events which occurred before Close of Escrow, which portion, if any, shall be the obligation of Seller. Seller shall pay supplemental taxes, if any, for which Seller is responsible within thirty (30) days after Buyer provides Seller with a demand for payment accompanied with reasonable documentation from the County that such sum is payable by Seller pursuant to this Section.

9.3 **Seller's Charges; Recorded Deed Not to Show Documentary Transfer Tax Amount .** Seller shall pay (i) the County and any City Documentary Transfer Tax, (ii) Fifty percent (50%) of the CLTA Standard title policy premium and fee for a mechanics lien endorsement (but not the added premium for an extended ALTA policy or additional endorsements), (iii) one-half (½) of Escrow Holder's fee, and (iv) usual seller's document-drafting and recording charges. Unless Buyer gives Escrow Holder instructions to the contrary, and provided the County Recorder so allows, Escrow Holder shall, at Close of Escrow, cause the Grant Deed to be recorded without setting forth the amount of County and any City Documentary Transfer Tax paid by Seller. The Grant Deed may show such amount after it is recorded.

9.4 **Buyer's Charges.** Buyer shall pay (i) one-half (½) of Escrow Holder's fee, (ii) Fifty percent (50%) of the CLTA Standard title policy premium and fee for a mechanics lien endorsement and the entire cost of the extra premium for any ALTA Extended Coverage Title Policy or any endorsements, other than a mechanics lien endorsement, over and above that of the premium of the ALTA Standard Owner's Title Policy, (iii) any loan fees, recording fees, and loan title policy costs related to any financing that Buyer may obtain and (iv) usual buyer's document-drafting and recording charges

9.5 **Survival.** The provisions of this Article 9 shall survive the Close of Escrow.

ARTICLE 10

DISTRIBUTION OF FUNDS AND DOCUMENTS

10.1 **Interest.** Escrow Holder is instructed to invest Buyer's Deposit in a federally insured interest bearing account selected by Buyer, and Buyer shall sign such further instructions to Escrow Holder as may be necessary to establish such account.

10.2 **Disbursements.** All disbursements by Escrow Holder shall be made by wire transfer, unless a party unilaterally instructs Escrow Holder, prior to Close of Escrow, to proceed otherwise, in which case, Escrow Holder shall disburse such party's proceeds from this escrow pursuant to such unilateral instruction.

10.3 **Delivery of Instruments.** At the close of this escrow, Escrow Holder shall deliver each non-recorded instrument received by Escrow Holder, if any, to the payee or person (i) acquiring rights under the instrument, or (ii) for whose benefit the instrument was provided, such documents to be sent by United States mail (or held for personal pickup, if requested).

10.4 **Deposit.** Escrow Holder shall, at Closing, hold the Deposit in an interest bearing account for the benefit of Seller, until the earlier of: (i) the Final Payment Date; or (ii) receipt of a joint notice from the parties stating that all amounts owing under the Promissory Note have been fully paid. Upon receipt of notice, executed by both parties, that all amounts owing under the Promissory Note have been paid to Seller, Escrow Holder shall deliver to Seller the remaining balance of the Deposit and all interest thereon (less any unpaid Seller's Chargers, which shall be deducted by Escrow Holder). Upon receipt of a notice, executed by both parties, that Buyer has failed to make all payments owed under the Promissory Note on or before the Final Payment Date, Escrow Holder shall: (i) prepare a grant deed conveying good and marketable title to Seller with no additional liens or encumbrances, and (ii) upon receiving and recording said grant deed conveying title to the Property to Seller (the "Buyer Grant Deed"), pay the balance of the Deposit and all interest thereon (less any unpaid escrow and title charges) to Buyer. If Escrow Holder does not receive one of the two jointly executed notices specified in this Section 10.4 on or before the Final Payment Date, or if Escrow Holder does not receive the Buyer Grant Deed, in recordable form and fully executed by Buyer within fifteen (15) days following the Final Payment Date, Escrow Holder shall deliver the Deposit and all interest thereon (less any unpaid escrow and title charges) to Seller, and Seller shall be permitted to exercise any and all remedies against Buyer, including but not limited to all remedies set forth in the Deed of Trust.

10.5 **Delivery of Copy of Instruments.** Escrow Holder shall, at Close of Escrow, deliver to Seller a conformed copy of Seller's recorded Grant Deed, the recorded Deed of Trust, and each document recorded to place title in the condition required by this Agreement.

ARTICLE 11

CLOSE OF ESCROW AND ESCROW INSTRUCTIONS

11.1 **Close of Escrow.** Unless otherwise agreed to in writing by Buyer and Seller, Close of Escrow shall occur on or before the date that is ninety (90) days following the Opening of Escrow ("Closing Date"). At Closing, Escrow Holder shall record the Grant Deed, and immediately thereafter, record the Deed of Trust. If Escrow Holder cannot close escrow on or before the Closing Date, it shall, nevertheless close this escrow when all conditions have been satisfied or waived unless, after the Closing Date and prior to the close of this escrow, Escrow Holder receives a written notice to terminate this escrow from a party who, at the time the notice is delivered, is not in default under this Agreement.

11.2 **Notice of Default; Cure Period.** Should either party believe the other party is in default of this Agreement, the party who believes the other party is in default shall give a written notice of such belief. The party who is sent such notice shall have five (5) Business Days in the case of a monetary default, and ten (10) Business Days in the case of a non-monetary default, from the delivery date of the notice to cure such default.

11.3 **Termination of Escrow.** Escrow Holder will have no liability or responsibility for determining whether or not a party giving a notice of termination is in default under this Agreement. Within three (3) Business Days after receipt of a termination notice from one party, Escrow Holder shall deliver one (1) copy of the notice to the other party. Unless written objection to termination of this escrow is received by Escrow Holder within ten (10) Business Days after Escrow Holder delivers the notice to the other party, or the notice of termination otherwise directs, Escrow Holder shall promptly terminate this escrow and return all funds it then holds and documents held by it to the party depositing the same, except that Escrow Holder may retain such funds and documents usually retained by escrow agents in accordance with standard escrow termination procedures. If written objection to the termination of this escrow is delivered to Escrow Holder within the ten (10) Business Day period, Escrow Holder is authorized to hold all funds and documents delivered to it in connection with this escrow and shall take no further action until otherwise directed, either by the parties' mutual written instructions or by a final order or judgment of a court of competent jurisdiction or final decision obtained through the provisions of Article 14.

11.4 **Legal Remedies of Parties Not Affected.** Neither (i) the exercise of the right of termination, (ii) delay in the exercise of such right, nor (iii) the return of funds and/or documents shall affect the right of the party giving the notice of termination to recover damages or pursue other applicable legal remedies for the other party's breach of this Agreement. Nor shall (A) the delivery of the notice, (B) any failure to object to termination of this escrow, or (C) the return of funds and/or documents affect the right of the other party to recover damages for the breach by the party who gives the notice of termination.

ARTICLE 12

REPRESENTATIONS, WARRANTIES, COVENANTS, RELEASES AND POST CLOSING ITEMS

12.1 **Limit on Escrow Holder's Responsibility.** Escrow Holder shall have no concern with, nor liability nor responsibility for, this Article.

12.2 **Brokerage Commission or Finder's Fee.** Upon full payment of the Additional Purchase Price to Seller, and subject to the Property being conveyed to Buyer, Seller shall pay a commission to Duane Levy and Associates and Parkstone Companies. The commission is to be split 50/50 with the total amount being three (3%) of the purchase price. Each party warrants to the other that the warranting party has incurred no obligation, by reason of this Agreement or the transaction contemplated hereby, for a real estate brokerage commission or finder's fee for which the other party would be liable. Each party shall hold the other party free and harmless from and against any damage or expense the other party may incur by reason of the untruth as to the warranting party of the foregoing warranty, including expenses for attorney's fees and court costs. The obligations of this section shall survive the Close of Escrow and delivery of the Grant Deed.

12.3 **Seller and Joint Warranties and Representations.** The representations and warranties set forth in this Section 12.3 shall be true as of the date of this Agreement and as of the Close of Escrow. Buyer and Seller, each to the other, hereby represent and warrant that (a) the transaction contemplated by this Agreement has been duly authorized by all necessary actions or approvals on the part of Buyer and Seller, respectively, (b) no other authorizations or approvals are necessary to enable the warranting party to enter into and perform this Agreement, (c) the warranting party is duly organized and existing and in good standing under the laws of the State of California, (d) the warranting party has the full right, capacity, power and authority to enter into this Agreement and carry out the terms of this Agreement, and (e) this Agreement and all other documents contemplated hereby and thereby when executed and delivered by the warranting party will be legally valid and binding obligations of the warranting party enforceable against the warranting party in accordance with their respective terms. Seller further warrants and represents to Buyer, that to the best of its knowledge:

(a) No Further Encumbrances. So long as this Agreement is in effect, Seller shall not allow title to the Property to become further encumbered or clouded except as may be caused by Buyer.

(b) No Default. The consummation of the transaction contemplated by this Agreement, and the payment and performance of all of the obligations of Seller hereunder, will not result in any breach of, or constitute a default under, any contract, loan or credit agreement, corporate charter, bylaws, trust indenture or any other instrument to which Seller is a party or by which Seller may be bound or affected.

(c) No Pending Action. Seller is not aware of, and has not been informed of, any actions, proceedings, investigations or condemnation or eminent domain proceedings pending against Seller and/or the Property, or any threatened, before or by any court, arbitrator, administrative agency or other governmental authority which affect the Property or the ability of Seller to convey the Property to Buyer.

(d) No Possessory Rights, Leases or Options. There are no recorded or unrecorded agreements or instruments which create third party possessory rights to the Property; there are no oral or written leases, subleases, occupancies or tenancies in effect pertaining to the Property; and no parties other than Seller is in possession of the Property. There are no oral or written purchase agreements, options to purchase, first rights of refusal, or other purchase rights in effect pertaining to the Property.

(e) No Mechanics' Liens. Seller represents and warrants that all contractors, subcontractors, material suppliers and professional consultants performing work on or with respect to the Property have been paid in full for any work performed for the Property, and that the Property shall be conveyed to Buyer at Close of Escrow free of any mechanics' or materialmen's liens.

(f) Hazardous Materials. Seller is not aware of and has not been informed that: (a) there are any Hazardous Materials located on or under the Property in violation of any applicable Hazardous Materials Laws or (b) any environmental condition on or under the Property requires a remediation under any applicable Hazardous Materials Laws.

(g) As Is. Except for the representations and warranties expressly set forth in this Agreement, there are no representations or warranties of any kind whatsoever, expressed or implied, made by Seller in connection with this Agreement, the purchase of the Property by Buyer, its condition or whether the Property is appropriate for Buyer's intended use. To be sure, Seller makes no other warranties whatsoever with regards to the Property and offers and sells the Property to Buyer "AS IS, WHERE IS, WITH ALL FAULTS" and Seller makes no representation or warranty of any kind regarding hazardous materials or the environmental condition of the property;

(h) Property Condition. Seller makes no representations or warranties as to the physical condition of the Property or in connection with any matter relating to its condition, value, fitness, use or applicable regulations on which Buyer may rely directly or indirectly, or as to any operative or proposed governmental laws or regulations to which the Property may be subject.

12.4 **Buyer Representations and Warranties and Release.**

Buyer represents and warrants to Seller:

(a) Buyer has or will have, prior to the Close of Escrow, fully investigated the Property and all matters pertaining thereto to the extent Buyer deems it appropriate to do so;

(b) Buyer, in entering into this Agreement and in completing its purchase of the Property, is relying on its own investigation of the Property based upon its experience in and knowledge of real property acquisition;

(c) Buyer is, or will be, prior to the Close of Escrow, aware of applicable zoning regulations, other government requirements, site and physical conditions, and other matters affecting the use and condition of the Property to the extent Buyer deems it appropriate to do so; and

(d) Buyer is relying solely upon its own inspection, investigation and analyses of the Property and the matters described above and Buyer's own verification of the information contained in all documents reviewed by Buyer related to the Property in entering into this Agreement and is not relying in any way upon any other representations, statements, agreements, warranties or other information or material furnished by Seller or its representatives, whether oral or written, express or implied, of any nature whatsoever regarding any such matters. Buyer is acquiring the Property and improvements "AS IS, WHERE IS, WITH ALL FAULTS," in its present state and condition. As part of Buyer's agreement to purchase and accept the Property "AS IS, WHERE IS, WITH ALL FAULTS" and not as a limitation on such agreement, effective as of the Close of Escrow, and except with respect to the specific representations, warranties, and obligations of Seller under this Agreement, Buyer for itself and each of its present and future officers, directors, employees, agents, parties, affiliates, representatives, subsidiaries, parent and affiliated corporations, successors, assigns, trustees and beneficiaries (collectively, the "Buyer-Related Entities") hereby unconditionally and irrevocably waives, and to the fullest extent permitted by law, releases, discharges and forever acquits Seller and each of its past, present and future members, managers, officers, employees, agents, parties, affiliates, representatives, subsidiaries, parent and affiliated companies, predecessors, successors, and assigns (collectively, the "Seller-Related Entities") from (i) any claims related to the physical condition, status, quality, nature or environmental condition of the Property; (ii) any claims related to any violation of, noncompliance with, or enforcement of any applicable laws, regulations or ordinances with respect to the Property; and (iii) any and all liabilities, whether known or unknown, existing or potential, which Buyer or the Buyer-Related Entities have, assert or hereafter may have or assert, against Seller or any of the Seller-Related Entities by reason of any purported act or omission on the part of Seller or any of the Seller-Related Entities occurring prior to the Close of Escrow, which liabilities are based upon, arise out of, or are in any way connected with (a) the condition, status, quality, nature, contamination or environmental state of the Property; (b) any violation of, noncompliance with, or enforcement of any hazardous substances laws with respect to the Property; or (c) any use, generation, storage, release, threatened release, discharge, disposal, or presence of any hazardous substances on, under, or about the Property, or affecting the Property.

(e) Buyer acknowledges that, except as expressly stated herein, Seller makes no representation or warranty as to the truth, accuracy or completeness of any materials, data or information delivered by Seller or its brokers or agents to Buyer in connection with the transaction contemplated hereby. All materials, data and information delivered by Seller to Buyer are provided to Buyer as a convenience only and any reliance on or use of such materials, data or information by Buyer shall be at the sole risk of Buyer. Neither Seller, nor any affiliate of Seller, nor any person or entity which prepared any report delivered by Seller to Buyer shall have any liability to Buyer for any inaccuracy in or omission from any report.

As part of the provisions of this Section, but not as a limitation thereon, Buyer, for itself and the Buyer-Related Entities, with respect to the waiver and release set forth above, hereby expressly waives the provisions of Section 1542 of the Civil Code of California, which provides as follows:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR."

The provisions of this Section are material and included as a material portion of the consideration given to Seller by Buyer in exchange for Seller's performance hereunder.

By initialing this clause, Buyer acknowledges that this Section has been read and fully understood and that Buyer has had the opportunity to seek advice from its counsel about its meaning and significance.

/s/ DD
Buyer's Initials

If Seller should obtain actual knowledge of a material inaccuracy in any of Seller's representations and warranties which would materially adversely affect the Property before Close of Escrow, Seller shall promptly notify Buyer in writing (which notice shall include copies of any instrument, correspondence or document upon which Seller's notice is based). Buyer shall have five (5) Business Days after receipt of such notice to terminate this Agreement by giving Seller written notice thereof, in which event the Deposit and all interest accrued thereon shall be returned to Buyer, and neither Buyer nor Seller shall have any further rights or obligations hereunder except for those provisions which by their terms survive termination.

12.5 **Buyer Covenants.** Until Buyer has paid in full the Additional Purchase Price owed under the Promissory Note, Buyer shall not do any of the following without Seller's prior written consent: (i) allow title to the Property to become further encumbered or clouded in any manner; (ii) convey any right, title, or interest in the Property to any third party; (iii) bring or allow any Hazardous Materials onto the Property; or (iv) materially alter the physical condition of the Property. Until Buyer has paid in full the Additional Purchase Price owed under the Promissory Note, Buyer agrees to pay all property taxes and other costs associated with ownership of the Property, including complying with the insurance coverage requirements set forth in Schedule 2 of the Deed of Trust, and agrees to timely perform all obligations of Maker under the Promissory Note and of Trustor under the Deed of Trust. If Buyer does not pay in full the Additional Purchase Price on or before the Final Payment Date, Buyer agrees to immediately convey good and marketable title to the Property to Seller, with no additional liens or encumbrances beyond those existing at Closing. Buyer shall defend, indemnify and hold harmless Seller and Seller-Related Entities for any claims, liabilities, damages, costs, injuries, liens, actions or judgments of any kind or nature arising out of or relating to any breach of Buyer's obligations under this paragraph or Buyer's possession or ownership of the Property.

12.6 **Reservation of Property.** The parties understand and agree that upon execution of this Agreement, Seller shall cease all marketing efforts related to the Property and all negotiations with other potential purchasers of the Property.

12.7 **Survival.** The provisions of this Article 12 shall survive the Close of Escrow.

ARTICLE 13

ASSIGNMENT

13.1 **Limit on Escrow Holder's Responsibility.** Escrow Holder shall have no concern with, nor liability nor responsibility for, this Article.

13.2 **Assignment by Buyer.** Buyer shall have the right to assign this Agreement and escrow provided (i) such assignee assumes all obligations of Buyer under this Agreement in writing, (ii) satisfactory proof of the assignee's ability to satisfy Buyer's obligations under the Promissory Note and Deed of Trust is provided to Seller, in Seller's sole discretion, (iii) the assignee is qualified to do business in California, and (iv) Buyer delivers written notice of its request to assign this Agreement and request for Seller's consent and the information regarding the financial ability of assignee to Seller and Escrow Holder prior to the Closing Date. Seller shall not unreasonably withhold its consent to such assignment.

13.3 **Effect of Approved Assignment.** In the event of any such approved assignment, the assignee shall be and become (i) the grantee of Seller's Grant Deed; (ii) the insured owner under the Title Policy; (iii) the payor under the Promissory Note and trustor under the Deed of Trust, and (iv) the person(s) having the right or obligation to (a) make payments, (b) deliver statements, (c) deliver documents, (d) give approvals, (e) waive conditions, or (f) make demands, all as may be permitted or required by this Agreement and not then already accomplished by Buyer or another approved assignee.

ARTICLE 14

JUDICIAL REFERENCE

The parties agree to submit any dispute between them arising from this Agreement to Judicial Arbitration and Mediation Services, Inc. ("JAMS") in Ventura County, California. In the event an action is filed in any court by either party to this Agreement involving a dispute arising from this Agreement, except for actions requesting injunctive relief or specific performance or related causes of action requesting the prevention of irreparable injury, either party may, upon five (5) days' notice to the other party, apply ex parte to the Court for a reference of the entire dispute to JAMS in accordance with Code Of Civil Procedure Section 638(1). For either voluntary submission of a dispute to JAMS or reference by the Court in the event an action has been filed, the parties shall mutually select a member from JAMS' panel to hear the dispute. In the event the parties cannot mutually select a member from the panel within ten (10) days after submission of the dispute to JAMS, then JAMS shall select the hearing officer. The hearing shall take place in Ventura County, California, on the first available date on the calendar of the hearing officer, or on such other date as the parties may agree upon in writing. This agreement to seek voluntary reference to resolve disputes shall not apply to any claim or action in which any of the causes of action includes disputes involving third parties other than the parties to this Agreement. The provisions of this Article 14 shall survive the Close of Escrow or termination of this Agreement.

BUYER AND SELLER ACKNOWLEDGE THAT BY AGREEING TO RESOLVE DISPUTES AS PROVIDED IN THIS ARTICLE THEY ARE GIVING UP THEIR RESPECTIVE RIGHTS TO HAVE SUCH DISPUTES TRIED BEFORE A JURY.

/s/ DD
Buyer's Initials

/s/ HSE
Seller's Initials

ARTICLE 15

GENERAL PROVISIONS

15.1 **Severability.** If any provision of this Agreement or the application of such provision to any person, entity, or circumstance is found invalid or unenforceable by a court of competent jurisdiction, that determination by such court shall not affect the other provisions of this Agreement and all other provisions of this Agreement shall be deemed valid and enforceable.

15.2 **Further Assurances.** Each Party agrees to execute such documents and take such further actions as are reasonably necessary to carry out the provisions of this Agreement.

15.3 **No Partnership Relationship.** Nothing contained in this Agreement shall be construed as creating the relationship of principal and agent, partnership, or joint venture between Seller and Buyer.

15.4 **Gender, Number.** Whenever the context requires, the use herein of (i) the neuter gender includes the masculine and the feminine, and (ii) the singular number includes the plural.

15.5 **Business Days.** If the (i) stated Closing Date, or (ii) last day for performance of an act falls upon a day during which Escrow Holder is not open for business, the Closing Date or such last day, as the case may be, will be the next following regular Business Day of Escrow Holder.

15.6 **Survival of Provisions.** Except as expressly set forth in this Agreement to the contrary, the representations, warranties, agreements and indemnities set forth in this Agreement shall remain operative and shall survive the termination of this Agreement or the closing and execution and delivery of Seller's Grant Deed and shall not be merged in Seller's Grant Deed.

15.7 **Authority of Signatories.** Buyer and Seller each represent with respect to itself that each individual signing this Agreement on its behalf (i) is duly authorized to sign and deliver this Agreement on its behalf, and (ii) this Agreement is binding upon such party in accordance with its terms.

15.8 **Captions.** Captions in this Agreement are inserted for convenience of reference only and do not define, describe or limit the scope or the intent of this Agreement.

15.9 **Exhibits.** All exhibits referred to in this Agreement are attached to, and are a part of, this Agreement.

15.10 **Entire Agreement.** This Agreement contains the entire agreement between the parties relating to the transaction contemplated hereby and all prior or contemporaneous agreements, understandings, representations and statements, oral or written, are merged herein.

15.11 **Modifications and Waivers.** No modification, waiver or discharge of this Agreement shall be valid unless the same is in writing and signed by the party against which the enforcement of such modification, waiver or discharge is or may be sought.

15.12 **Attorney's Fees and Costs.** If either party commences an action for the interpretation, reformation, enforcement (including, but not limited to, the enforcement of any indemnity provisions set forth in this Agreement), breach or rescission hereof, the prevailing party shall be entitled to a judgment against the other for an amount equal to reasonable attorneys' fees and court and other costs incurred.

15.13 **Successors.** All terms of this Agreement shall be binding upon and inure to the benefit of the parties and their respective administrators or executors, permitted successors and assigns.

15.14 **Counterparts.** This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one instrument.

15.15 **Applicable Law.** This Agreement shall be construed and enforced in accordance with the laws of the State of California.

15.16 **Time of Essence.** Time is of the essence of each and every provision of this Agreement in which time is an element.

15.17 **Confidentiality.** Buyer and Seller agree that the economic terms of this Agreement shall remain confidential and shall not be disclosed to any brokers or third parties (other than to a party's lender(s) or consultants) without the express consent of the other party. Seller shall have the right to disclose any and all terms of this Agreement in any filings and disclosures as required under SEC rules and regulations without the consent of Buyer and without being in violation of this provision.

15.18 **Notices.** Unless otherwise provided herein, all notices, demands or other communications given hereunder shall be in writing and shall be deemed to have been duly delivered upon personal delivery, or on receipt of a telecopy on a Business Day (provided it is received before 5:00 p.m. local time at the place of delivery; and if received after 5:00 p.m. local time at the place of delivery, or if it is received on a day that is not a Business Day, then it is deemed received on the next Business Day), or on the first (1st) Business Day after deposit with Federal Express or other overnight courier service, or as of the second (2nd) Business Day after mailing by United States registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to Seller: Templeton Santa Barbara LLC
1141 Cummings Road
Santa Paula, CA 93060
Attn: Harold S. Edwards
Facsimile: 805-525-8761
E-mail: hedwards@linoneira.com

With a copy to: Stowell, Zeilenga, Ruth, Vaughn & Treiger, LLP.
4590 E. Thousand Oaks Blvd.
Suite 100
Westlake Village, CA 91362
Attention: James D. Vaughn
Facsimile: 805-446-1490
E-mail: jvaughn@szrlaw.com

If to Buyer:

And a copy to:

If to Escrow Holder: Lawyers Title
2751 Park View Court
Oxnard, CA 93036
Facsimile: 805-278-7362
E-mail: _____

Notwithstanding the above, notice of Buyer's election to terminate prior to the expiration of the Feasibility Period or notices of Buyer's objections to title (and Seller's response) and notices of termination by Buyer for Disapproved Title Exceptions that Seller has not agreed to cure may be sent electronically. Any party may change its address for notices by giving notice as set forth herein.

IN WITNESS WHEREOF, this Agreement has been executed as of the date set forth at the beginning hereof.

"BUYER"

MI Land, LLC,
a California limited liability company

By: /s/ Dave Daniels
Its: Managing Member

Date: 11-27-13

"SELLER"

Templeton Santa Barbara, LLC,
a Nevada Limited Liability Company.

By: Limoneira Company
Its: Manager

By: /s/ Harold S. Edwards
Harold S. Edwards
Its: President

CONSENT OF ESCROW HOLDER

The undersigned Escrow Holder hereby agrees to (i) accept the foregoing Agreement, (ii) be escrow agent under said Agreement, (iii) comply with the requirements of Section 6045 of the Internal Revenue Code with respect to the transaction contemplated by the foregoing Agreement, and (iv) be bound by said Agreement in the performance of its duties as escrow agent; provided, however, the undersigned shall have no obligations, liability or responsibility under (a) this Consent or otherwise, unless and until said Agreement, fully signed by the parties, has been delivered to the undersigned, or (b) any amendment to said Agreement unless and until the same is accepted by the undersigned in writing.

Dated: _____

Lawyers Title

By: _____

LIST OF EXHIBITS

Exhibit "A"	Legal Description
Exhibit "B"	Grant Deed
Exhibit "C"	Promissory Note and Deed of Trust
Exhibit "D"	Assignment of Property Rights

EXHIBIT "A"

LEGAL DESCRIPTION OF THE PROPERTY

EXHIBIT "B"

GRANT DEED

When Recorded Mail To and Mail Tax Statements To:

SPACE ABOVE FOR RECORDER'S USE ONLY

GRANT DEED

In accordance with Section 11932 of the California Revenue and Taxation Code, Grantor has declared the amount of transfer tax which is due by a separate statement which is not being recorded with this Grant Deed.

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged Templeton Santa Barbara, LLC, a Nevada limited liability company ("Grantor"), hereby grants to MI Land, LLC, a California limited liability company ("Grantee"), the real property in the City of Santa Maria, County of Santa Barbara, State of California described on Schedule 1 attached hereto (the "Property").

MAIL TAX STATEMENTS AS DIRECTED ABOVE.

This conveyance is subject to all matters of record affecting title.

IN WITNESS WHEREOF, this instrument has been executed as of this ____ day of _____, 2013.

Templeton Santa Barbara, LLC,
a Nevada Limited Liability Company.

By: Limoneira Company
Its: Manager

By: _____
Harold S. Edwards
Its: President

SCHEDULE 1

LEGAL DESCRIPTION OF PROPERTY

STATE OF CALIFORNIA)
COUNTY OF _____)

On _____, 2013, before me, _____, 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 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)

Grant Deed

Document No. _____

Date Recorded _____

STATEMENT OF TAX DUE AND REQUEST THAT TAX DECLARATION

NOT BE MADE A PART OF THE PERMANENT RECORD

IN THE OFFICE OF THE COUNTY RECORDER

(Pursuant to Section 11932 R&T Code)

To: Registrar-Recorder
County of Santa Barbara

Request is hereby made in accordance with the provisions of the Documentary Transfer Tax Act that the amount of tax due not be shown on the original document which names: Templeton Santa Barbara, LLC, a Nevada limited liability company ("Grantor"), and MI Land, LLC, a California limited liability company ("Grantee").

Property described in the accompanying document is located in the City of Santa Maria, County of Santa Barbara, State of California.

The amount of tax due on the accompanying document is \$_____.

_____ Computed on full value of property conveyed, or

_____ Computed on full value less liens and encumbrances remaining at time of sale.

Templeton Santa Barbara, LLC,
a Nevada Limited Liability Company.

By: Limoneira Company
Its: Manager

By: _____
Harold S. Edwards
Its: President

EXHIBIT "C"

Form of P/M Note

PURCHASE MONEY PROMISSORY NOTE SECURED BY DEED OF TRUST

FOR VALUE RECEIVED, the undersigned MILAND, LLC, a California limited liability company ("Maker"), promises to pay to the order of TEMPLETON SANTA BARBARA, LLC, a Nevada limited liability company ("Holder"), at 1141 Cummings Road, Santa Paula, California 93060, or at such other place as may be designated in writing by Holder, the Additional Purchase Price, as defined in and calculated in accordance with the terms of Section 1.2 of that certain Purchase and Sale Agreement and Escrow Instructions entered into by Maker as "Buyer" and Holder as "Seller," dated as of _____, 2013 (the "Purchase Agreement"), for the property, on or before the earlier of (i) 30 days following final City of Santa Maria approval of a tentative map for the Property (as defined in the Purchase Agreement), or (ii) October 24, 2014 (the "Maturity Date"). All capitalized terms not otherwise defined herein shall have the meaning set forth in the Purchase Agreement.

The Additional Purchase Price shall accrue simple interest thereon at the rate of five percent (5%) per annum, and Maker shall pay to Holder all such interest on the Additional Purchase Price then owing on or before the last day of each full month following the Closing, and continuing until the Additional Purchase Price and all interest thereon have been paid in full to Holder.

All sums owing hereunder are payable in lawful money of the United States of America, in immediately available funds.

This Note is secured by, among other things, a deed of trust ("Deed of Trust") of even date herewith executed by Maker as Trustor for the benefit of Holder as Beneficiary.

If the Additional Purchase Price has not been paid in full by the Maturity Date, then, from and after the Maturity Date, all sums owing on this Note shall bear interest until paid in full at the rate of ten percent (10%) per annum, or the maximum interest rate permitted by law, if less.

If: (a) Maker shall fail to pay when due any sums payable hereunder; or (b) an Event of Default (as defined in the Deed of Trust) occurs under the Deed of Trust or under any obligation secured thereby; or (c) the property which is subject to the Deed of Trust, or any portion thereof or interest therein, is sold, transferred, mortgaged, assigned or encumbered, whether voluntarily or involuntarily or by operation of law or otherwise, other than as expressly permitted by Holder in writing; THEN Holder may, at its sole option, declare all sums owing under this Note immediately due and payable.

If any attorney is engaged by Holder to enforce or defend any provision of this Note or the Deed of Trust, or as a consequence of any Default, with or without the filing of any legal action or proceeding, then Maker shall pay to Holder immediately upon demand all attorneys' fees and all costs incurred by Holder in connection therewith, together with interest thereon from the date of such demand until paid at the rate of interest applicable to the principal balance owing hereunder as if such unpaid attorneys' fees and costs had been added to the principal.

No previous waiver and no failure or delay by Holder in acting with respect to the terms of this Note or the Deed of Trust shall constitute a waiver of any breach, default, or failure of condition under this Note, the Deed of Trust or the obligations secured thereby. A waiver of any term of this Note, the Deed of Trust or of any of the obligations secured thereby must be made in writing and shall be limited to the express written terms of such waiver. In the event of any inconsistencies between the terms of this Note and the terms of any other document related to the loan evidenced by this Note, the terms of this Note shall prevail.

If this Note is executed by more than one person or entity as Maker, the obligations of each such person or entity shall be joint and several. No person or entity shall be a mere accommodation maker, but each shall be primarily and directly liable hereunder. Except as otherwise provided in any agreement executed in connection with this Note, Maker waives: presentment; demand; notice of dishonor; notice of default or delinquency; notice of acceleration; notice of protest and nonpayment; notice of costs, expenses or losses and interest thereon; notice of late charges; and diligence in taking any action to collect any sums owing under this Note or in proceeding against any of the rights or interests in or to the property securing payment of this Note.

Time is of the essence with respect to every provision hereof. This Note shall be construed and enforced in accordance with the laws of the State of California.

“MAKER”

MI LAND, LLC,
a California limited liability company

By: _____
Its: _____

By: _____
Its: _____

Form of P/M Deed of Trust

RECORDING REQUESTED BY AND WHEN RECORDED MAIL TO:

THIS SPACE ABOVE FOR RECORDER'S USE

**DEED OF TRUST, ASSIGNMENT OF RENTS,
SECURITY AGREEMENT AND FIXTURE FILING**

THIS DEED OF TRUST, ASSIGNMENT OF RENTS, SECURITY AGREEMENT AND FIXTURE FILING is made this ____ day of _____, 20 __, by MI LAND, LLC, a California limited liability company, whose address is _____ (“Trustor”), to _____ (herein “Trustee”), in favor of TEMPLETON SANTA BARBARA, LLC, a Nevada limited liability company, whose address is 1141 Cummings Road, Santa Paula, California 93060 (herein “Beneficiary”).

TRUSTOR, in consideration of the indebtedness herein recited and the trust herein created, irrevocably grants, conveys, transfers and assigns to Trustee, its successors and assigns, in trust, with power of sale and right of entry and possession, all of Trustor's estate, right, title and interest in, to and under that certain real property located in the County of Santa Barbara, State of California, consisting of approximately 10 acres of undeveloped land and more particularly described in Schedule 1 attached hereto and incorporated herein by this reference (the “Land”);

TOGETHER with all structures and improvements now existing or hereafter erected on the aforesaid Land, all easements, rights and appurtenances thereto or used in connection therewith, all rents, royalties, issues, profits, revenues, income and other benefits thereof or arising from the use or enjoyment of all or any portion thereof (subject, however, to the rights and authorities given herein to Trustor to collect and apply such rents, royalties, issues, profits, revenues, income and other benefits), all interests in and rights, royalties and profits in connection with all minerals, oil and gas and other hydrocarbon substances thereon or therein, development rights or credits, Trustor's rights under any payment, performance or other bond in connection with construction of any such improvements on the Land, all construction materials, supplies and equipment delivered to the real property or used or to be used in connection with the construction of any such improvements, contracts, agreements, and purchase orders with contractors, subcontractors, suppliers and materialmen incidental to construction of any such improvements, all drawings, maps, plats, and surveys of the Land prepared by or on behalf of Trustor, air rights, water, water rights (whether riparian, appropriative, or otherwise, and whether or not appurtenant) and water stock, all documents, instruments, general intangibles, chattel paper, accounts, accounts receivable, deposit accounts and contract rights relating to the aforesaid property or the operation thereof, or used in connection therewith, including without limitation all of Trustor's rights under any declaration of covenants, conditions and restrictions which has been or will be recorded with respect to the aforesaid Land, all governmental permits and approvals relating to the Land, including without limitation final map approvals, master set approvals and building permits, all fixtures, machinery, equipment, building materials, appliances and goods of every nature whatsoever (herein collectively called "equipment and other personal property") now or hereafter located in, or on, or attached or affixed to, or used or intended to be used in connection with, the aforesaid Land or the improvements thereon, including, but without limitation, all heating, lighting, laundry, plumbing, fire prevention, fire extinguishing, refrigerating, ventilating, and communications apparatus, air cooling and air conditioning apparatus, shades, awnings, blinds, curtains, drapes, attached floor coverings, including rugs and carpeting, screens, storm doors and windows, stoves, refrigerators, dishwashers and other installed appliances, attached cabinets, partitions, ducts and compressors, and trees, plants and other items of landscaping whether the same are annexed to said real property or not, all of which, including replacements thereof and additions thereto, shall, to the fullest extent permitted by law and for the purposes of this Deed of Trust, be deemed to be part and parcel of, and appropriated to the use of, said real property and, whether affixed or annexed thereto or not, be deemed conclusively to be real property and conveyed by this Deed of Trust, and Trustor agrees to execute and deliver, from time to time, such further instruments and documents as may be required by Beneficiary to confirm the lien of this Deed of Trust on any of the foregoing; all of the foregoing property referred to in this paragraph, together with said described real property, is herein referred to as the "Mortgaged Property";

FOR THE PURPOSE OF SECURING, in such order of priority as Beneficiary may elect:

- (a) Payment of that certain Purchase Money Note of even date herewith given by Trustor to Beneficiary and evidencing Trustor's obligation to pay a portion of the purchase price for the Land (as the same may be amended, modified or supplemented from time to time, the "P/M Note");
- (b) The payment of all other sums which may be advanced by or otherwise be due to Trustee or Beneficiary under any provision of this Deed of Trust or under any provision of the P/M Note; and
- (c) The performance of each and every one of the covenants and agreements of Trustor contained herein and in the P/M Note, as the same may be amended, modified or supplemented from time to time.

ARTICLE I.

COVENANTS OF TRUSTOR

To protect the security of this Deed of Trust, Trustor covenants and agrees as follows:

1.1 Performance of Obligations Secured. Trustor shall promptly pay when due the P/M Note and any sums payable to Beneficiary hereunder, and shall further perform fully and in a timely manner all other obligations of Trustor pertaining to the Mortgaged Property contained herein or in the P/M Note. All sums payable by Trustor hereunder shall be paid without demand, counterclaim, offset, deduction or defense. Trustor waives all rights now or hereafter conferred by statute or otherwise to any such demand, counterclaim, setoff, deduction or defense.

1.2 Insurance. Trustor shall maintain and keep in full force and effect at all times during Trustor's ownership of the Mortgaged Property the insurance coverages described in Schedule 2 attached hereto and incorporated herein by this Agreement. All losses under said insurance shall be payable to Beneficiary and shall be applied in the manner provided in herein. Certificates evidencing the required insurance, together with receipts for the payment of premiums thereon, shall be delivered to Beneficiary contemporaneously with the recordation of this Deed of Trust. All renewal and replacement policies or certificates thereof shall be delivered to Beneficiary at least fifteen (15) days before the expiration of the expiring policies. Beneficiary shall not by the fact of approving, disapproving, accepting, preventing, obtaining or failing to obtain any insurance, incur any liability for or with respect to the amount of insurance carried, the form or legal sufficiency of insurance contracts, solvency of insurance companies, or payment or defense of lawsuits, and Trustor hereby expressly assumes full responsibility therefor and all liability, if any, with respect thereto.

1.3 Condemnation and Insurance Proceeds. The proceeds of any insurance, award or claim for damages, direct or consequential, in connection with any condemnation or other taking of or damage or injury to the Mortgaged Property, or any part thereof, or for conveyance in lieu of condemnation, are hereby assigned to Beneficiary as additional security. In addition, all causes of action, whether accrued before or after the date of this Deed of Trust, of all types for damages or injury to the Mortgaged Property or any part thereof, or in connection with or affecting the Mortgaged Property or any part thereof, including without limitation causes of action arising in tort or contract and causes of action for fraud or concealment of a material fact, are hereby assigned to Beneficiary as additional security, and the proceeds thereof shall be paid to Beneficiary. Beneficiary may at its option appear in and prosecute in its own name any action or proceeding to enforce any such cause of action and may make any compromise or settlement thereof. Trustor, immediately upon obtaining knowledge of the institution of any proceedings relating to condemnation or other taking of or damage or injury to the Mortgaged Property or any portion thereof, or knowledge of any casualty damage to the Mortgaged Property or damage in any other manner, will immediately notify Beneficiary in writing. Beneficiary may participate in any such proceedings and may join Trustor in adjusting any loss covered by insurance.

All compensation, awards, proceeds, damages, claims, insurance, recoveries, rights of action and payments which Trustor may receive or to which Trustor may become entitled with respect to the Mortgaged Property or any part thereof shall be paid over to the Beneficiary and shall be applied first toward reimbursement of all reasonable costs and expenses of Beneficiary in connection with recovery of the same, including reasonable attorney's fees. To the extent such funds are available more than sixty (60) days prior to the Maturity Date specified in the P/M Note, beneficiary shall permit Trustor to use the balance of such compensation, awards, proceeds, claims, insurance recoveries, rights of action and payments (the "Net Claims Proceeds") to pay costs of repairing or reconstructing the Mortgaged Property in the manner described below, provided (i) the Net Claims Proceeds are sufficient in Beneficiary's determination to pay for the total cost of repair or reconstruction; or Trustor has provided its own funds in an amount equal to the difference between the Net Claims Proceeds and a reasonable estimate, made by Trustor and found acceptable to Beneficiary, of the total cost of repair or reconstruction, and (ii) no Event of Default shall have occurred and be continuing hereunder. If Beneficiary finds that one or more of the foregoing conditions are not satisfied, Beneficiary may elect, in its sole discretion, either to apply the Net Claims Proceeds in payment of all or any portion of the P/M Note or to make the Net Claims Proceeds available to Trustor to pay the costs of reconstructing or repairing the Mortgaged Property. Trustor hereby specifically, unconditionally and irrevocably waives all rights of a property owner granted under California Code of Civil Procedure Section 1265.225(a), which provides for allocation of condemnation proceeds between a property owner and a lienholder, and any other law or successor statute of similar import.

1.4 Taxes, Encumbrances, Liens and Other Items. Trustor shall pay all taxes, bonds, assessments, fees, liens, charges, fines, impositions and any and all other items which are attributable to or affect the Mortgaged Property and which may attain a priority over this Deed of Trust by making payment prior to delinquency directly to the payee thereof.

Trustor shall keep the Mortgaged Property free and clear of any and all liens and encumbrances. Any encumbrance of all or any portion of the Mortgaged Property or any of Trustor's interest in the Mortgaged Property without Beneficiary's prior written consent, which consent Beneficiary may grant or withhold in its sole and absolute discretion, shall constitute an Event of Default (as that term is defined below), with all remedies, including but not limited to the remedy of acceleration, accruing to Beneficiary as detailed below.

Trustor shall keep the Mortgaged Property free and clear of any and all mechanics' liens and/or materialmen's liens for any work performed or materials delivered for the Mortgaged Property (collectively, the "Mechanics' Liens"). Notwithstanding the foregoing, Trustor may contest, in good faith, any such Mechanics' Liens; provided, however, that Trustor shall give Beneficiary prompt written notice of such contest and take such actions as may be necessary or appropriate to protect Beneficiary and the Mortgaged Property from such contest including, but not limited to, the posting of a mechanics' lien release bond or such other security as Beneficiary may request in its sole discretion. Trustor shall promptly discharge any lien which has or may attain priority over this Deed of Trust.

1.5 Rents and Profits. All of the rents, royalties, issues, profits, revenue, income and other benefits of the Mortgaged Property arising from the use or enjoyment of all or any portion thereof or from any lease or agreement pertaining thereto (the "Rents and Profits"), whether now due, past due, or to become due, and including all prepaid rents and security deposits, are hereby absolutely, presently and unconditionally assigned, transferred, conveyed and set over to Beneficiary to be applied by Beneficiary in payment of all sums payable under the P/M Note, and of all other sums payable under this Deed of Trust. Prior to the happening of any Event of Default as set forth in this Deed of Trust, Trustor shall have a license to collect and receive all Rents and Profits, which license shall be terminable at the sole option of Beneficiary, without regard to the adequacy of its security hereunder and without notice to or demand upon Trustor, upon the occurrence of any Event of Default. It is understood and agreed that neither the foregoing assignment of Rents and Profits to Beneficiary nor the exercise by Beneficiary of any of its rights or remedies herein shall be deemed to make Beneficiary a "mortgagee-in-possession" or otherwise responsible or liable in any manner with respect to the Mortgaged Property or the use, occupancy, enjoyment or operation of all or any portion thereof, unless and until Beneficiary, in person or by agent, assumes actual possession thereof. Nor shall appointment of a receiver for the Mortgaged Property by any court at the request of Beneficiary or by agreement with Trustor, or the entering into possession of the Mortgaged Property or any part thereof by such receiver, be deemed to make Beneficiary a mortgagee-in-possession or otherwise responsible or liable in any manner with respect to the Mortgaged Property or the use, occupancy, enjoyment or operation of all or any portion thereof.

1.6 Security Agreement. This Deed of Trust is intended to be a security agreement pursuant to the California Uniform Commercial Code for (a) any and all items of personal property specified above as part of the Mortgaged Property which, under applicable law, may be subject to a security interest pursuant to the California Uniform Commercial Code and which are not herein effectively made part of the real property, and (b) any and all items of property specified above as part of the Mortgaged Property which, under applicable law, constitute fixtures and may be subject to a security interest under Section 9-313 of the California Uniform Commercial Code; and Trustor hereby grants Beneficiary a security interest in said property, and in all additions thereto, substitutions therefor and proceeds thereof, for the purpose of securing all indebtedness and other obligations of Trustor now or hereafter secured by this Deed of Trust. Trustor agrees to execute and deliver financing and continuation statements covering said property from time to time and in such form as Beneficiary may require to perfect and continue the perfection of Beneficiary's lien or security interest with respect to said property. Trustor shall pay all costs of filing such statements and renewals and releases thereof and shall pay all reasonable costs and expenses of any record searches for financing statements Beneficiary may reasonably require. Upon the occurrence of any default of Trustor hereunder, Beneficiary shall have the rights and remedies of a secured party under the California Uniform Commercial Code, as well as all other rights and remedies available at law or in equity, and, at Beneficiary's option, Beneficiary may also invoke the remedies provided in Article III of this Deed of Trust as to such property.

1.7 Preservation and Maintenance of Mortgaged Property. Trustor shall keep the Mortgaged Property and any and all improvements hereafter constructed thereon in good condition and repair, and shall not permit or commit any waste, impairment, or deterioration of the Mortgaged Property, or commit, suffer or permit any act upon or use of the Mortgaged Property in violation of law or applicable order of any governmental authority, whether now existing or hereafter enacted and whether foreseen or unforeseen, or in violation of any covenants, conditions or restrictions affecting the Mortgaged Property, or bring or keep any article upon any of the Mortgaged Property or cause or permit any condition to exist thereon which would be prohibited by or could invalidate any insurance coverage maintained, or required hereunder to be maintained, by Trustor on or with respect to any part of the Mortgaged Property, and Trustor further shall do all other acts which from the character or use of the Mortgaged Property may be reasonably necessary to protect the security hereof, the specific enumerations herein not excluding the general.

1.8 Offset Certificates. Trustor, within three (3) days upon request in person or within five (5) days upon request by mail, shall furnish a written statement to Beneficiary duly acknowledged of all amounts estimated to be due to Beneficiary and secured hereby, and stating whether any offsets or defenses exist against the indebtedness secured hereby and covering such other matters with respect to any such indebtedness as Beneficiary may reasonably require.

1.9 Trustee's Costs and Expenses: Governmental Charges. Trustor shall pay all costs, fees and expenses of Trustee, its agents and counsel in connection with the performance of its duties hereunder, including without limitation the cost of any trustee's sale guaranty or other title insurance coverage ordered in connection with any foreclosure proceedings hereunder, and shall pay all taxes (except federal and state income taxes) or other governmental charges or impositions imposed by any governmental authority on Trustee by reason of this Deed of Trust.

1.10 Protection of Security: Costs and Expenses. Trustor shall appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of the Beneficiary or Trustee, and shall pay all costs and expenses, including without limitation cost of evidence of title and reasonable attorneys' fees, in any such action or proceeding in which Beneficiary or Trustee may appear, and in any suit brought by Beneficiary to foreclose this Deed of Trust or to enforce or establish any other rights or remedies of Beneficiary hereunder. If Trustor fails to perform any of the covenants or agreements contained in this Deed of Trust, or if any action or proceeding is commenced which affects Beneficiary's interest in the Mortgaged Property or any part thereof, including, but not limited to, eminent domain, code enforcement, or proceedings of any nature whatsoever under any federal or state law, whether now existing or hereafter enacted or amended, relating to bankruptcy, insolvency, arrangement, reorganization or other form of debtor relief, or to a decedent, then Beneficiary or Trustee may, but without obligation to do so and without notice to or demand upon Trustor and without releasing Trustor from any obligation hereunder, make such appearances, disburse such sums and take such action as Beneficiary or Trustee deems necessary or appropriate to protect Beneficiary's interest, including, but not limited to, disbursement of reasonable attorneys' fees, entry upon the Mortgaged Property to make repairs or take other action to protect the security hereof, and payment, purchase, contest or compromise of any encumbrance, charge or lien which in the judgment of either Beneficiary or Trustee appears to be prior or superior hereto. Trustor further agrees to pay all reasonable expenses of Beneficiary (including fees and disbursements of counsel) incident to the protection of the rights of Beneficiary hereunder, or to enforcement or collection of payment of amounts due under the P/M Note, whether by judicial or nonjudicial proceedings, or in connection with any bankruptcy, insolvency, arrangement, reorganization or other debtor relief proceeding of Trustor, or otherwise. Any amounts disbursed by Beneficiary or Trustee pursuant to this Section shall be additional indebtedness of Trustor secured by this Deed of Trust as of the date of disbursement and shall bear interest at the rate of ten percent (10%) per annum, or the maximum rate permitted by law, if less. All such amounts shall be payable by Trustor immediately without demand. Nothing contained in this Section shall be construed to require Beneficiary or Trustee to incur any expense, make any appearance, or take any other action.

1.11 Fixture Filing. This Deed of Trust constitutes a financing statement filed as a fixture filing in the Official Records of the County Recorder of the county in which the Mortgaged Property is located with respect to any and all fixtures included within the term "Mortgaged Property" as used herein and with respect to any goods or other personal property that may now be or hereafter become such fixtures.

ARTICLE II.

EVENTS OF DEFAULT

Each of the following shall constitute an event of default ("Event of Default") hereunder (including, if Trustor consists of more than one person or entity, the occurrence of any of such events with respect to any one or more of such persons or entities):

2.1 The failure by Trustor to pay or cause to be paid to Beneficiary all amounts payable under the P/M Note when and as due, including without limitation upon any acceleration of the indebtedness thereunder pursuant to the terms of the P/M Note.

2.2 Any encumbrance of all or any portion of the Mortgaged Property or any of Trustor's interest in the Mortgaged Property without Beneficiary's prior written consent.

2.3 A default, other than a default specified in Section 2.1 or 2.2 above, in the performance of any of the covenants or agreements of Trustor pertaining to the Mortgaged Property contained herein or in the P/M Note, and the failure to cure such default within ten (10) days after receipt of written notice thereof from Beneficiary; provided, however, that if such default is of a nature that it cannot be cured within such ten (10) day period, then Trustor shall commence such cure within such ten (10) day period and diligently prosecute such cure to completion.

2.4 The appointment, pursuant to an order of a court of competent jurisdiction, of a trustee, receiver or liquidator of the Mortgaged Property or any part thereof, or of Trustor, or any termination or voluntary suspension of the business of Trustor, or any attachment, execution or other judicial seizure of all or any substantial portion of Trustor's assets which attachment, execution or seizure is not discharged within thirty (30) days.

2.5 The Trustor, or if the Trustor is a partnership any constituent general partner or joint venturer in the Trustor, or if the Trustor is a trust or similar entity any trustee of the Trustor (any and all of the Trustor, any such constituent general partner or joint venturer, and any such trustee being included within the term "Trustor"), shall file a voluntary case under any applicable bankruptcy, insolvency, debtor relief, or other similar law now or hereafter in effect, or shall consent to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator (or similar official) of the Trustor or for any part of the Mortgaged Property or any substantial part of Trustor's property, or shall make any general assignment for the benefit of Trustor's creditors, or shall fail generally to pay Trustor's debts as they become due or shall take any action in furtherance of any of the foregoing.

2.6 A court having jurisdiction shall enter a decree or order for relief in respect of the Trustor, in any involuntary case brought under any bankruptcy, insolvency, debtor relief, or similar law now or hereafter in effect, or Trustor shall consent to or shall fail to oppose any such proceeding, or any such court shall enter a decree or order appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) of the Trustor or for any part of the Mortgaged Property or any substantial part of the Trustor's property, or ordering the winding up or liquidation of the affairs of the Trustor, and such decree or order shall not be dismissed within sixty (60) days after the entry thereof.

2.7 Any other event occurring which, under this Deed of Trust or under the P/M Note, constitutes a default by Trustor hereunder or thereunder pertaining to the Mortgaged Property or gives Beneficiary the right to accelerate the maturity of the indebtedness, or any part thereof, secured hereby.

ARTICLE III.

REMEDIES

Upon the occurrence of any Event of Default, Trustee and Beneficiary shall have the following rights and remedies:

3.1 Acceleration. Beneficiary may declare the P/M Note and all other sums or payments required hereunder to be due and payable immediately.

3.2 Entry. Irrespective of whether Beneficiary exercises the option provided above, Beneficiary in person or by agent or by court-appointed receiver may enter upon, take possession of, manage and operate the Mortgaged Property, including without limitation completing construction of any improvements thereon, and do all things necessary or appropriate in Beneficiary's sole discretion in connection therewith, including without limitation making and enforcing, and if the same be subject to modification or cancellation, modifying or cancelling leases upon such terms or conditions as Beneficiary deems proper, obtaining and evicting tenants, and fixing or modifying rents, contracting for and making repairs and alterations, and doing any and all other acts which Beneficiary deems proper to protect the security hereof; and either with or without so taking possession, in its own name or in the name of Trustor, sue for or otherwise collect and receive the Rents and Profits, including those past due and unpaid, and apply the same less costs and expenses of operation and collection, including reasonable attorneys' fees, upon any indebtedness secured hereby, and in such order as Beneficiary may determine. Upon request of Beneficiary, Trustor shall assemble and make available to Beneficiary any of the Mortgaged Property which has been removed therefrom. The entering upon and taking possession of the Mortgaged Property, or any part thereof, and the collection of any Rents and Profits and the application thereof as aforesaid shall not cure or waive any default theretofore or thereafter occurring or affect any notice or default hereunder or invalidate any act done pursuant to any such default or notice, and, notwithstanding continuance in possession of the Mortgaged Property or any part thereof by Beneficiary, Trustor or a receiver, and the collection, receipt and application of the Rents and Profits, Beneficiary shall be entitled to exercise every right provided for in this Deed of Trust or by law or in equity upon or after the occurrence of a default, including without limitation the right to exercise the power of sale. Any of the actions referred to in this Section may be taken by Beneficiary irrespective of whether any notice of default or election to sell has been given hereunder and without regard to the adequacy of the security for the indebtedness hereby secured.

3.3 Judicial Action. Beneficiary may bring an action in any court of competent jurisdiction to foreclose this instrument or to enforce any of the covenants and agreements hereof.

3.4 Power of Sale. Beneficiary may elect to cause the Mortgaged Property or any part thereof to be sold under the power of sale herein granted in any manner permitted by applicable law. In connection with any sale or sales hereunder, Beneficiary may elect to treat any of the Mortgaged Property which consists of a right in action or which is property that can be severed from the real property covered hereby or any improvements thereon without causing structural damage thereto as if the same were personal property, and dispose of the same in accordance with applicable law, separate and apart from the sale of real property. Any sale of any personal property hereunder shall be conducted in any manner permitted by Section 9501 or any other applicable section of the California Commercial Code. Where the Mortgaged Property consists of real and personal property or fixtures, whether or not such personal property is located on or within the real property, Beneficiary may elect in its discretion to exercise its rights and remedies against any or all of the real property, personal property, and fixtures in such order and manner as is now or hereafter permitted by applicable law.

Without limiting the generality of the foregoing, Beneficiary may, in its sole and absolute discretion and without regard to the adequacy of its security, elect to proceed against any or all of the real property, personal property and fixtures in any manner permitted under Section 9501(4)(a) of the California Commercial Code; and if the Beneficiary elects to proceed in the manner permitted under Section 9501(4)(a)(ii) of the California Commercial Code, the power of sale herein granted shall be exercisable with respect to all or any of the real property, personal property and fixtures covered hereby, as designated by Beneficiary, and the Trustee is hereby authorized and empowered to conduct any such sale of any real property, personal property and fixtures in accordance with the procedures applicable to real property.

Where the Mortgaged Property consists of real property and personal property, any reinstatement of the obligation secured hereby, following default and an election by the Beneficiary to accelerate the maturity of said obligation, which is made by Trustor or any other person or entity permitted to exercise the right of reinstatement under Section 2924c of the California Civil Code or any successor statute, shall, in accordance with the terms of California Commercial Code Section 9501(4)(c)(iii), not prohibit the Beneficiary from conducting a sale or other disposition of any personal property or fixtures or from otherwise proceeding against or continuing to proceed against any personal property or fixtures in any manner permitted by the California Commercial Code; nor shall any such reinstatement invalidate, rescind or otherwise affect any sale, disposition or other proceeding held, conducted or instituted with respect to any personal property or fixtures prior to such reinstatement or pending at the time of such reinstatement. Any sums paid to Beneficiary in effecting any reinstatement pursuant to Section 2924c of the California Civil Code shall be applied to the secured obligation and to the Beneficiary's and Trustee's reasonable costs and expenses in the manner required by Section 2924c.

Should Beneficiary elect to sell any portion of the Mortgaged Property which is real property or which is personal property or fixtures that Beneficiary has elected under Section 9501(4)(a)(ii) of the California Commercial Code to sell together with real property in accordance with the laws governing a sale of real property, Beneficiary or Trustee shall give such notice of default and election to sell as may then be required by law. Thereafter, upon the expiration of such time and the giving of such notice of sale as may then be required by law, and without the necessity of any demand on Trustor, Trustee, at the time and place specified in the notice of sale, shall sell said real property or part thereof at public auction to the highest bidder for cash in lawful money of the United States. Trustee may, and upon request of Beneficiary shall, from time to time, postpone any sale hereunder by public announcement thereof at the time and place noticed therefor.

Upon any sale hereunder, Trustee shall execute and deliver to the purchaser or purchasers a deed or deeds conveying the property so sold, but without any covenant or warranty whatsoever, express or implied, whereupon such purchaser or purchasers shall be let into immediate possession; and the recitals in any such deed or deeds of facts, such as default, the giving of notice of default and notice of sale, and other facts affecting the regularity or validity of such sale or disposition, shall be conclusive proof of the truth of such facts and any such deed or deeds shall be conclusive against all persons as to such facts recited therein.

3.5 Proceeds of Sale. The proceeds of any sale made under or by virtue of this Deed of Trust, together with all other sums which then may be held by Trustee or Beneficiary under this Deed of Trust, shall be applied as follows:

FIRST: To the payment of the costs and expenses of sale and of any judicial proceedings wherein the same may be made, including reasonable compensation to Trustee and Beneficiary, their agents and counsel, and to the payment of all expenses, liabilities and advances made or incurred by Trustee under this Deed of Trust, together with interest on all advances made by Trustee at the lower of ten percent (10%) per annum or the maximum rate permitted by law to be charged by Trustee.

SECOND: To the payment of the P/M Note and all other sums required to be paid by Trustor with respect to the Mortgaged Property pursuant to any provisions of this Deed of Trust, including without limitation all expenses, liabilities and advances made or incurred by Beneficiary under this Deed of Trust or in connection with the enforcement thereof.

THIRD: The remainder, if any, to the person or persons legally entitled thereto.

3.6 Waiver of Marshaling. Trustor, for itself and for all persons hereafter claiming through or under it or who may at any time hereafter become holders of liens junior to the lien of this Deed of Trust, hereby expressly waives and releases all rights to direct the order in which any of the Mortgaged Property shall be sold in the event of any sale or sales pursuant hereto and to have any of the Mortgaged Property and/or any other property now or hereafter constituting security for any of the indebtedness secured hereby marshaled upon any foreclosure of this Deed of Trust or of any other security for any of said indebtedness.

3.7 Remedies Cumulative. No remedy herein conferred upon or reserved to Trustee or Beneficiary is intended to be exclusive of any other remedy herein or by law provided, but each shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute. No delay or omission of Trustee or Beneficiary to exercise any right or power accruing upon any Event of Default shall impair any right or power or shall be construed to be a waiver of any Event of Default or any acquiescence therein; and every power and remedy given by this Deed of Trust to Trustee or Beneficiary may be exercised from time to time as often as may be deemed expedient by Trustee or Beneficiary. If there exists additional security for the performance of the obligations secured hereby, the Beneficiary, at its sole option, and without limiting or affecting any of its rights or remedies hereunder, may exercise any of the rights and remedies to which it may be entitled hereunder either concurrently with whatever rights and remedies it may have in connection with such other security or in such order as it may determine. Any application of any amounts or any portion thereof held by Beneficiary at any time as additional security hereunder, to any indebtedness secured hereby shall not extend or postpone the due dates of any payments due from Trustor to Beneficiary hereunder or under the Purchase Agreement, or change the amounts of any such payments or otherwise be construed to cure or waive any default or notice of default hereunder or invalidate any act done pursuant to any such default or notice.

ARTICLE IV.

MISCELLANEOUS

4.1 Severability. In the event any one or more of the provisions contained in this Deed of Trust shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Deed of Trust, but this Deed of Trust shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

4.2 Certain Charges. Trustor agrees to pay Beneficiary for each statement of Beneficiary as to the obligations secured hereby, furnished at Trustor's request, the maximum fee allowed by law, or if there be no maximum fee, then such reasonable fee as is charged by Beneficiary as of the time said statement is furnished. Trustor further agrees to pay the charges of Beneficiary for any other service rendered Trustor, or on its behalf, connected with this Deed of Trust or the indebtedness secured hereby, including without limitation the delivery to an escrow holder of a request for full or partial reconveyance of this Deed of Trust, transmitting to an escrow holder moneys secured hereby, changing its records pertaining to this Deed of Trust and indebtedness secured hereby to show a new owner of the Mortgaged Property, and replacing an existing policy of insurance held hereunder with another such policy.

4.3 Notices. All notices or other communications between Beneficiary, Trustee, and Trustor required or permitted hereunder shall be in writing and personally delivered or sent by certified mail, return receipt requested and prepaid, or sent by reputable overnight courier (such as Federal Express or UPS), or transmitted by electronic facsimile transmission (with electronic confirmation of receipt) to the party so to be served at its address above stated. A notice shall be effective on the date of personal delivery if personally delivered before 5:00p.m., otherwise on the day following personal delivery, or on the date of receipt, if transmitted by electronic facsimile transmission (with electronic confirmation of receipt) prior to 5:00p.m. or otherwise on the next business day, or two (2) business days following the date the notice is postmarked, if mailed, or on the day following delivery to the applicable overnight courier, if sent by overnight courier. Either party may change the address to which notices are to be given to it by giving notice of such change of address in the manner set forth above for giving notice.

4.4 Trustor Not Released. Extension of the time for payment or modification of the terms of payment of any sums secured by this Deed of Trust granted by Beneficiary to any successor in interest of Trustor shall not operate to release, in any manner, the liability of the original Trustor. Beneficiary shall not be required to commence proceedings against such successor or refuse to extend time for payment or otherwise modify the terms of payment of the sums secured by the Deed of Trust by reason of any demand made by the original Trustor. Without affecting the liability of any person, including Trustor, for the payment of any indebtedness secured hereby, or the lien of this Deed of Trust on the remainder of the Mortgaged Property for the full amount of any such indebtedness and liability unpaid, Beneficiary and Trustee are respectively empowered as follows: Beneficiary may from time to time and without notice (a) release any person liable for the payment of any of the indebtedness, (b) extend the time or otherwise alter the terms of payment of any of the indebtedness, (c) accept additional real or personal property of any kind as security therefor, whether evidenced by deeds of trust, mortgages, security agreements or any other instruments of security, or (d) alter, substitute or release any property securing the indebtedness; Trustee may, at any time, and from time to time, upon the written request of Beneficiary (i) consent to the making of any map or plat of the Mortgaged Property or any part thereof, (ii) join in granting any easement or creating any restriction thereon, (iii) join in any subordination or other agreement affecting this Deed of Trust or the lien or charge hereof, or (iv) reconvey, without any warranty, all or part of the Mortgaged Property.

4.5 Inspection. Beneficiary may at any reasonable time or times make or cause to be made entry upon and inspection of the Mortgaged Property or any part thereof in person or by agent.

4.6 Statute of Limitations. The pleading of any statute of limitations as a defense to any and all obligations secured by this Deed of Trust is hereby waived to the fullest extent permitted by law.

4.7 Interpretation. Wherever used in this Deed of Trust, unless the context otherwise indicates a contrary intent, or unless otherwise specifically provided herein, the word "Trustor" shall mean and include both Trustor and any subsequent owner or owners of the Mortgaged Property, and the word "Beneficiary" shall mean and include not only the original Beneficiary hereunder but also any future owner and holder, including pledgees, of the P/M Note. In this Deed of Trust whenever the context so requires, the masculine gender includes the feminine and/or neuter, and the neuter includes the feminine and/or masculine, and the singular number includes the plural and conversely. In this Deed of Trust, the use of the word "including" shall not be deemed to limit the generality of the term or clause to which it has reference, whether or not nonlimiting language (such as "without limitation," or "but not limited to," or words of similar import) is used with reference thereto, but rather shall be deemed to refer to all other items or matters that could reasonably fall within the broadest possible scope of such general statement, term or matter. The captions and headings of the Articles and Sections of this Deed of Trust are for convenience only and are not to be used to interpret, define or limit the provisions hereof.

4.8 Consent; Delegation to Sub-agents. The granting or withholding of consent by Beneficiary to any transaction as required by the terms hereof shall not be deemed a waiver of the right to require consent to future or successive transactions. Wherever a power of attorney is conferred upon Beneficiary hereunder, it is understood and agreed that such power is conferred with full power of substitution, and Beneficiary may elect in its sole discretion to exercise such power itself or to delegate such power, or any part thereof, to one or more sub-agents.

4.9 Successors and Assigns. All of the grants, obligations, covenants, agreements, terms, provisions and conditions herein shall run with the land and shall apply to, bind and inure to the benefit of, the heirs, administrators, executors, legal representatives, successors and assigns of Trustor and the successors in trust of Trustee and the endorsees, transferees, successors and assigns of Beneficiary. In the event Trustor is composed of more than one party, the obligations, covenants, agreements, and warranties contained herein as well as the obligations arising therefrom are and shall be joint and several as to each such party.

4.10 No Joint Venture. The relationship of Trustor and Beneficiary is strictly that of Borrower and Lender, and neither the P/M Note nor this Deed of Trust shall be construed as creating a joint venture, partnership or other entity between Trustor and Beneficiary.

4.11 Governing Law. This Deed of Trust shall be governed by and construed under the laws of the State of California.

4.12 Substitution of Trustee. Beneficiary may remove Trustee at any time or from time to time and appoint a successor trustee, and upon such appointment, all powers, rights, duties and authority of Trustee, as aforesaid, shall thereupon become vested in such successor. Such substitute trustee shall be appointed by written instrument duly recorded in the county or counties where the real property covered hereby is located, which appointment may be executed by any authorized agent of Beneficiary or in any other manner permitted by applicable law.

IN WITNESS WHEREOF, the undersigned has executed this Deed of Trust the day and year first hereinabove written.

TRUSTOR:

MILAND, LLC,
a California limited liability company

By: _____
Name: _____
Its: _____

By: _____
Name: _____
Its: _____

Schedule 1

DESCRIPTION OF REAL PROPERTY

C-17

Schedule 2

INSURANCE REQUIREMENTS

Trustor shall purchase and maintain, at its own expense, with an insurer or insurers authorized to do business in the State of California, at least the following minimum coverages during the term of this Deed of Trust.

- (a) Builders Risk property insurance upon the Land and any improvements thereto, to the full insurable value thereof and without any co-insurance requirements. Such insurance shall be on an "All Risks" basis.
- (b) Commercial General Liability insurance, written on an occurrence or close of escrow policy form, with limits not less than \$2,000,000 per occurrence, including the following coverages: Personal Injury; Explosion, Collapse and Underground Property Coverage; Broad Form Property Damage Coverage, including Completed Operations; Contractual Liability; and Bodily Injury Coverage. Completed operations coverage shall extend ten (10) years beyond the completion of the work. Commercial General Liability coverage provided under this subparagraph may also be in the form of a "wrap" policy. Limits may be obtained using primary and excess policies.
- (c) Commercial Automobile Liability insurance covering owned, non-owned and hired automobiles, trucks and trailers, or semi-trailers, including any machinery or apparatus attached thereto, with limits not less than \$2,000,000 per occurrence limits for bodily injury and property damage liability. Limits may be obtained using primary and excess policies.
- (d) Workers compensation insurance (statutory limits complying with the laws of the State in which the B-3 Lands are located) and employers liability insurance with limits not less than \$1,000,000 bodily injury by accident (each accident), \$1,000,000 bodily injury by disease (policy limit), and \$1,000,000 bodily injury by disease (each employee). Such insurance shall contain a waiver of subrogation in favor of the other party.

Trustor shall be responsible at its own cost for satisfaction of all deductibles and/or self-insured retentions under each party's such insurance. Trustor may purchase and maintain any other insurance that Trustor deems necessary or desirable for Trustor's further protection.

Trustor shall name Beneficiary as additional insured under the General Liability insurance, Automobile Liability and umbrella/excess insurance by utilizing the ISO endorsement form for Additional Insured or its equivalent. The additional insured entities shall include Beneficiary, Beneficiary's partners, Beneficiary's affiliates and Lender.

All certificates of insurance must provide thirty (30) days advance written notice of cancellation, intent to non-renew, or adverse material change in the reduction of coverage, except on the builder's risk property coverage.

All insurance policies required hereunder shall permit and recognize such waivers of subrogation.

EXHIBIT "D"

ASSIGNMENT OF PROPERTY RIGHTS

This Assignment of Property Rights (this "Agreement"), dated for identification purposes _____, 2013 is entered into by and between Templeton Santa Barbara, LLC, a Nevada limited liability company ("Assignor"), and MI Land, LLC, a California limited liability company ("Assignee"), with respect to the following facts:

RECITALS

A. Assignor is the owner of certain real and personal property located in the City of Santa Maria, County of Santa Barbara, State of California, the legal description of which is attached hereto as **Schedule 1** (the "Property").

B. Assignor, as Seller, and Assignee, as Buyer, have entered into that certain Purchase Agreement and Escrow Instructions dated as of November __, 2013 for the sale of the Property to Assignee (the "Purchase Agreement").

C. Pursuant to the terms of the Purchase Agreement, Assignor wishes to assign to Assignee certain rights of Assignor related to the Property as set forth herein.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Assignment of Property Rights. Assignor hereby grants, assigns, transfers, conveys and delivers to Assignee all of Assignor's right, title and interest in the Property Rights, if any, to the full extent assignable. "Property Rights" means all rights, entitlements, and privileges that relate directly or indirectly to development of the Property, including but not limited to all plans, specifications, drawings, maps, studies, reports, permits, approvals, authorizations, grandfathered rights, applications, licenses, governmental approvals, entitlements, development rights, water rights, water stock, easements, fee reimbursements and credits, CFD proceeds, tests, surveys, utility deposits, declarant rights, assignable warranties for work performed on the site and all similar rights and benefits relating to the Property or the development of the Property, and all of Seller's right, title and interest (but no obligations under) those contracts listed on **Schedule 2** attached hereto.

2. Effective Date. This Agreement shall be effective as of the date a deed conveying title to the Property to Assignee is recorded in the Official Records of the Santa Barbara County Recorder's Office.

3. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the successors, assigns, personal representatives, heirs and legatees of the respective parties hereto.

4 . Governing Law. This Agreement shall be governed by, interpreted under, and construed and enforceable with, the laws of the State of California.

5 . Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, but all of which, together, shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

“ASSIGNOR”

Templeton Santa Barbara, LLC,
a Nevada limited liability company.

By: Limoneira Company,
Its: Manager

By: _____
Harold S. Edwards
Its: President

“ASSIGNEE”

MI Land, LLC,
a California limited liability company

By: _____
Its: _____

SCHEDULE 1
LEGAL DESCRIPTION OF PROPERTY

D-3

SCHEDULE 2
LIST OF CONTRACTS ASSIGNED

D-4

PURCHASE AND SALE AGREEMENT AND ESCROW INSTRUCTIONS

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THIS PURCHASE AND SALE AGREEMENT AND ESCROW INSTRUCTIONS ("**Agreement**"), dated as of November 29, 2013, is entered into by and between Templeton Santa Barbara, LLC, a Nevada limited liability company ("**Seller**") and MI Land, LLC, a California limited liability company, or its assignee ("**Buyer**"). This Agreement constitutes (i) a contract of purchase-and-sale and (ii) escrow instructions to **Lawyer's Title**, Oxnard, CA ("**Escrow Holder**"), whose consent appears at the end of this Agreement.

RECITALS:

1 . **The Property.** Seller owns that certain real and personal property in the City of Santa Maria, County of Santa Barbara, California, consisting of approximately 8.36 acres of undeveloped land, the legal description of which is set forth on **Exhibit "A"** attached hereto ("the Property").

2 . **Purchase and Sale.** Seller and Buyer wish to enter into a transaction pursuant to which Buyer shall purchase the Property from Seller subject to the terms set forth below.

DEFINITIONS:

In addition to the definitions contained elsewhere in this Agreement, unless the context otherwise indicated, the following terms shall have the meanings as set forth in this Article:

"**Additional Purchase Price**" shall mean Three Million Four Hundred Eighty-Five Thousand Dollars (\$3,485,000.00), less the amount of the Deposit applied thereto at Closing.

"**Business Day**" means any day other than Saturday, Sunday or any legal state or national holiday observed in the State of California.

"**Cash**" means (i) currency, (ii) a check or checks currently dated payable to Escrow Holder or order and honored upon presentation for payment, or (iii) funds wire-transferred or otherwise deposited into Escrow Holder's account at Escrow Holder's direction, in each event in U.S. dollars.

"**Close of Escrow**" and "**Closing**" means the date the Seller's Grant Deed and any other documents to be recorded on closing pursuant to the terms hereof are filed for record.

"**Closing Date**" has the meaning set forth in Section 11.1.

"**Control**" means owning, directly or indirectly, fifty percent (50%) or greater of the voting power of an entity.

"**Escrow Holder**" means Lawyers Title, Oxnard, CA.

"**Feasibility Period**" is described in Section 2.2 below.

"**Final Payment Date**" shall be the last day for Buyer to pay all amounts owing under the Promissory Note (as defined in Section 1.2 below), which shall be earlier occur of: (i) 30 days following final City approval of a tentative tract map for the Property, or (ii) October 24, 2014.

"**Hazardous Materials**" means any material or substance which is (i) defined as a "hazardous waste," extremely hazardous waste," "restricted hazardous waste," "hazardous material," "hazardous substance," or any similar formation under or pursuant to any California or Federal statute or common law rule; (ii) petroleum and natural gas liquids as those terms are used in Section 109(14) of the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. Section 6901, et seq. (41 U.S.C. Section 6903); (iii) asbestos; (iv) polychlorinated biphenyls; (v) designated as a "hazardous substance" pursuant to Section 311 of the Clean Water Act, 33 U.S.C., Section 1251, et seq. (33 U.S.C. Section 1321) or listed pursuant to Section 307 of the Clean Water Act (33 U.S.C. Section 1317); (vi) defined as a "hazardous waste" pursuant to Section 1004 of the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq. (42 U.S.C. Section 6903); or (vii) defined as a "hazardous substance" pursuant to Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. Section 9601, et seq. (41 U.S.C. Section 9601), in each case, as any such statute now provides or may hereafter be amended, and in the regulations promulgated pursuant thereto.

"**Hazardous Materials Laws**" means all federal, state and local laws (whether under common law, statute or otherwise), ordinances, orders, rules, regulations and guidance documents now or hereafter in force, as amended from time to time, in any way relating to or regulating human health or safety, industrial hygiene or environmental conditions, protection of the environment, Hazardous Materials, pollution or contamination of the air, soil, surface water or groundwater, and regulations, rules, guidelines, or standards promulgated pursuant to such laws, statutes and regulations, as such statutes, regulations, rules, guidelines, and standards are amended from time to time.

"**Opening of Escrow**" means the date that this Agreement has been signed by Buyer and Seller and the Escrow Officer has executed the Consent of Escrow Holder attached hereto as part of this Agreement.

"**Title Company**" means Lawyers Title, Oxnard, CA.

AGREEMENT:

ARTICLE 1

PURCHASE PRICE AND DEPOSIT

1 . 1 **Deposit.** Upon mutual execution of this Agreement, Buyer will deliver to Escrow Holder the sum of Two Hundred Fifty Thousand Dollars (\$250,000.00) in Cash (the "Deposit"). The Deposit shall be placed in an interest bearing account pursuant to the terms of Section 10.1. Interest on the Deposit shall accrue for the benefit of Buyer unless Buyer is in default under the terms and conditions of this Agreement in which case the interest shall be paid to Seller. The Deposit and all accrued interest thereon shall be applied to the Purchase Price upon Close of Escrow.

1.2 **Purchase Price.** Subject to the terms and conditions of this Agreement, Seller shall sell and Buyer shall buy the Property for Three Million Four Hundred Eighty Five Thousand Dollars (\$3,485,000) (the "Purchase Price"). The Purchase Price is payable as follows: (i) Buyer shall make the Deposit as set forth in Section 1.1 above, (ii) on or before three (3) Business Day prior to the Closing Date, Buyer shall deposit with Escrow Holder a fully executed promissory note for the balance of the Purchase Price (the "Promissory Note"), and a fully executed first deed of trust securing Buyer's obligations thereunder ("Deed of Trust"), in the form attached hereto as **Exhibit "C,"** and (iii) Cash for all other amounts due by Buyer hereunder in order to complete the Close of Escrow. The total amount owed under the Promissory Note shall be referenced herein as the "Additional Purchase Price," shall be due and payable on or before the Final Payment Date, and shall accrue simple interest at the rate of five percent (5%) per annum, payable to Seller monthly.

ARTICLE 2

BUYER'S FEASIBILITY AND RIGHT TO ENTER THE PROPERTY

2.1 **Limit on Escrow Holder's Responsibility.** Escrow Holder shall have no concern with, responsibility for, or liability for this Article.

2.2 **Feasibility Period.** Buyer shall have through 5:00 p.m. Pacific Time on the date that is ninety (90) days from the execution of this Agreement by both parties hereto (the "Feasibility Period") to conduct such investigations, testing and inspections of the Property as deemed necessary or appropriate by Buyer. Buyer's satisfaction with the Property and its feasibility for Buyer's intended purposes is referred to as the "Feasibility Condition." If Buyer is not satisfied with the Property in Buyer's sole discretion, Buyer may terminate this Agreement and receive a refund of the Deposit and all interest accrued thereon by notifying Seller and Escrow Holder in writing at any time on or before 5:00 p.m. (Pacific Time) on the last day of the Feasibility Period. Failure of Buyer to deliver a notice of termination to Seller and Escrow Holder by the end of the Feasibility Period shall be deemed Buyer's approval of the Feasibility Condition.

2.3 **Property Information.** Within five (5) Business Days after the Opening of Escrow, Seller shall deliver to Buyer copies of all tests, surveys, reports, records, permits, applications, inspections, approvals, entitlements, mitigation agreements, licenses, correspondence with or notices from any Governmental Agencies, agreements with the applicable jurisdictions, easement agreements, flood control agreements, utility agreements, development rights, studies (including all traffic, soils, geotechnical and environmental studies and reports), contracts, agreements, tax bills, maps, plans (including but not limited to civil engineering, architectural, grading, improvement and landscaping plans and calculations), drawings, and authorizations relating to or affecting the Property or the development thereof in Seller's possession (collectively referred to as the "Property Information").

2.4 **Right to Enter Upon the Property; Indemnity.** Buyer, its employees, agents, consultants and contractors shall have access to the Property on one (1) Business Day advance written notice to Seller, and may enter upon the Property to inspect, survey and test the conditions present on the Property. Any physically intrusive or destructive test will require Seller's reasonable approval. Prior to any entry on the Property by Buyer prior to the Closing, Buyer shall secure and maintain: a) a comprehensive general liability and property damage policy in an amount of no less than Two Million Dollars (\$2,000,000.00) which will cover the activities of Buyer and its agents and consultants on the Property and shall name Seller an additional insured thereunder, and b) worker's compensation and employer's liability insurance in accordance with the applicable provisions of California law. Buyer shall provide a certificate of insurance to Seller evidencing the insurance required herein. Buyer shall fully protect, defend, hold harmless and indemnify Seller and its officers, directors, employees, agents, attorneys, shareholders, successors and assigns ("Seller Indemnified Parties") and the Property, from any and all claims, liabilities, damages, costs, injuries, liens (including but not limited to mechanic's, materialman's, contractor's and similar liens), actions or judgments of any kind or nature (including, without limitation, attorneys' fees, expert fees, and litigation costs and expenses) (collectively, "Losses") arising out of or resulting in any way from any such entry onto the Property or the acts and omissions of Buyer, its agents, employees, consultants or contractors; provided, however that the foregoing indemnity shall not apply to (i) any Losses arising out of the gross negligence of willful misconduct of any of the Seller Indemnified Parties, and (ii) or any Losses caused by any existing condition on the Property discovered but not caused or exacerbated by Borrower. The provisions of this Section 2.4 shall survive the termination or Closing of this Agreement.

ARTICLE 3

TITLE

3.1 **Preliminary Title Report.** Seller will, within five (5) Business Days after the Opening of Escrow, cause the Title Company to deliver a preliminary title report for the Property to Buyer and Seller (the "Title Report") along with copies of all plotted easements and underlying documents referenced therein. Buyer shall have until thirty (30) days prior to the end of the Feasibility Period (the "Title Disapproval Deadline") to notify Seller and Title Company what exceptions to title shown thereon, if any, are unacceptable to Buyer ("Disapproved Exceptions"). Buyer's failure to deliver to Seller written notice of any Disapproved Exceptions by the end of the Title Disapproval Deadline shall be deemed approval by Buyer of all exceptions to title reported in the Title Report. In the event Buyer timely gives notice of any Disapproved Exception, Seller shall have ten (10) Business Days after receipt of such notice to notify Buyer and Escrow Holder either (1) that Seller will cure or insure over such Disapproved Exception; or (2) that Seller will not cure or insure over such Disapproved Exception. Seller's failure to give such notice with respect to a Disapproved Exception shall constitute an election not to cure or insure over such Disapproved Exception; provided, however, that Seller shall cure any Disapproved Exception which is a deed of trust or other monetary lien encumbering the Property not caused by or on behalf of Buyer and any delinquent property taxes or assessments. Seller shall keep the Property free and clear of all monetary liens and encumbrances not reflected in the Title Report, except for current real property taxes. In the event Seller elects or is deemed to elect not to cure or insure over any Disapproved Exception, Buyer shall have the option within five (5) Business Days after receipt (or five (5) Business Days after the date Seller's response was due if not given) to terminate this Agreement by written notice to Seller and Escrow Holder to that effect, in which case Buyer shall receive a refund of the Deposit and accrued interest thereon, and no party shall have any further rights or obligations under this Agreement except those which, by their terms, survive the termination hereof.

3.2 **Title Policy.** At Closing, Buyer's title to the Property shall be insured by a Standard Coverage ALTA Owner's Policy of Title Insurance in the amount of the Purchase Price, insuring title to the Property in Buyer subject only to (1) Title Company's standard exceptions and exclusions, (2) the lien of supplemental taxes assessed pursuant to California Revenue and Taxation Code Sections 75, et seq., resulting from this transaction, (3) exceptions to title approved by Buyer or deemed approved by Buyer pursuant to Section 3.1, (4) items shown or that would have been shown on any survey of the Property, and (5) such deeds of trust or other exceptions to title caused or created by or for the benefit of Buyer. Additionally, the Property shall be insured against mechanics liens not caused by Buyer pursuant to a title policy endorsement. Buyer may, at Buyer's option and at Buyer's expense, direct Escrow Holder to procure an ALTA Extended Coverage Policy of Title Insurance or endorsements which expand coverage in excess of that which is described above. Any updated or new survey shall be at Buyer's expense. The policy of title insurance to be obtained pursuant to this Section 3.2 is referred to as the "Title Policy". Fees and costs associated with the Title Policy shall be split equally between the two parties, except all of the costs of any extended policy of title insurance shall be Buyer's sole expense.

3.3 **Failure of Seller to Cure.** In the event Seller elects to cure any Disapproved Exception but is unable to do so or does not do so by the Closing Date, Buyer may (i) terminate this Agreement and receive a full refund of the Deposit and accrued interest thereon, or (ii) elect to waive its objection to the Disapproved Exception(s) in question and proceed to close escrow.

ARTICLE 4

ESCROW INSTRUCTIONS

4.1 If requested by Escrow Holder, Buyer and Seller shall execute further escrow instructions to Escrow Holder that are consistent with the terms of this Agreement and that incorporate Escrow Holder's general provisions. In the event of any conflict between such escrow instructions and this Agreement the terms in the body of this Agreement shall prevail unless such escrow instructions specifically provide that they modify this Agreement.

ARTICLE 5

CONDITIONS PRECEDENT TO CLOSING

5.1 **Conditions to Buyer's Obligation to Close.** Buyer's obligation to close Escrow under this Agreement shall be subject to the satisfaction or written waiver, in whole or in part, by Buyer of each of the following conditions precedent:

- (a) Feasibility. Buyer shall have approved, or be deemed to have approved, the Feasibility Condition.

(b) Title Policy. The Title Company shall have irrevocably committed to issue the Title Policy in the form prescribed in Section 3.2.

(c) Representations and Warranties. Seller's representations and warranties set forth in this Agreement shall be true and correct in all material respects as of the Close of Escrow.

(d) Material Default. Seller shall not be in material default of any term or condition of this Agreement.

The foregoing conditions are conditions precedent in favor of Buyer and may be waived by Buyer at its election.

5.2 **Conditions to Seller's Obligation to Close**. Seller's obligation to close Escrow under this Agreement shall be subject to the satisfaction or written waiver, in whole or in part, by Seller of each of the following conditions precedent:

(a) Purchase Price. Buyer shall have delivered the Deposit and all prorrations and closing costs for which Buyer is responsible, as well as the fully executed Promissory Note and Deed of Trust into Escrow pursuant to the provisions set forth herein.

(b) Representations and Warranties. Buyer's representations and warranties set forth in this Agreement shall be true and correct in all material respects as of the Close of Escrow.

(c) Material Default. Buyer shall not be in material default of any term or condition of this Agreement.

The foregoing conditions are conditions precedent in favor of Seller and may be waived by Seller at its election.

5.3 Effect of Failure of a Condition Precedent. In the event any condition precedent set forth in this Article 5 is not satisfied or waived within the applicable time period, the party in whose favor the condition exists may thereafter terminate this Agreement by giving written notice of termination to the other party provided that the party giving notice is not in material breach of its obligations under the Agreement. Upon any such termination, each party shall return any documents, plans, studies which were previously delivered by the other party. The Deposit shall be returned to Buyer if Buyer terminates this Agreement as required hereunder on or before the end of the Feasibility Period. The Deposit and all interest accrued thereon shall be retained by Seller if this Agreement is not terminated on or before the end of the Feasibility Period by Buyer, and Buyer's purchase is not consummated on or before the Closing Date due to a material breach by Buyer. Nothing in this paragraph shall limit the rights of either party to seek damages in accordance with California law, including, but not limited to, specific performance and/or other equitable remedies.

ARTICLE 6

BUYER'S DELIVERIES TO ESCROW HOLDER AND SELLER

6.1 **Closing Deposit and Documents.** At least three (3) Business Days prior to Close of Escrow, Buyer shall deliver to Escrow Holder (i) all remaining sums required to be paid by Buyer through this Escrow, including the sums payable pursuant to Article 9 below, (ii) the Promissory Note and First Deed of Trust in the form of **Exhibit "C"** hereto, fully executed by Buyer and recordable (iii) the Assignment of Property Rights in the form of **Exhibit "D"** hereto, fully executed by Buyer and (iv) a completed and signed Preliminary Change of Ownership Form.

ARTICLE 7

SELLER'S DELIVERIES TO ESCROW HOLDER

7.1 **Documents.** At least three (3) Business Days prior to the Closing Date, Seller shall deliver to Escrow Holder the following documents:

- (a) A fully executed and recordable Grant Deed in the form attached as **Exhibit "B"** to this Agreement.
- (b) The Assignment of Property Rights in the form of **Exhibit "D,"** fully executed by Seller.
- (c) Appropriate certifications, including without limitation, a Foreign Investment in Real Property Tax Act ("FIRPTA") Certificate and California Form 593-C, evidencing that neither Buyer nor Escrow Holder are required to withhold Seller's closing funds pursuant to Internal Revenue Code Section 1445 and California Revenue and Taxation Code Section 18662(e).

ARTICLE 8

CONDEMNATION/CASUALTY

8.1 **Risk of Loss/Condemnation.** If, prior to the Close of Escrow, the Property is (a) damaged by reason of earthquake, rain, flooding or other cause, the cost of which to repair or restore exceeds five percent (5%) of the Purchase Price for the Property ("Material Damage"), or (b) all or a portion of the Property in excess of five percent (5%) of the Property is condemned, or written notice of intent to condemn is provided to Seller, by any legally constituted governmental authority ("Material Condemnation"), then, Buyer shall have the right to terminate this Agreement by delivery of written notice thereof to Seller within ten (10) Business Days after Buyer's receipt of written notice of any such Material Damage or Material Condemnation, unless, with respect to Material Damage, Seller elects to, and does, repair such damage. In the event Buyer so terminates this Agreement, the Deposit and all interest accrued thereon will be returned to Buyer. If Buyer fails to so terminate this Agreement, or if any damage to the Property is not Material Damage, or the condemnation is not Material Condemnation, then Buyer shall not be released from any obligation to purchase the Property and, when sold, the Property shall be sold to Buyer in its then "as is" condition with no reduction in the Purchase Price, except that if Seller has not caused the damage to be fully repaired prior to the Close of Escrow, Seller shall pay or assign to Buyer any insurance proceeds payable for such damage to the Property, and shall assign to Buyer all condemnation proceeds payable for such condemnation of the Property at Close of Escrow and there shall be a credit against the Purchase Price for the amount of any applicable deductible or self-insured retention, under Seller's insurance policy.

8.2 **Survival.** The provisions of this Article 8 shall survive the Close of Escrow.

ARTICLE 9

PRORATIONS, FEES, COSTS AND REIMBURSEMENTS

9.1 **Taxes and Assessments.** Escrow Holder shall prorate between the parties, in Cash, as of Close of Escrow, on the basis of a thirty (30) day month, general and special real estate taxes and assessments, based on the regular tax bill for the fiscal year in which the escrow closes, and including any homeowners or other association assessments. If such tax bill has not been issued as of the Closing Date, such proration shall be based on the regular tax bill for the fiscal year preceding that in which the escrow closes. The proration of taxes and assessments shall be without regard to any supplemental assessments levied pursuant to California Revenue and Taxation Code Sections 75 and following unless such supplemental taxes have been levied and shown on a tax bill. In the event that a separate tax bill has not been issued, Escrow Holder shall apportion general and special real estate taxes and assessments based upon a written apportionment statement, based on land area, prepared by Seller and reasonably approved by Buyer, which approval shall not be unreasonably withheld.

9.2 **Supplemental Taxes.** Escrow Holder shall have no responsibility for this Section. Should any supplemental taxes be levied and billed after Close of Escrow pursuant to California Revenue and Taxation Code Sections 75 and following as a result of the transfer of title to Buyer, such taxes shall be the obligation of Buyer except for supplemental taxes levied by reason of improvements or transfers or other events which occurred before Close of Escrow, which portion, if any, shall be the obligation of Seller. Seller shall pay supplemental taxes, if any, for which Seller is responsible within thirty (30) days after Buyer provides Seller with a demand for payment accompanied with reasonable documentation from the County that such sum is payable by Seller pursuant to this Section.

9.3 **Seller's Charges; Recorded Deed Not to Show Documentary Transfer Tax Amount.** Seller shall pay (i) the County and any City Documentary Transfer Tax, (ii) Fifty percent (50%) of the CLTA Standard title policy premium and fee for a mechanics lien endorsement (but not the added premium for an extended ALTA policy or additional endorsements), (iii) one-half (½) of Escrow Holder's fee, and (iv) usual seller's document-drafting and recording charges. Unless Buyer gives Escrow Holder instructions to the contrary, and provided the County Recorder so allows, Escrow Holder shall, at Close of Escrow, cause the Grant Deed to be recorded without setting forth the amount of County and any City Documentary Transfer Tax paid by Seller. The Grant Deed may show such amount after it is recorded.

9.4 **Buyer's Charges.** Buyer shall pay (i) one-half (½) of Escrow Holder's fee, (ii) Fifty percent (50%) of the CLTA Standard title policy premium and fee for a mechanics lien endorsement and the entire cost of the extra premium for any ALTA Extended Coverage Title Policy or any endorsements, other than a mechanics lien endorsement, over and above that of the premium of the ALTA Standard Owner's Title Policy, (iii) any loan fees, recording fees, and loan title policy costs related to any financing that Buyer may obtain and (iv) usual buyer's document-drafting and recording charges

9.5 **Survival.** The provisions of this Article 9 shall survive the Close of Escrow.

ARTICLE 10

DISTRIBUTION OF FUNDS AND DOCUMENTS

10.1 **Interest.** Escrow Holder is instructed to invest Buyer's Deposit in a federally insured interest bearing account selected by Buyer, and Buyer shall sign such further instructions to Escrow Holder as may be necessary to establish such account.

10.2 **Disbursements.** All disbursements by Escrow Holder shall be made by wire transfer, unless a party unilaterally instructs Escrow Holder, prior to Close of Escrow, to proceed otherwise, in which case, Escrow Holder shall disburse such party's proceeds from this escrow pursuant to such unilateral instruction.

10.3 **Delivery of Instruments.** At the close of this escrow, Escrow Holder shall deliver each non-recorded instrument received by Escrow Holder, if any, to the payee or person (i) acquiring rights under the instrument, or (ii) for whose benefit the instrument was provided, such documents to be sent by United States mail (or held for personal pickup, if requested).

10.4 **Deposit.** Escrow Holder shall, at Closing, hold the Deposit in an interest bearing account for the benefit of Seller, until the earlier of: (i) the Final Payment Date; or (ii) receipt of a joint notice from the parties stating that all amounts owing under the Promissory Note have been fully paid. Upon receipt of notice, executed by both parties, that all amounts owing under the Promissory Note have been paid to Seller, Escrow Holder shall deliver to Seller the remaining balance of the Deposit and all interest thereon (less any unpaid Seller's Charges, which shall be deducted by Escrow Holder). Upon receipt of a notice, executed by both parties, that Buyer has failed to make all payments owed under the Promissory Note on or before the Final Payment Date, Escrow Holder shall: (i) prepare a grant deed conveying good and marketable title to Seller with no additional liens or encumbrances, and (ii) upon receiving and recording said grant deed conveying title to the Property to Seller, pay the balance of the Deposit and all interest thereon (less any unpaid escrow and title charges) to Buyer. If Escrow Holder does not receive one of the two jointly executed notices specified in this Section 10.4 on or before the Final Payment Date, or if Escrow Holder does not receive the Buyer Grant Deed, in recordable form and fully executed by Buyer within fifteen (15) days following the Final Payment Date, Escrow Holder shall deliver the Deposit and all interest thereon (less any unpaid escrow and title charges) to Seller, and Seller shall be permitted to exercise any and all remedies against Buyer, including but not limited to all remedies set forth in the Deed of Trust.

10.5 **Delivery of Copy of Instruments.** Escrow Holder shall, at Close of Escrow, deliver to Seller a conformed copy of Seller's recorded Grant Deed, the recorded Deed of Trust, and each document recorded to place title in the condition required by this Agreement.

ARTICLE 11

CLOSE OF ESCROW AND ESCROW INSTRUCTIONS

11.1 **Close of Escrow.** Unless otherwise agreed to in writing by Buyer and Seller, Close of Escrow shall occur on or before the date that is ninety (90) days following the Opening of Escrow ("Closing Date"). At Closing, Escrow Holder shall record the Grant Deed, and immediately thereafter, record the Deed of Trust. If Escrow Holder cannot close escrow on or before the Closing Date, it shall, nevertheless close this escrow when all conditions have been satisfied or waived unless, after the Closing Date and prior to the close of this escrow, Escrow Holder receives a written notice to terminate this escrow from a party who, at the time the notice is delivered, is not in default under this Agreement.

11.2 **Notice of Default; Cure Period.** Should either party believe the other party is in default of this Agreement, the party who believes the other party is in default shall give a written notice of such belief. The party who is sent such notice shall have five (5) Business Days in the case of a monetary default, and ten (10) Business Days in the case of a non-monetary default, from the delivery date of the notice to cure such default.

11.3 **Termination of Escrow.** Escrow Holder will have no liability or responsibility for determining whether or not a party giving a notice of termination is in default under this Agreement. Within three (3) Business Days after receipt of a termination notice from one party, Escrow Holder shall deliver one (1) copy of the notice to the other party. Unless written objection to termination of this escrow is received by Escrow Holder within ten (10) Business Days after Escrow Holder delivers the notice to the other party, or the notice of termination otherwise directs, Escrow Holder shall promptly terminate this escrow and return all funds it then holds and documents held by it to the party depositing the same, except that Escrow Holder may retain such funds and documents usually retained by escrow agents in accordance with standard escrow termination procedures. If written objection to the termination of this escrow is delivered to Escrow Holder within the ten (10) Business Day period, Escrow Holder is authorized to hold all funds and documents delivered to it in connection with this escrow and shall take no further action until otherwise directed, either by the parties' mutual written instructions or by a final order or judgment of a court of competent jurisdiction or final decision obtained through the provisions of Article 14.

11.4 **Legal Remedies of Parties Not Affected.** Neither (i) the exercise of the right of termination, (ii) delay in the exercise of such right, nor (iii) the return of funds and/or documents shall affect the right of the party giving the notice of termination to recover damages or pursue other applicable legal remedies for the other party's breach of this Agreement. Nor shall (A) the delivery of the notice, (B) any failure to object to termination of this escrow, or (C) the return of funds and/or documents affect the right of the other party to recover damages for the breach by the party who gives the notice of termination.

ARTICLE 12

REPRESENTATIONS, WARRANTIES, COVENANTS, RELEASES AND POST CLOSING ITEMS

12.1 **Limit on Escrow Holder's Responsibility.** Escrow Holder shall have no concern with, nor liability nor responsibility for, this Article.

12.2 **Brokerage Commission or Finder's Fee.** Upon full payment of the Additional Purchase Price to Seller, and subject to the Property being conveyed to Buyer, Seller shall pay a commission to Duane Levy and Associates and Parkstone Companies. The commission is to be split 50/50 with the total amount being three (3%) of the purchase price. Each party warrants to the other that the warranting party has incurred no obligation, by reason of this Agreement or the transaction contemplated hereby, for a real estate brokerage commission or finder's fee for which the other party would be liable. Each party shall hold the other party free and harmless from and against any damage or expense the other party may incur by reason of the untruth as to the warranting party of the foregoing warranty, including expenses for attorney's fees and court costs. The obligations of this section shall survive the Close of Escrow and delivery of the Grant Deed.

12.3 **Seller and Joint Warranties and Representations.** The representations and warranties set forth in this Section 12.3 shall be true as of the date of this Agreement and as of the Close of Escrow. Buyer and Seller, each to the other, hereby represent and warrant that (a) the transaction contemplated by this Agreement has been duly authorized by all necessary actions or approvals on the part of Buyer and Seller, respectively, (b) no other authorizations or approvals are necessary to enable the warranting party to enter into and perform this Agreement, (c) the warranting party is duly organized and existing and in good standing under the laws of the State of California, (d) the warranting party has the full right, capacity, power and authority to enter into this Agreement and carry out the terms of this Agreement, and (e) this Agreement and all other documents contemplated hereby and thereby when executed and delivered by the warranting party will be legally valid and binding obligations of the warranting party enforceable against the warranting party in accordance with their respective terms. Seller further warrants and represents to Buyer, that to the best of its knowledge:

(a) No Further Encumbrances. So long as this Agreement is in effect, Seller shall not allow title to the Property to become further encumbered or clouded except as may be caused by Buyer.

(b) No Default. The consummation of the transaction contemplated by this Agreement, and the payment and performance of all of the obligations of Seller hereunder, will not result in any breach of, or constitute a default under, any contract, loan or credit agreement, corporate charter, bylaws, trust indenture or any other instrument to which Seller is a party or by which Seller may be bound or affected.

(c) No Pending Action. Seller is not aware of, and has not been informed of, any actions, proceedings, investigations or condemnation or eminent domain proceedings pending against Seller and/or the Property, or any threatened, before or by any court, arbitrator, administrative agency or other governmental authority which affect the Property or the ability of Seller to convey the Property to Buyer.

(d) No Possessory Rights, Leases or Options. There are no recorded or unrecorded agreements or instruments which create third party possessory rights to the Property; there are no oral or written leases, subleases, occupancies or tenancies in effect pertaining to the Property; and no parties other than Seller is in possession of the Property. There are no oral or written purchase agreements, options to purchase, first rights of refusal, or other purchase rights in effect pertaining to the Property.

(e) No Mechanics' Liens. Seller represents and warrants that all contractors, subcontractors, material suppliers and professional consultants performing work on or with respect to the Property have been paid in full for any work performed for the Property, and that the Property shall be conveyed to Buyer at Close of Escrow free of any mechanics' or materialmen's liens.

(f) Hazardous Materials. Seller is not aware of and has not been informed that: (a) there are any Hazardous Materials located on or under the Property in violation of any applicable Hazardous Materials Laws or (b) any environmental condition on or under the Property requires a remediation under any applicable Hazardous Materials Laws.

(g) As Is. Except for the representations and warranties expressly set forth in this Agreement, there are no representations or warranties of any kind whatsoever, expressed or implied, made by Seller in connection with this Agreement, the purchase of the Property by Buyer, its condition or whether the Property is appropriate for Buyer's intended use. To be sure, Seller makes no other warranties whatsoever with regards to the Property and offers and sells the Property to Buyer "AS IS, WHERE IS, WITH ALL FAULTS" and Seller makes no representation or warranty of any kind regarding hazardous materials or the environmental condition of the property;

(h) Property Condition. Seller makes no representations or warranties as to the physical condition of the Property or in connection with any matter relating to its condition, value, fitness, use or applicable regulations on which Buyer may rely directly or indirectly, or as to any operative or proposed governmental laws or regulations to which the Property may be subject.

12.4 Buyer Representations and Warranties and Release.

Buyer represents and warrants to Seller:

(a) Buyer has or will have, prior to the Close of Escrow, fully investigated the Property and all matters pertaining thereto to the extent Buyer deems it appropriate to do so;

(b) Buyer, in entering into this Agreement and in completing its purchase of the Property, is relying on its own investigation of the Property based upon its experience in and knowledge of real property acquisition;

(c) Buyer is, or will be, prior to the Close of Escrow, aware of applicable zoning regulations, other government requirements, site and physical conditions, and other matters affecting the use and condition of the Property to the extent Buyer deems it appropriate to do so; and

(d) Buyer is relying solely upon its own inspection, investigation and analyses of the Property and the matters described above and Buyer's own verification of the information contained in all documents reviewed by Buyer related to the Property in entering into this Agreement and is not relying in any way upon any other representations, statements, agreements, warranties or other information or material furnished by Seller or its representatives, whether oral or written, express or implied, of any nature whatsoever regarding any such matters. Buyer is acquiring the Property and improvements "AS IS, WHERE IS, WITH ALL FAULTS," in its present state and condition. As part of Buyer's agreement to purchase and accept the Property "AS IS, WHERE IS, WITH ALL FAULTS" and not as a limitation on such agreement, effective as of the Close of Escrow, and except with respect to the specific representations, warranties, and obligations of Seller under this Agreement, Buyer for itself and each of its present and future officers, directors, employees, agents, parties, affiliates, representatives, subsidiaries, parent and affiliated corporations, successors, assigns, trustees and beneficiaries (collectively, the "Buyer-Related Entities") hereby unconditionally and irrevocably waives, and to the fullest extent permitted by law, releases, discharges and forever acquits Seller and each of its past, present and future members, managers, officers, employees, agents, parties, affiliates, representatives, subsidiaries, parent and affiliated companies, predecessors, successors, and assigns (collectively, the "Seller-Related Entities") from (i) any claims related to the physical condition, status, quality, nature or environmental condition of the Property; (ii) any claims related to any violation of, noncompliance with, or enforcement of any applicable laws, regulations or ordinances with respect to the Property; and (iii) any and all liabilities, whether known or unknown, existing or potential, which Buyer or the Buyer-Related Entities have, assert or hereafter may have or assert, against Seller or any of the Seller-Related Entities by reason of any purported act or omission on the part of Seller or any of the Seller-Related Entities occurring prior to the Close of Escrow, which liabilities are based upon, arise out of, or are in any way connected with (a) the condition, status, quality, nature, contamination or environmental state of the Property; (b) any violation of, noncompliance with, or enforcement of any hazardous substances laws with respect to the Property; or (c) any use, generation, storage, release, threatened release, discharge, disposal, or presence of any hazardous substances on, under, or about the Property, or affecting the Property.

(e) Buyer acknowledges that, except as expressly stated herein, Seller makes no representation or warranty as to the truth, accuracy or completeness of any materials, data or information delivered by Seller or its brokers or agents to Buyer in connection with the transaction contemplated hereby. All materials, data and information delivered by Seller to Buyer are provided to Buyer as a convenience only and any reliance on or use of such materials, data or information by Buyer shall be at the sole risk of Buyer. Neither Seller, nor any affiliate of Seller, nor any person or entity which prepared any report delivered by Seller to Buyer shall have any liability to Buyer for any inaccuracy in or omission from any report.

As part of the provisions of this Section, but not as a limitation thereon, Buyer, for itself and the Buyer-Related Entities, with respect to the waiver and release set forth above, hereby expressly waives the provisions of Section 1542 of the Civil Code of California, which provides as follows:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR. "

The provisions of this Section are material and included as a material portion of the consideration given to Seller by Buyer in exchange for Seller's performance hereunder.

By initialing this clause, Buyer acknowledges that this Section has been read and fully understood and that Buyer has had the opportunity to seek advice from its counsel about its meaning and significance.

/s/ DD
Buyer's Initials

If Seller should obtain actual knowledge of a material inaccuracy in any of Seller's representations and warranties which would materially adversely affect the Property before Close of Escrow, Seller shall promptly notify Buyer in writing (which notice shall include copies of any instrument, correspondence or document upon which Seller's notice is based). Buyer shall have five (5) Business Days after receipt of such notice to terminate this Agreement by giving Seller written notice thereof, in which event the Deposit and all interest accrued thereon shall be returned to Buyer, and neither Buyer nor Seller shall have any further rights or obligations hereunder except for those provisions which by their terms survive termination.

12.5 **Buyer Covenants.** Until Buyer has paid in full the Additional Purchase Price owed under the Promissory Note, Buyer shall not do any of the following without Seller's prior written consent: (i) allow title to the Property to become further encumbered or clouded in any manner; (ii) convey any right, title, or interest in the Property to any third party; (iii) bring or allow any Hazardous Materials onto the Property; or (iv) materially alter the physical condition of the Property. Until Buyer has paid in full the Additional Purchase Price owed under the Promissory Note, Buyer agrees to pay all property taxes and other costs associated with ownership of the Property, including complying with the insurance coverage requirements set forth in Schedule 2 of the Deed of Trust, and agrees to timely perform all obligations of Maker under the Promissory Note and of Trustor under the Deed of Trust. If Buyer does not pay in full the Additional Purchase Price on or before the Final Payment Date, Buyer agrees to immediately convey good and marketable title to the Property to Seller, with no additional liens or encumbrances beyond those existing at Closing. Buyer shall defend, indemnify and hold harmless Seller and Seller-Related Entities for any claims, liabilities, damages, costs, injuries, liens, actions or judgments of any kind or nature arising out of or relating to any breach of Buyer's obligations under this paragraph or Buyer's possession or ownership of the Property.

12.6 **Reservation of Property.** The parties understand and agree that upon execution of this Agreement, Seller shall cease all marketing efforts related to the Property and all negotiations with other potential purchasers of the Property.

12.7 **Survival.** The provisions of this Article 12 shall survive the Close of Escrow.

ARTICLE 13

ASSIGNMENT

13.1 **Limit on Escrow Holder's Responsibility.** Escrow Holder shall have no concern with, nor liability nor responsibility for, this Article.

13.2 **Assignment by Buyer.** Buyer shall have the right to assign this Agreement and escrow provided (i) such assignee assumes all obligations of Buyer under this Agreement in writing, (ii) satisfactory proof of the assignee's ability to satisfy Buyer's obligations under the Promissory Note and Deed of Trust is provided to Seller, in Seller's sole discretion, (iii) the assignee is qualified to do business in California, and (iv) Buyer delivers written notice of its request to assign this Agreement and request for Seller's consent and the information regarding the financial ability of assignee to Seller and Escrow Holder prior to the Closing Date. Seller shall not unreasonably withhold its consent to such assignment.

13.3 **Effect of Approved Assignment.** In the event of any such approved assignment, the assignee shall be and become (i) the grantee of Seller's Grant Deed; (ii) the insured owner under the Title Policy; (iii) the payor under the Promissory Note and trustor under the Deed of Trust, and (iv) the person(s) having the right or obligation to (a) make payments, (b) deliver statements, (c) deliver documents, (d) give approvals, (e) waive conditions, or (f) make demands, all as may be permitted or required by this Agreement and not then already accomplished by Buyer or another approved assignee.

ARTICLE 14

JUDICIAL REFERENCE

The parties agree to submit any dispute between them arising from this Agreement to Judicial Arbitration and Mediation Services, Inc. ("JAMS") in Ventura County, California. In the event an action is filed in any court by either party to this Agreement involving a dispute arising from this Agreement, except for actions requesting injunctive relief or specific performance or related causes of action requesting the prevention of irreparable injury, either party may, upon five (5) days' notice to the other party, apply ex parte to the Court for a reference of the entire dispute to JAMS in accordance with Code Of Civil Procedure Section 638(1). For either voluntary submission of a dispute to JAMS or reference by the Court in the event an action has been filed, the parties shall mutually select a member from JAMS' panel to hear the dispute. In the event the parties cannot mutually select a member from the panel within ten (10) days after submission of the dispute to JAMS, then JAMS shall select the hearing officer. The hearing shall take place in Ventura County, California, on the first available date on the calendar of the hearing officer, or on such other date as the parties may agree upon in writing. This agreement to seek voluntary reference to resolve disputes shall not apply to any claim or action in which any of the causes of action includes disputes involving third parties other than the parties to this Agreement. The provisions of this Article 14 shall survive the Close of Escrow or termination of this Agreement.

BUYER AND SELLER ACKNOWLEDGE THAT BY AGREEING TO RESOLVE DISPUTES AS PROVIDED IN THIS ARTICLE THEY ARE GIVING UP THEIR RESPECTIVE RIGHTS TO HAVE SUCH DISPUTES TRIED BEFORE A JURY.

/s/ DD
Buyer's Initials

/s/ HSE
Seller's Initials

ARTICLE 15

GENERAL PROVISIONS

15.1 **Severability.** If any provision of this Agreement or the application of such provision to any person, entity, or circumstance is found invalid or unenforceable by a court of competent jurisdiction, that determination by such court shall not affect the other provisions of this Agreement and all other provisions of this Agreement shall be deemed valid and enforceable.

15.2 **Further Assurances.** Each Party agrees to execute such documents and take such further actions as are reasonably necessary to carry out the provisions of this Agreement.

15.3 **No Partnership Relationship.** Nothing contained in this Agreement shall be construed as creating the relationship of principal and agent, partnership, or joint venture between Seller and Buyer.

15.4 **Gender, Number.** Whenever the context requires, the use herein of (i) the neuter gender includes the masculine and the feminine, and (ii) the singular number includes the plural.

15.5 **Business Days.** If the (i) stated Closing Date, or (ii) last day for performance of an act falls upon a day during which Escrow Holder is not open for business, the Closing Date or such last day, as the case may be, will be the next following regular Business Day of Escrow Holder.

15.6 **Survival of Provisions.** Except as expressly set forth in this Agreement to the contrary, the representations, warranties, agreements and indemnities set forth in this Agreement shall remain operative and shall survive the termination of this Agreement or the closing and execution and delivery of Seller's Grant Deed and shall not be merged in Seller's Grant Deed.

15.7 **Authority of Signatories.** Buyer and Seller each represent with respect to itself that each individual signing this Agreement on its behalf (i) is duly authorized to sign and deliver this Agreement on its behalf, and (ii) this Agreement is binding upon such party in accordance with its terms.

15.8 **Captions.** Captions in this Agreement are inserted for convenience of reference only and do not define, describe or limit the scope or the intent of this Agreement.

15.9 **Exhibits.** All exhibits referred to in this Agreement are attached to, and are a part of, this Agreement.

15.10 **Entire Agreement.** This Agreement contains the entire agreement between the parties relating to the transaction contemplated hereby and all prior or contemporaneous agreements, understandings, representations and statements, oral or written, are merged herein.

15.11 **Modifications and Waivers.** No modification, waiver or discharge of this Agreement shall be valid unless the same is in writing and signed by the party against which the enforcement of such modification, waiver or discharge is or may be sought.

15.12 **Attorney's Fees and Costs.** If either party commences an action for the interpretation, reformation, enforcement (including, but not limited to, the enforcement of any indemnity provisions set forth in this Agreement), breach or rescission hereof, the prevailing party shall be entitled to a judgment against the other for an amount equal to reasonable attorneys' fees and court and other costs incurred.

15.13 **Successors.** All terms of this Agreement shall be binding upon and inure to the benefit of the parties and their respective administrators or executors, permitted successors and assigns.

15.14 **Counterparts.** This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one instrument.

15.15 **Applicable Law.** This Agreement shall be construed and enforced in accordance with the laws of the State of California.

15.16 **Time of Essence.** Time is of the essence of each and every provision of this Agreement in which time is an element.

15.17 **Confidentiality.** Buyer and Seller agree that the economic terms of this Agreement shall remain confidential and shall not be disclosed to any brokers or third parties (other than to a party's lender(s) or consultants) without the express consent of the other party. Seller shall have the right to disclose any and all terms of this Agreement in any filings and disclosures as required under SEC rules and regulations without the consent of Buyer and without being in violation of this provision.

15.18 **Notices.** Unless otherwise provided herein, all notices, demands or other communications given hereunder shall be in writing and shall be deemed to have been duly delivered upon personal delivery, or on receipt of a telecopy on a Business Day (provided it is received before 5:00 p.m. local time at the place of delivery; and if received after 5:00 p.m. local time at the place of delivery, or if it is received on a day that is not a Business Day, then it is deemed received on the next Business Day), or on the first (1st) Business Day after deposit with Federal Express or other overnight courier service, or as of the second (2nd) Business Day after mailing by United States registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to Seller: Templeton Santa Barbara LLC
1141 Cummings Road
Santa Paula, CA 93060
Attn: Harold S. Edwards
Facsimile: 805-525-8761
E-mail: hedwards@linoneira.com

With a copy to: Stowell, Zeilenga, Ruth, Vaughn & Treiger, LLP.
4590 E. Thousand Oaks Blvd.
Suite 100
Westlake Village, CA 91362
Attention: James D. Vaughn
Facsimile: 805-446-1490
E-mail: jvaughn@szrlaw.com

If to Buyer:

And a copy to:

If to Escrow Holder: Lawyers Title
2751 Park View Court
Oxnard, CA 93036
Facsimile: 805-278-7362
E-mail: _____

Notwithstanding the above, notice of Buyer's election to terminate prior to the expiration of the Feasibility Period or notices of Buyer's objections to title (and Seller's response) and notices of termination by Buyer for Disapproved Title Exceptions that Seller has not agreed to cure may be sent electronically. Any party may change its address for notices by giving notice as set forth herein.

IN WITNESS WHEREOF, this Agreement has been executed as of the date set forth at the beginning hereof.

"BUYER"

MI Land, LLC,
a California limited liability company

By: /s/ Dave Daniels
Its: Managing Member

"SELLER"

Templeton Santa Barbara, LLC,
a Nevada Limited Liability Company.

By: Limoneira Company
Its: Manager

By: /s/ Harold S. Edwards
Harold S. Edwards
Its: President

CONSENT OF ESCROW HOLDER

The undersigned Escrow Holder hereby agrees to (i) accept the foregoing Agreement, (ii) be escrow agent under said Agreement, (iii) comply with the requirements of Section 6045 of the Internal Revenue Code with respect to the transaction contemplated by the foregoing Agreement, and (iv) be bound by said Agreement in the performance of its duties as escrow agent; provided, however, the undersigned shall have no obligations, liability or responsibility under (a) this Consent or otherwise, unless and until said Agreement, fully signed by the parties, has been delivered to the undersigned, or (b) any amendment to said Agreement unless and until the same is accepted by the undersigned in writing.

Dated: _____

Lawyers Title

By: _____

LIST OF EXHIBITS

Exhibit "A"	Legal Description
Exhibit "B"	Grant Deed
Exhibit "C"	Promissory Note and Deed of Trust
Exhibit "D"	Assignment of Property Rights

EXHIBIT "A"

LEGAL DESCRIPTION OF THE PROPERTY

EXHIBIT "B"

GRANT DEED

When Recorded Mail To and Mail Tax Statements To:

SPACE ABOVE FOR RECORDER'S USE ONLY

GRANT DEED

In accordance with Section 11932 of the California Revenue and Taxation Code, Grantor has declared the amount of transfer tax which is due by a separate statement which is not being recorded with this Grant Deed.

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged Templeton Santa Barbara, LLC, a Nevada limited liability company ("Grantor"), hereby grants to MI Land, LLC, a California limited liability company ("Grantee"), the real property in the City of Santa Maria, County of Santa Barbara, State of California described on Schedule 1 attached hereto (the "Property").

MAIL TAX STATEMENTS AS DIRECTED ABOVE.

This conveyance is subject to all matters of record affecting title.

IN WITNESS WHEREOF, this instrument has been executed as of this ____ day of _____, 2013.

Templeton Santa Barbara, LLC,
a Nevada Limited Liability Company.

By: Limoneira Company
Its: Manager

By: _____
Harold S. Edwards
Its: President

SCHEDULE 1

LEGAL DESCRIPTION OF PROPERTY

STATE OF CALIFORNIA)
COUNTY OF _____)

On _____, 2013, before me, _____, 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 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)

Grant Deed

Document No. _____

Date Recorded _____

**STATEMENT OF TAX DUE AND REQUEST THAT TAX DECLARATION
NOT BE MADE A PART OF THE PERMANENT RECORD
IN THE OFFICE OF THE COUNTY RECORDER**
(Pursuant to Section 11932 R&T Code)

To: Registrar-Recorder
County of Santa Barbara

Request is hereby made in accordance with the provisions of the Documentary Transfer Tax Act that the amount of tax due not be shown on the original document which names: Templeton Santa Barbara, LLC, a Nevada limited liability company ("Grantor"), and MI Land, LLC, a California limited liability company ("Grantee").

Property described in the accompanying document is located in the City of Santa Maria, County of Santa Barbara, State of California.

The amount of tax due on the accompanying document is \$ _____.

_____ Computed on full value of property conveyed, or

_____ Computed on full value less liens and encumbrances remaining at time of sale.

Templeton Santa Barbara, LLC,
a Nevada Limited Liability Company.

By: Limoneira Company
Its: Manager

By: _____
Harold S. Edwards
Its: President

EXHIBIT "C"

Form of P/M Note

PURCHASE MONEY PROMISSORY NOTE SECURED BY DEED OF TRUST

FOR VALUE RECEIVED, the undersigned MILAND, LLC, a California limited liability company ("Maker"), promises to pay to the order of TEMPLETON SANTA BARBARA, LLC, a Nevada limited liability company ("Holder"), at 1141 Cummings Road, Santa Paula, California 93060, or at such other place as may be designated in writing by Holder, the Additional Purchase Price, as defined in and calculated in accordance with the terms of Section 1.2 of that certain Purchase and Sale Agreement and Escrow Instructions entered into by Maker as "Buyer" and Holder as "Seller," dated as of _____, 2013 (the "Purchase Agreement"), for the property, on or before the earlier of (i) 30 days following final City of Santa Maria approval of a tentative map for the Property (as defined in the Purchase Agreement), or (ii) October 24, 2014 (the "Maturity Date"). All capitalized terms not otherwise defined herein shall have the meaning set forth in the Purchase Agreement.

The Additional Purchase Price shall accrue simple interest thereon at the rate of five percent (5%) per annum, and Maker shall pay to Holder all such interest on the Additional Purchase Price then owing on or before the last day of each full month following the Closing, and continuing until the Additional Purchase Price and all interest thereon have been paid in full to Holder.

All sums owing hereunder are payable in lawful money of the United States of America, in immediately available funds.

This Note is secured by, among other things, a deed of trust ("Deed of Trust") of even date herewith executed by Maker as Trustor for the benefit of Holder as Beneficiary.

If the Additional Purchase Price has not been paid in full by the Maturity Date, then, from and after the Maturity Date, all sums owing on this Note shall bear interest until paid in full at the rate of ten percent (10%) per annum, or the maximum interest rate permitted by law, if less.

If: (a) Maker shall fail to pay when due any sums payable hereunder; or (b) an Event of Default (as defined in the Deed of Trust) occurs under the Deed of Trust or under any obligation secured thereby; or (c) the property which is subject to the Deed of Trust, or any portion thereof or interest therein, is sold, transferred, mortgaged, assigned or encumbered, whether voluntarily or involuntarily or by operation of law or otherwise, other than as expressly permitted by Holder in writing; THEN Holder may, at its sole option, declare all sums owing under this Note immediately due and payable.

If any attorney is engaged by Holder to enforce or defend any provision of this Note or the Deed of Trust, or as a consequence of any Default, with or without the filing of any legal action or proceeding, then Maker shall pay to Holder immediately upon demand all attorneys' fees and all costs incurred by Holder in connection therewith, together with interest thereon from the date of such demand until paid at the rate of interest applicable to the principal balance owing hereunder as if such unpaid attorneys' fees and costs had been added to the principal.

No previous waiver and no failure or delay by Holder in acting with respect to the terms of this Note or the Deed of Trust shall constitute a waiver of any breach, default, or failure of condition under this Note, the Deed of Trust or the obligations secured thereby. A waiver of any term of this Note, the Deed of Trust or of any of the obligations secured thereby must be made in writing and shall be limited to the express written terms of such waiver. In the event of any inconsistencies between the terms of this Note and the terms of any other document related to the loan evidenced by this Note, the terms of this Note shall prevail.

If this Note is executed by more than one person or entity as Maker, the obligations of each such person or entity shall be joint and several. No person or entity shall be a mere accommodation maker, but each shall be primarily and directly liable hereunder. Except as otherwise provided in any agreement executed in connection with this Note, Maker waives: presentment; demand; notice of dishonor; notice of default or delinquency; notice of acceleration; notice of protest and nonpayment; notice of costs, expenses or losses and interest thereon; notice of late charges; and diligence in taking any action to collect any sums owing under this Note or in proceeding against any of the rights or interests in or to the property securing payment of this Note.

Time is of the essence with respect to every provision hereof. This Note shall be construed and enforced in accordance with the laws of the State of California.

“MAKER”

MI LAND, LLC,
a California limited liability company

By: _____
Its: _____

By: _____
Its: _____

Form of P/M Deed of Trust

RECORDING REQUESTED BY AND WHEN
RECORDED MAIL TO:

THIS SPACE ABOVE FOR RECORDER'S USE

**DEED OF TRUST, ASSIGNMENT OF RENTS,
SECURITY AGREEMENT AND FIXTURE FILING**

THIS DEED OF TRUST, ASSIGNMENT OF RENTS, SECURITY AGREEMENT AND FIXTURE FILING is made this ____ day of _____, 20__, by MI LAND, LLC, a California limited liability company, whose address is _____ ("Trustor"), to _____ (herein "Trustee"), in favor of TEMPLETON SANTA BARBARA, LLC, a Nevada limited liability company, whose address is 1141 Cummings Road, Santa Paula, California 93060 (herein "Beneficiary").

TRUSTOR, in consideration of the indebtedness herein recited and the trust herein created, irrevocably grants, conveys, transfers and assigns to Trustee, its successors and assigns, in trust, with power of sale and right of entry and possession, all of Trustor's estate, right, title and interest in, to and under that certain real property located in the County of Santa Barbara, State of California, consisting of approximately 8.36 acres of undeveloped land and more particularly described in Schedule 1 attached hereto and incorporated herein by this reference (the "Land");

TOGETHER with all structures and improvements now existing or hereafter erected on the aforesaid Land, all easements, rights and appurtenances thereto or used in connection therewith, all rents, royalties, issues, profits, revenues, income and other benefits thereof or arising from the use or enjoyment of all or any portion thereof (subject, however, to the rights and authorities given herein to Trustor to collect and apply such rents, royalties, issues, profits, revenues, income and other benefits), all interests in and rights, royalties and profits in connection with all minerals, oil and gas and other hydrocarbon substances thereon or therein, development rights or credits, Trustor's rights under any payment, performance or other bond in connection with construction of any such improvements on the Land, all construction materials, supplies and equipment delivered to the real property or used or to be used in connection with the construction of any such improvements, contracts, agreements, and purchase orders with contractors, subcontractors, suppliers and materialmen incidental to construction of any such improvements, all drawings, maps, plats, and surveys of the Land prepared by or on behalf of Trustor, air rights, water, water rights (whether riparian, appropriative, or otherwise, and whether or not appurtenant) and water stock, all documents, instruments, general intangibles, chattel paper, accounts, accounts receivable, deposit accounts and contract rights relating to the aforesaid property or the operation thereof, or used in connection therewith, including without limitation all of Trustor's rights under any declaration of covenants, conditions and restrictions which has been or will be recorded with respect to the aforesaid Land, all governmental permits and approvals relating to the Land, including without limitation final map approvals, master set approvals and building permits, all fixtures, machinery, equipment, building materials, appliances and goods of every nature whatsoever (herein collectively called "equipment and other personal property") now or hereafter located in, or on, or attached or affixed to, or used or intended to be used in connection with, the aforesaid Land or the improvements thereon, including, but without limitation, all heating, lighting, laundry, plumbing, fire prevention, fire extinguishing, refrigerating, ventilating, and communications apparatus, air cooling and air conditioning apparatus, shades, awnings, blinds, curtains, drapes, attached floor coverings, including rugs and carpeting, screens, storm doors and windows, stoves, refrigerators, dishwashers and other installed appliances, attached cabinets, partitions, ducts and compressors, and trees, plants and other items of landscaping whether the same are annexed to said real property or not, all of which, including replacements thereof and additions thereto, shall, to the fullest extent permitted by law and for the purposes of this Deed of Trust, be deemed to be part and parcel of, and appropriated to the use of, said real property and, whether affixed or annexed thereto or not, be deemed conclusively to be real property and conveyed by this Deed of Trust, and Trustor agrees to execute and deliver, from time to time, such further instruments and documents as may be required by Beneficiary to confirm the lien of this Deed of Trust on any of the foregoing; all of the foregoing property referred to in this paragraph, together with said described real property, is herein referred to as the "Mortgaged Property";

FOR THE PURPOSE OF SECURING, in such order of priority as Beneficiary may elect:

- (a) Payment of that certain Purchase Money Note of even date herewith given by Trustor to Beneficiary and evidencing Trustor's obligation to pay a portion of the purchase price for the Land (as the same may be amended, modified or supplemented from time to time, the "P/M Note");
- (b) The payment of all other sums which may be advanced by or otherwise be due to Trustee or Beneficiary under any provision of this Deed of Trust or under any provision of the P/M Note; and
- (c) The performance of each and every one of the covenants and agreements of Trustor contained herein and in the P/M Note, as the same may be amended, modified or supplemented from time to time.

ARTICLE I.

COVENANTS OF TRUSTOR

To protect the security of this Deed of Trust, Trustor covenants and agrees as follows:

1.1 Performance of Obligations Secured. Trustor shall promptly pay when due the P/M Note and any sums payable to Beneficiary hereunder, and shall further perform fully and in a timely manner all other obligations of Trustor pertaining to the Mortgaged Property contained herein or in the P/M Note. All sums payable by Trustor hereunder shall be paid without demand, counterclaim, offset, deduction or defense. Trustor waives all rights now or hereafter conferred by statute or otherwise to any such demand, counterclaim, setoff, deduction or defense.

1.2 Insurance. Trustor shall maintain and keep in full force and effect at all times during Trustor's ownership of the Mortgaged Property the insurance coverages described in Schedule 2 attached hereto and incorporated herein by this Agreement. All losses under said insurance shall be payable to Beneficiary and shall be applied in the manner provided in herein. Certificates evidencing the required insurance, together with receipts for the payment of premiums thereon, shall be delivered to Beneficiary contemporaneously with the recordation of this Deed of Trust. All renewal and replacement policies or certificates thereof shall be delivered to Beneficiary at least fifteen (15) days before the expiration of the expiring policies. Beneficiary shall not by the fact of approving, disapproving, accepting, preventing, obtaining or failing to obtain any insurance, incur any liability for or with respect to the amount of insurance carried, the form or legal sufficiency of insurance contracts, solvency of insurance companies, or payment or defense of lawsuits, and Trustor hereby expressly assumes full responsibility therefor and all liability, if any, with respect thereto.

1.3 Condemnation and Insurance Proceeds. The proceeds of any insurance, award or claim for damages, direct or consequential, in connection with any condemnation or other taking of or damage or injury to the Mortgaged Property, or any part thereof, or for conveyance in lieu of condemnation, are hereby assigned to Beneficiary as additional security. In addition, all causes of action, whether accrued before or after the date of this Deed of Trust, of all types for damages or injury to the Mortgaged Property or any part thereof, or in connection with or affecting the Mortgaged Property or any part thereof, including without limitation causes of action arising in tort or contract and causes of action for fraud or concealment of a material fact, are hereby assigned to Beneficiary as additional security, and the proceeds thereof shall be paid to Beneficiary. Beneficiary may at its option appear in and prosecute in its own name any action or proceeding to enforce any such cause of action and may make any compromise or settlement thereof. Trustor, immediately upon obtaining knowledge of the institution of any proceedings relating to condemnation or other taking of or damage or injury to the Mortgaged Property or any portion thereof, or knowledge of any casualty damage to the Mortgaged Property or damage in any other manner, will immediately notify Beneficiary in writing. Beneficiary may participate in any such proceedings and may join Trustor in adjusting any loss covered by insurance.

All compensation, awards, proceeds, damages, claims, insurance, recoveries, rights of action and payments which Trustor may receive or to which Trustor may become entitled with respect to the Mortgaged Property or any part thereof shall be paid over to the Beneficiary and shall be applied first toward reimbursement of all reasonable costs and expenses of Beneficiary in connection with recovery of the same, including reasonable attorney's fees. To the extent such funds are available more than sixty (60) days prior to the Maturity Date specified in the P/M Note, beneficiary shall permit Trustor to use the balance of such compensation, awards, proceeds, claims, insurance recoveries, rights of action and payments (the "Net Claims Proceeds") to pay costs of repairing or reconstructing the Mortgaged Property in the manner described below, provided (i) the Net Claims Proceeds are sufficient in Beneficiary's determination to pay for the total cost of repair or reconstruction; or Trustor has provided its own funds in an amount equal to the difference between the Net Claims Proceeds and a reasonable estimate, made by Trustor and found acceptable to Beneficiary, of the total cost of repair or reconstruction, and (ii) no Event of Default shall have occurred and be continuing hereunder. If Beneficiary finds that one or more of the foregoing conditions are not satisfied, Beneficiary may elect, in its sole discretion, either to apply the Net Claims Proceeds in payment of all or any portion of the P/M Note or to make the Net Claims Proceeds available to Trustor to pay the costs of reconstructing or repairing the Mortgaged Property. Trustor hereby specifically, unconditionally and irrevocably waives all rights of a property owner granted under California Code of Civil Procedure Section 1265.225(a), which provides for allocation of condemnation proceeds between a property owner and a lienholder, and any other law or successor statute of similar import.

1.4 Taxes, Encumbrances, Liens and Other Items. Trustor shall pay all taxes, bonds, assessments, fees, liens, charges, fines, impositions and any and all other items which are attributable to or affect the Mortgaged Property and which may attain a priority over this Deed of Trust by making payment prior to delinquency directly to the payee thereof.

Trustor shall keep the Mortgaged Property free and clear of any and all liens and encumbrances. Any encumbrance of all or any portion of the Mortgaged Property or any of Trustor's interest in the Mortgaged Property without Beneficiary's prior written consent, which consent Beneficiary may grant or withhold in its sole and absolute discretion, shall constitute an Event of Default (as that term is defined below), with all remedies, including but not limited to the remedy of acceleration, accruing to Beneficiary as detailed below.

Trustor shall keep the Mortgaged Property free and clear of any and all mechanics' liens and/or materialmen's liens for any work performed or materials delivered for the Mortgaged Property (collectively, the "Mechanics' Liens"). Notwithstanding the foregoing, Trustor may contest, in good faith, any such Mechanics' Liens; provided, however, that Trustor shall give Beneficiary prompt written notice of such contest and take such actions as may be necessary or appropriate to protect Beneficiary and the Mortgaged Property from such contest including, but not limited to, the posting of a mechanics' lien release bond or such other security as Beneficiary may request in its sole discretion. Trustor shall promptly discharge any lien which has or may attain priority over this Deed of Trust.

1.5 Rents and Profits. All of the rents, royalties, issues, profits, revenue, income and other benefits of the Mortgaged Property arising from the use or enjoyment of all or any portion thereof or from any lease or agreement pertaining thereto (the "Rents and Profits"), whether now due, past due, or to become due, and including all prepaid rents and security deposits, are hereby absolutely, presently and unconditionally assigned, transferred, conveyed and set over to Beneficiary to be applied by Beneficiary in payment of all sums payable under the P/M Note, and of all other sums payable under this Deed of Trust. Prior to the happening of any Event of Default as set forth in this Deed of Trust, Trustor shall have a license to collect and receive all Rents and Profits, which license shall be terminable at the sole option of Beneficiary, without regard to the adequacy of its security hereunder and without notice to or demand upon Trustor, upon the occurrence of any Event of Default. It is understood and agreed that neither the foregoing assignment of Rents and Profits to Beneficiary nor the exercise by Beneficiary of any of its rights or remedies herein shall be deemed to make Beneficiary a "mortgagee-in-possession" or otherwise responsible or liable in any manner with respect to the Mortgaged Property or the use, occupancy, enjoyment or operation of all or any portion thereof, unless and until Beneficiary, in person or by agent, assumes actual possession thereof. Nor shall appointment of a receiver for the Mortgaged Property by any court at the request of Beneficiary or by agreement with Trustor, or the entering into possession of the Mortgaged Property or any part thereof by such receiver, be deemed to make Beneficiary a mortgagee-in-possession or otherwise responsible or liable in any manner with respect to the Mortgaged Property or the use, occupancy, enjoyment or operation of all or any portion thereof.

1.6 Security Agreement. This Deed of Trust is intended to be a security agreement pursuant to the California Uniform Commercial Code for (a) any and all items of personal property specified above as part of the Mortgaged Property which, under applicable law, may be subject to a security interest pursuant to the California Uniform Commercial Code and which are not herein effectively made part of the real property, and (b) any and all items of property specified above as part of the Mortgaged Property which, under applicable law, constitute fixtures and may be subject to a security interest under Section 9-313 of the California Uniform Commercial Code; and Trustor hereby grants Beneficiary a security interest in said property, and in all additions thereto, substitutions therefor and proceeds thereof, for the purpose of securing all indebtedness and other obligations of Trustor now or hereafter secured by this Deed of Trust. Trustor agrees to execute and deliver financing and continuation statements covering said property from time to time and in such form as Beneficiary may require to perfect and continue the perfection of Beneficiary's lien or security interest with respect to said property. Trustor shall pay all costs of filing such statements and renewals and releases thereof and shall pay all reasonable costs and expenses of any record searches for financing statements Beneficiary may reasonably require. Upon the occurrence of any default of Trustor hereunder, Beneficiary shall have the rights and remedies of a secured party under the California Uniform Commercial Code, as well as all other rights and remedies available at law or in equity, and, at Beneficiary's option, Beneficiary may also invoke the remedies provided in Article III of this Deed of Trust as to such property.

1.7 Preservation and Maintenance of Mortgaged Property. Trustor shall keep the Mortgaged Property and any and all improvements hereafter constructed thereon in good condition and repair, and shall not permit or commit any waste, impairment, or deterioration of the Mortgaged Property, or commit, suffer or permit any act upon or use of the Mortgaged Property in violation of law or applicable order of any governmental authority, whether now existing or hereafter enacted and whether foreseen or unforeseen, or in violation of any covenants, conditions or restrictions affecting the Mortgaged Property, or bring or keep any article upon any of the Mortgaged Property or cause or permit any condition to exist thereon which would be prohibited by or could invalidate any insurance coverage maintained, or required hereunder to be maintained, by Trustor on or with respect to any part of the Mortgaged Property, and Trustor further shall do all other acts which from the character or use of the Mortgaged Property may be reasonably necessary to protect the security hereof, the specific enumerations herein not excluding the general.

1.8 Offset Certificates. Trustor, within three (3) days upon request in person or within five (5) days upon request by mail, shall furnish a written statement to Beneficiary duly acknowledged of all amounts estimated to be due to Beneficiary and secured hereby, and stating whether any offsets or defenses exist against the indebtedness secured hereby and covering such other matters with respect to any such indebtedness as Beneficiary may reasonably require.

1.9 Trustee's Costs and Expenses: Governmental Charges. Trustor shall pay all costs, fees and expenses of Trustee, its agents and counsel in connection with the performance of its duties hereunder, including without limitation the cost of any trustee's sale guaranty or other title insurance coverage ordered in connection with any foreclosure proceedings hereunder, and shall pay all taxes (except federal and state income taxes) or other governmental charges or impositions imposed by any governmental authority on Trustee by reason of this Deed of Trust.

1.10 Protection of Security: Costs and Expenses. Trustor shall appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of the Beneficiary or Trustee, and shall pay all costs and expenses, including without limitation cost of evidence of title and reasonable attorneys' fees, in any such action or proceeding in which Beneficiary or Trustee may appear, and in any suit brought by Beneficiary to foreclose this Deed of Trust or to enforce or establish any other rights or remedies of Beneficiary hereunder. If Trustor fails to perform any of the covenants or agreements contained in this Deed of Trust, or if any action or proceeding is commenced which affects Beneficiary's interest in the Mortgaged Property or any part thereof, including, but not limited to, eminent domain, code enforcement, or proceedings of any nature whatsoever under any federal or state law, whether now existing or hereafter enacted or amended, relating to bankruptcy, insolvency, arrangement, reorganization or other form of debtor relief, or to a decedent, then Beneficiary or Trustee may, but without obligation to do so and without notice to or demand upon Trustor and without releasing Trustor from any obligation hereunder, make such appearances, disburse such sums and take such action as Beneficiary or Trustee deems necessary or appropriate to protect Beneficiary's interest, including, but not limited to, disbursement of reasonable attorneys' fees, entry upon the Mortgaged Property to make repairs or take other action to protect the security hereof, and payment, purchase, contest or compromise of any encumbrance, charge or lien which in the judgment of either Beneficiary or Trustee appears to be prior or superior hereto. Trustor further agrees to pay all reasonable expenses of Beneficiary (including fees and disbursements of counsel) incident to the protection of the rights of Beneficiary hereunder, or to enforcement or collection of payment of amounts due under the P/M Note, whether by judicial or nonjudicial proceedings, or in connection with any bankruptcy, insolvency, arrangement, reorganization or other debtor relief proceeding of Trustor, or otherwise. Any amounts disbursed by Beneficiary or Trustee pursuant to this Section shall be additional indebtedness of Trustor secured by this Deed of Trust as of the date of disbursement and shall bear interest at the rate of ten percent (10%) per annum, or the maximum rate permitted by law, if less. All such amounts shall be payable by Trustor immediately without demand. Nothing contained in this Section shall be construed to require Beneficiary or Trustee to incur any expense, make any appearance, or take any other action.

1.11 Fixture Filing. This Deed of Trust constitutes a financing statement filed as a fixture filing in the Official Records of the County Recorder of the county in which the Mortgaged Property is located with respect to any and all fixtures included within the term "Mortgaged Property" as used herein and with respect to any goods or other personal property that may now be or hereafter become such fixtures.

ARTICLE II.

EVENTS OF DEFAULT

Each of the following shall constitute an event of default ("Event of Default") hereunder (including, if Trustor consists of more than one person or entity, the occurrence of any of such events with respect to any one or more of such persons or entities):

2.1 The failure by Trustor to pay or cause to be paid to Beneficiary all amounts payable under the P/M Note when and as due, including without limitation upon any acceleration of the indebtedness thereunder pursuant to the terms of the P/M Note.

2.2 Any encumbrance of all or any portion of the Mortgaged Property or any of Trustor's interest in the Mortgaged Property without Beneficiary's prior written consent.

2.3 A default, other than a default specified in Section 2.1 or 2.2 above, in the performance of any of the covenants or agreements of Trustor pertaining to the Mortgaged Property contained herein or in the P/M Note, and the failure to cure such default within ten (10) days after receipt of written notice thereof from Beneficiary; provided, however, that if such default is of a nature that it cannot be cured within such ten (10) day period, then Trustor shall commence such cure within such ten (10) day period and diligently prosecute such cure to completion.

2.4 The appointment, pursuant to an order of a court of competent jurisdiction, of a trustee, receiver or liquidator of the Mortgaged Property or any part thereof, or of Trustor, or any termination or voluntary suspension of the business of Trustor, or any attachment, execution or other judicial seizure of all or any substantial portion of Trustor's assets which attachment, execution or seizure is not discharged within thirty (30) days.

2.5 The Trustor, or if the Trustor is a partnership any constituent general partner or joint venturer in the Trustor, or if the Trustor is a trust or similar entity any trustee of the Trustor (any and all of the Trustor, any such constituent general partner or joint venturer, and any such trustee being included within the term "Trustor"), shall file a voluntary case under any applicable bankruptcy, insolvency, debtor relief, or other similar law now or hereafter in effect, or shall consent to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator (or similar official) of the Trustor or for any part of the Mortgaged Property or any substantial part of Trustor's property, or shall make any general assignment for the benefit of Trustor's creditors, or shall fail generally to pay Trustor's debts as they become due or shall take any action in furtherance of any of the foregoing.

2.6 A court having jurisdiction shall enter a decree or order for relief in respect of the Trustor, in any involuntary case brought under any bankruptcy, insolvency, debtor relief, or similar law now or hereafter in effect, or Trustor shall consent to or shall fail to oppose any such proceeding, or any such court shall enter a decree or order appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) of the Trustor or for any part of the Mortgaged Property or any substantial part of the Trustor's property, or ordering the winding up or liquidation of the affairs of the Trustor, and such decree or order shall not be dismissed within sixty (60) days after the entry thereof.

2.7 Any other event occurring which, under this Deed of Trust or under the P/M Note, constitutes a default by Trustor hereunder or thereunder pertaining to the Mortgaged Property or gives Beneficiary the right to accelerate the maturity of the indebtedness, or any part thereof, secured hereby.

ARTICLE III.

REMEDIES

Upon the occurrence of any Event of Default, Trustee and Beneficiary shall have the following rights and remedies:

3.1 Acceleration. Beneficiary may declare the P/M Note and all other sums or payments required hereunder to be due and payable immediately.

3.2 Entry. Irrespective of whether Beneficiary exercises the option provided above, Beneficiary in person or by agent or by court-appointed receiver may enter upon, take possession of, manage and operate the Mortgaged Property, including without limitation completing construction of any improvements thereon, and do all things necessary or appropriate in Beneficiary's sole discretion in connection therewith, including without limitation making and enforcing, and if the same be subject to modification or cancellation, modifying or cancelling leases upon such terms or conditions as Beneficiary deems proper, obtaining and evicting tenants, and fixing or modifying rents, contracting for and making repairs and alterations, and doing any and all other acts which Beneficiary deems proper to protect the security hereof; and either with or without so taking possession, in its own name or in the name of Trustor, sue for or otherwise collect and receive the Rents and Profits, including those past due and unpaid, and apply the same less costs and expenses of operation and collection, including reasonable attorneys' fees, upon any indebtedness secured hereby, and in such order as Beneficiary may determine. Upon request of Beneficiary, Trustor shall assemble and make available to Beneficiary any of the Mortgaged Property which has been removed therefrom. The entering upon and taking possession of the Mortgaged Property, or any part thereof, and the collection of any Rents and Profits and the application thereof as aforesaid shall not cure or waive any default theretofore or thereafter occurring or affect any notice or default hereunder or invalidate any act done pursuant to any such default or notice, and, notwithstanding continuance in possession of the Mortgaged Property or any part thereof by Beneficiary, Trustor or a receiver, and the collection, receipt and application of the Rents and Profits, Beneficiary shall be entitled to exercise every right provided for in this Deed of Trust or by law or in equity upon or after the occurrence of a default, including without limitation the right to exercise the power of sale. Any of the actions referred to in this Section may be taken by Beneficiary irrespective of whether any notice of default or election to sell has been given hereunder and without regard to the adequacy of the security for the indebtedness hereby secured.

3.3 Judicial Action. Beneficiary may bring an action in any court of competent jurisdiction to foreclose this instrument or to enforce any of the covenants and agreements hereof.

3.4 Power of Sale. Beneficiary may elect to cause the Mortgaged Property or any part thereof to be sold under the power of sale herein granted in any manner permitted by applicable law. In connection with any sale or sales hereunder, Beneficiary may elect to treat any of the Mortgaged Property which consists of a right in action or which is property that can be severed from the real property covered hereby or any improvements thereon without causing structural damage thereto as if the same were personal property, and dispose of the same in accordance with applicable law, separate and apart from the sale of real property. Any sale of any personal property hereunder shall be conducted in any manner permitted by Section 9501 or any other applicable section of the California Commercial Code. Where the Mortgaged Property consists of real and personal property or fixtures, whether or not such personal property is located on or within the real property, Beneficiary may elect in its discretion to exercise its rights and remedies against any or all of the real property, personal property, and fixtures in such order and manner as is now or hereafter permitted by applicable law. Without limiting the generality of the foregoing, Beneficiary may, in its sole and absolute discretion and without regard to the adequacy of its security, elect to proceed against any or all of the real property, personal property and fixtures in any manner permitted under Section 9501(4)(a) of the California Commercial Code; and if the Beneficiary elects to proceed in the manner permitted under Section 9501(4)(a)(ii) of the California Commercial Code, the power of sale herein granted shall be exercisable with respect to all or any of the real property, personal property and fixtures covered hereby, as designated by Beneficiary, and the Trustee is hereby authorized and empowered to conduct any such sale of any real property, personal property and fixtures in accordance with the procedures applicable to real property.

Where the Mortgaged Property consists of real property and personal property, any reinstatement of the obligation secured hereby, following default and an election by the Beneficiary to accelerate the maturity of said obligation, which is made by Trustor or any other person or entity permitted to exercise the right of reinstatement under Section 2924c of the California Civil Code or any successor statute, shall, in accordance with the terms of California Commercial Code Section 9501(4)(c)(iii), not prohibit the Beneficiary from conducting a sale or other disposition of any personal property or fixtures or from otherwise proceeding against or continuing to proceed against any personal property or fixtures in any manner permitted by the California Commercial Code; nor shall any such reinstatement invalidate, rescind or otherwise affect any sale, disposition or other proceeding held, conducted or instituted with respect to any personal property or fixtures prior to such reinstatement or pending at the time of such reinstatement. Any sums paid to Beneficiary in effecting any reinstatement pursuant to Section 2924c of the California Civil Code shall be applied to the secured obligation and to the Beneficiary's and Trustee's reasonable costs and expenses in the manner required by Section 2924c.

Should Beneficiary elect to sell any portion of the Mortgaged Property which is real property or which is personal property or fixtures that Beneficiary has elected under Section 9501(4)(a)(ii) of the California Commercial Code to sell together with real property in accordance with the laws governing a sale of real property, Beneficiary or Trustee shall give such notice of default and election to sell as may then be required by law. Thereafter, upon the expiration of such time and the giving of such notice of sale as may then be required by law, and without the necessity of any demand on Trustor, Trustee, at the time and place specified in the notice of sale, shall sell said real property or part thereof at public auction to the highest bidder for cash in lawful money of the United States. Trustee may, and upon request of Beneficiary shall, from time to time, postpone any sale hereunder by public announcement thereof at the time and place noticed therefor.

Upon any sale hereunder, Trustee shall execute and deliver to the purchaser or purchasers a deed or deeds conveying the property so sold, but without any covenant or warranty whatsoever, express or implied, whereupon such purchaser or purchasers shall be let into immediate possession; and the recitals in any such deed or deeds of facts, such as default, the giving of notice of default and notice of sale, and other facts affecting the regularity or validity of such sale or disposition, shall be conclusive proof of the truth of such facts and any such deed or deeds shall be conclusive against all persons as to such facts recited therein.

3.5 Proceeds of Sale. The proceeds of any sale made under or by virtue of this Deed of Trust, together with all other sums which then may be held by Trustee or Beneficiary under this Deed of Trust, shall be applied as follows:

FIRST: To the payment of the costs and expenses of sale and of any judicial proceedings wherein the same may be made, including reasonable compensation to Trustee and Beneficiary, their agents and counsel, and to the payment of all expenses, liabilities and advances made or incurred by Trustee under this Deed of Trust, together with interest on all advances made by Trustee at the lower of ten percent (10%) per annum or the maximum rate permitted by law to be charged by Trustee.

SECOND: To the payment of the P/M Note and all other sums required to be paid by Trustor with respect to the Mortgaged Property pursuant to any provisions of this Deed of Trust, including without limitation all expenses, liabilities and advances made or incurred by Beneficiary under this Deed of Trust or in connection with the enforcement thereof.

THIRD: The remainder, if any, to the person or persons legally entitled thereto.

3.6 Waiver of Marshaling. Trustor, for itself and for all persons hereafter claiming through or under it or who may at any time hereafter become holders of liens junior to the lien of this Deed of Trust, hereby expressly waives and releases all rights to direct the order in which any of the Mortgaged Property shall be sold in the event of any sale or sales pursuant hereto and to have any of the Mortgaged Property and/or any other property now or hereafter constituting security for any of the indebtedness secured hereby marshaled upon any foreclosure of this Deed of Trust or of any other security for any of said indebtedness.

3.7 Remedies Cumulative. No remedy herein conferred upon or reserved to Trustee or Beneficiary is intended to be exclusive of any other remedy herein or by law provided, but each shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute. No delay or omission of Trustee or Beneficiary to exercise any right or power accruing upon any Event of Default shall impair any right or power or shall be construed to be a waiver of any Event of Default or any acquiescence therein; and every power and remedy given by this Deed of Trust to Trustee or Beneficiary may be exercised from time to time as often as may be deemed expedient by Trustee or Beneficiary. If there exists additional security for the performance of the obligations secured hereby, the Beneficiary, at its sole option, and without limiting or affecting any of its rights or remedies hereunder, may exercise any of the rights and remedies to which it may be entitled hereunder either concurrently with whatever rights and remedies it may have in connection with such other security or in such order as it may determine. Any application of any amounts or any portion thereof held by Beneficiary at any time as additional security hereunder, to any indebtedness secured hereby shall not extend or postpone the due dates of any payments due from Trustor to Beneficiary hereunder or under the Purchase Agreement, or change the amounts of any such payments or otherwise be construed to cure or waive any default or notice of default hereunder or invalidate any act done pursuant to any such default or notice.

ARTICLE IV.

MISCELLANEOUS

4.1 Severability. In the event any one or more of the provisions contained in this Deed of Trust shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Deed of Trust, but this Deed of Trust shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

4.2 Certain Charges. Trustor agrees to pay Beneficiary for each statement of Beneficiary as to the obligations secured hereby, furnished at Trustor's request, the maximum fee allowed by law, or if there be no maximum fee, then such reasonable fee as is charged by Beneficiary as of the time said statement is furnished. Trustor further agrees to pay the charges of Beneficiary for any other service rendered Trustor, or on its behalf, connected with this Deed of Trust or the indebtedness secured hereby, including without limitation the delivery to an escrow holder of a request for full or partial reconveyance of this Deed of Trust, transmitting to an escrow holder moneys secured hereby, changing its records pertaining to this Deed of Trust and indebtedness secured hereby to show a new owner of the Mortgaged Property, and replacing an existing policy of insurance held hereunder with another such policy.

4.3 Notices. All notices or other communications between Beneficiary, Trustee, and Trustor required or permitted hereunder shall be in writing and personally delivered or sent by certified mail, return receipt requested and prepaid, or sent by reputable overnight courier (such as Federal Express or UPS), or transmitted by electronic facsimile transmission (with electronic confirmation of receipt) to the party so to be served at its address above stated. A notice shall be effective on the date of personal delivery if personally delivered before 5:00p.m., otherwise on the day following personal delivery, or on the date of receipt, if transmitted by electronic facsimile transmission (with electronic confirmation of receipt) prior to 5:00p.m. or otherwise on the next business day, or two (2) business days following the date the notice is postmarked, if mailed, or on the day following delivery to the applicable overnight courier, if sent by overnight courier. Either party may change the address to which notices are to be given to it by giving notice of such change of address in the manner set forth above for giving notice.

4.4 Trustor Not Released. Extension of the time for payment or modification of the terms of payment of any sums secured by this Deed of Trust granted by Beneficiary to any successor in interest of Trustor shall not operate to release, in any manner, the liability of the original Trustor. Beneficiary shall not be required to commence proceedings against such successor or refuse to extend time for payment or otherwise modify the terms of payment of the sums secured by the Deed of Trust by reason of any demand made by the original Trustor. Without affecting the liability of any person, including Trustor, for the payment of any indebtedness secured hereby, or the lien of this Deed of Trust on the remainder of the Mortgaged Property for the full amount of any such indebtedness and liability unpaid, Beneficiary and Trustee are respectively empowered as follows: Beneficiary may from time to time and without notice (a) release any person liable for the payment of any of the indebtedness, (b) extend the time or otherwise alter the terms of payment of any of the indebtedness, (c) accept additional real or personal property of any kind as security therefor, whether evidenced by deeds of trust, mortgages, security agreements or any other instruments of security, or (d) alter, substitute or release any property securing the indebtedness; Trustee may, at any time, and from time to time, upon the written request of Beneficiary (i) consent to the making of any map or plat of the Mortgaged Property or any part thereof, (ii) join in granting any easement or creating any restriction thereon, (iii) join in any subordination or other agreement affecting this Deed of Trust or the lien or charge hereof, or (iv) reconvey, without any warranty, all or part of the Mortgaged Property.

4.5 Inspection. Beneficiary may at any reasonable time or times make or cause to be made entry upon and inspection of the Mortgaged Property or any part thereof in person or by agent.

4.6 Statute of Limitations. The pleading of any statute of limitations as a defense to any and all obligations secured by this Deed of Trust is hereby waived to the fullest extent permitted by law.

4.7 Interpretation. Wherever used in this Deed of Trust, unless the context otherwise indicates a contrary intent, or unless otherwise specifically provided herein, the word "Trustor" shall mean and include both Trustor and any subsequent owner or owners of the Mortgaged Property, and the word "Beneficiary" shall mean and include not only the original Beneficiary hereunder but also any future owner and holder, including pledgees, of the P/M Note. In this Deed of Trust whenever the context so requires, the masculine gender includes the feminine and/or neuter, and the neuter includes the feminine and/or masculine, and the singular number includes the plural and conversely. In this Deed of Trust, the use of the word "including" shall not be deemed to limit the generality of the term or clause to which it has reference, whether or not nonlimiting language (such as "without limitation," or "but not limited to," or words of similar import) is used with reference thereto, but rather shall be deemed to refer to all other items or matters that could reasonably fall within the broadest possible scope of such general statement, term or matter. The captions and headings of the Articles and Sections of this Deed of Trust are for convenience only and are not to be used to interpret, define or limit the provisions hereof.

4.8 Consent; Delegation to Sub-agents. The granting or withholding of consent by Beneficiary to any transaction as required by the terms hereof shall not be deemed a waiver of the right to require consent to future or successive transactions. Wherever a power of attorney is conferred upon Beneficiary hereunder, it is understood and agreed that such power is conferred with full power of substitution, and Beneficiary may elect in its sole discretion to exercise such power itself or to delegate such power, or any part thereof, to one or more sub-agents.

4.9 Successors and Assigns. All of the grants, obligations, covenants, agreements, terms, provisions and conditions herein shall run with the land and shall apply to, bind and inure to the benefit of, the heirs, administrators, executors, legal representatives, successors and assigns of Trustor and the successors in trust of Trustee and the endorsees, transferees, successors and assigns of Beneficiary. In the event Trustor is composed of more than one party, the obligations, covenants, agreements, and warranties contained herein as well as the obligations arising therefrom are and shall be joint and several as to each such party.

4.10 No Joint Venture. The relationship of Trustor and Beneficiary is strictly that of Borrower and Lender, and neither the P/M Note nor this Deed of Trust shall be construed as creating a joint venture, partnership or other entity between Trustor and Beneficiary.

4.11 Governing Law. This Deed of Trust shall be governed by and construed under the laws of the State of California.

4.12 Substitution of Trustee. Beneficiary may remove Trustee at any time or from time to time and appoint a successor trustee, and upon such appointment, all powers, rights, duties and authority of Trustee, as aforesaid, shall thereupon become vested in such successor. Such substitute trustee shall be appointed by written instrument duly recorded in the county or counties where the real property covered hereby is located, which appointment may be executed by any authorized agent of Beneficiary or in any other manner permitted by applicable law.

IN WITNESS WHEREOF, the undersigned has executed this Deed of Trust the day and year first hereinabove written.

TRUSTOR:

MILAND, LLC,
a California limited liability company

By: _____
Name: _____
Its: _____

By: _____
Name: _____
Its: _____

Schedule 1

DESCRIPTION OF REAL PROPERTY

C-17

Schedule 2

INSURANCE REQUIREMENTS

Trustor shall purchase and maintain, at its own expense, with an insurer or insurers authorized to do business in the State of California, at least the following minimum coverages during the term of this Deed of Trust.

- (a) Builders Risk property insurance upon the Land and any improvements thereto, to the full insurable value thereof and without any co-insurance requirements. Such insurance shall be on an "All Risks" basis.
- (b) Commercial General Liability insurance, written on an occurrence or close of escrow policy form, with limits not less than \$2,000,000 per occurrence, including the following coverages: Personal Injury; Explosion, Collapse and Underground Property Coverage; Broad Form Property Damage Coverage, including Completed Operations; Contractual Liability; and Bodily Injury Coverage. Completed operations coverage shall extend ten (10) years beyond the completion of the work. Commercial General Liability coverage provided under this subparagraph may also be in the form of a "wrap" policy. Limits may be obtained using primary and excess policies.
- (c) Commercial Automobile Liability insurance covering owned, non-owned and hired automobiles, trucks and trailers, or semi-trailers, including any machinery or apparatus attached thereto, with limits not less than \$2,000,000 per occurrence limits for bodily injury and property damage liability. Limits may be obtained using primary and excess policies.
- (d) Workers compensation insurance (statutory limits complying with the laws of the State in which the B-3 Lands are located) and employers liability insurance with limits not less than \$1,000,000 bodily injury by accident (each accident), \$1,000,000 bodily injury by disease (policy limit), and \$1,000,000 bodily injury by disease (each employee). Such insurance shall contain a waiver of subrogation in favor of the other party.

Trustor shall be responsible at its own cost for satisfaction of all deductibles and/or self-insured retentions under each party's such insurance. Trustor may purchase and maintain any other insurance that Trustor deems necessary or desirable for Trustor's further protection.

Trustor shall name Beneficiary as additional insured under the General Liability insurance, Automobile Liability and umbrella/excess insurance by utilizing the ISO endorsement form for Additional Insured or its equivalent. The additional insured entities shall include Beneficiary, Beneficiary's partners, Beneficiary's affiliates and Lender.

All certificates of insurance must provide thirty (30) days advance written notice of cancellation, intent to non-renew, or adverse material change in the reduction of coverage, except on the builder's risk property coverage.

All insurance policies required hereunder shall permit and recognize such waivers of subrogation.

EXHIBIT "D"

ASSIGNMENT OF PROPERTY RIGHTS

This Assignment of Property Rights (this "Agreement"), dated for identification purposes _____, 2013 is entered into by and between Templeton Santa Barbara, LLC, a Nevada limited liability company ("Assignor"), and MI Land, LLC, a California limited liability company ("Assignee"), with respect to the following facts:

RECITALS

A. Assignor is the owner of certain real and personal property located in the City of Santa Maria, County of Santa Barbara, State of California, the legal description of which is attached hereto as **Schedule 1** (the "Property").

B. Assignor, as Seller, and Assignee, as Buyer, have entered into that certain Purchase Agreement and Escrow Instructions dated as of November __, 2013 for the sale of the Property to Assignee (the "Purchase Agreement").

C. Pursuant to the terms of the Purchase Agreement, Assignor wishes to assign to Assignee certain rights of Assignor related to the Property as set forth herein.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1 . Assignment of Property Rights. Assignor hereby grants, assigns, transfers, conveys and delivers to Assignee all of Assignor's right, title and interest in the Property Rights, if any, to the full extent assignable. "Property Rights" means all rights, entitlements, and privileges that relate directly or indirectly to development of the Property, including but not limited to all plans, specifications, drawings, maps, studies, reports, permits, approvals, authorizations, grandfathered rights, applications, licenses, governmental approvals, entitlements, development rights, water rights, water stock, easements, fee reimbursements and credits, CFD proceeds, tests, surveys, utility deposits, declarant rights, assignable warranties for work performed on the site and all similar rights and benefits relating to the Property or the development of the Property, and all of Seller's right, title and interest (but no obligations under) those contracts listed on **Schedule 2** attached hereto.

2 . Effective Date. This Agreement shall be effective as of the date a deed conveying title to the Property to Assignee is recorded in the Official Records of the Santa Barbara County Recorder's Office.

3 . Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the successors, assigns, personal representatives, heirs and legatees of the respective parties hereto.

4 . Governing Law. This Agreement shall be governed by, interpreted under, and construed and enforceable with, the laws of the State of California.

5 . Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, but all of which, together, shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

“ASSIGNOR”

Templeton Santa Barbara, LLC,
a Nevada limited liability company.

By: Limoneira Company,
Its: Manager

By: _____
Harold S. Edwards
Its: President

“ASSIGNEE”

MI Land, LLC,
a California limited liability company

By: _____
Its: _____

SCHEDULE 1
LEGAL DESCRIPTION OF PROPERTY

D-3

SCHEDULE 2
LIST OF CONTRACTS ASSIGNED



Investor Contact:

ICR
John Mills
Senior Managing Director
310-954-1105

Limoneira Announces Sale of Santa Maria Properties

Sale Expected to Generate Net Cash of \$8.1 Million, Plus Interest

Transaction In-Line with Company's Long-Term Strategy to Monetize Non-Core Real Estate Assets

Company Provides Update on East Area 1 and 2 Progress

Santa Paula, CA., December 4, 2013 –Limoneira Company (NASDAQ: LMNR), a leading agribusiness with prime agricultural land and operations, real estate and water rights in California and Arizona, announced today that it has entered into agreements to sell its Sevilla and Pacific Crest properties located in Santa Maria, California. Both properties are being sold to the same buyer and the combined purchase price of the two properties is \$8.3 million. Upon the execution of the purchase and sale agreements, the buyer will deposit \$250,000 into escrow and issue a note receivable for each property leaving a combined amount due of \$7.8 million. The notes are due on the earlier of the approval of the properties' tract maps by the City of Santa Maria or October 24, 2014. The Company will collect 5% interest on the notes. There will be a 90-day due diligence and escrow period for the transaction, which is expected to close March 2014. Upon full payment of the notes receivable, the Company expects to receive \$8.1 million net cash in addition to interest earned on the notes. The Company continues to own its Centennial property in Santa Maria.

Harold Edwards, the Company's President and Chief Executive Officer, stated, "We are pleased with the terms of the sale of our Santa Maria properties. We will use the cash generated by the sale to pay down our debt and to invest in the growth of our agribusiness and other strategic initiatives. This transaction is in-line with our long-term strategy to opportunistically monetize our rich portfolio of assets."

Mr. Edwards continued, "Based on the discussions with developers and homebuilders, we believe we are well positioned to break ground on our East Areas 1 and 2 projects in calendar 2014 and begin home sales in calendar 2015. We are in the process of evaluating the alternatives that have been proposed to us and will provide an additional update on our progress during the fiscal fourth quarter earnings call in January 2014. We estimate the approximately 1,500 units planned to be built on East Area 1 represent approximately 25% of all single family homes, townhomes and condominiums that are currently in construction, planned or approved in Ventura County. As the development progresses, we look forward to additional cash flow generated by the project."

About Limoneira Company

Limoneira Company, a 120-year-old international agribusiness headquartered in Santa Paula, California, has grown to become one of the premier integrated agribusinesses in the world. Limoneira (pronounced lē mon'āra) is a dedicated sustainability company with approximately 10,000 acres of rich agricultural lands, real estate properties and water rights in California and Arizona. The Company is a leading producer of lemons, avocados, oranges, specialty citrus and other crops that are enjoyed throughout the world. For more about Limoneira Company, visit www.limoneira.com.

Forward-Looking Statements

This press release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements are based on Limoneira's current expectations about future events and can be identified by terms such as "expect," "may," "anticipate," "intend," "should be," "will be," "is likely to," "strive to," and similar expressions referring to future periods. Limoneira believes the expectations reflected in the forward-looking statements are reasonable but cannot guarantee future results, level of activity, performance or achievements. Actual results may differ materially from those expressed or implied in the forward-looking statements. Therefore, Limoneira cautions you against relying on any of these forward-looking statements. Factors which may cause future outcomes to differ materially from those foreseen in forward-looking statements include, but are not limited to: changes in laws, regulations, rules, quotas, tariffs and import laws; weather conditions that affect production, transportation, storage, import and export of fresh product; increased pressure from crop disease, insects and other pests; disruption of water supplies or changes in water allocations; pricing and supply of raw materials and products; market responses to industry volume pressures; pricing and supply of energy; changes in interest and currency exchange rates; availability of financing for land development activities; political changes and economic crises; international conflict; acts of terrorism; labor disruptions, strikes or work stoppages; loss of important intellectual property rights; inability to pay debt obligations; inability to engage in certain transactions due to restrictive covenants in debt instruments; government restrictions on land use; and market and pricing risks due to concentrated ownership of stock. Other risks and uncertainties include those that are described in Limoneira's SEC filings, which are available on the SEC's website at <http://www.sec.gov>. Limoneira undertakes no obligation to subsequently update or revise the forward-looking statements made in this press release, except as required by law.
