

ESC08PSI

TYPE OF RECORD:	PERMANENT
CATEGORY OF RECORD:	DEED (WARRANTY)
NAME OF PROPERTY OWNER OR GRANTOR OR GRANTEE:	ESCONDIDO HOLDINGS, INC. A TEXAS CORPORATION
PURPOSE:	PUBLIC SAFETY INITIATIVE
ADDRESS:	306 SOUTH 5 TH STREET
PARCEL NO:	2945-143-32-018
CITY DEPARTMENT:	PUBLIC WORKS AND PLANNING
YEAR:	2008
EXPIRATION DATE:	NONE
DESTRUCTION DATE:	NONE

WARRANTY DEED

Escondido Holdings, Inc., a Texas Corporation, formerly known as Escondido Oil, Inc., a Texas Corporation, Grantor, for and in consideration of the sum of Seven Hundred Ninety Seven Thousand Eight Hundred Fifty and 00/100 Dollars (\$797,850.00), the receipt and sufficiency of which is hereby acknowledged, has sold, granted and conveyed, and by these presents does hereby sell, grant and convey to **The City of Grand Junction, a Colorado home rule municipality,** whose address is 250 North 5th Street, Grand Junction, Colorado 81501, Grantee, its successors and assigns forever, the following described real property in the County of Mesa, State of Colorado, to wit:

Lots One (1) and Two (2) in Block One Hundred Thirty-Nine (139) and All of Lots Three (3) to Seven (7) inclusive EXCEPT the North 50 feet of Lots Three (3) to Seven (7) in Block One Hundred Thirty-Nine (139) of CITY OF GRAND JUNCTION, according to the official plat thereof recorded in Plat Book No. 4 at Page 17, Official Records of Mesa County, Colorado.

TO HAVE AND TO HOLD the premises aforesaid, with all and singular the rights, privileges, appurtenances and immunities thereunto belonging or in anywise appertaining, unto the said Grantee and unto its successors and assigns forever, the said Grantor hereby covenanting that it will warrant and defend the title to said premises unto the said Grantee and unto its successors and assigns forever, against the lawful claims and demands of all persons whomsoever.

Executed and delivered this 15th day of May, 2008.

Escondido Holdings, Inc., a Texas Corporation, formerly known as Escondido Oil, Inc., a Texas Corporation, Grantor:

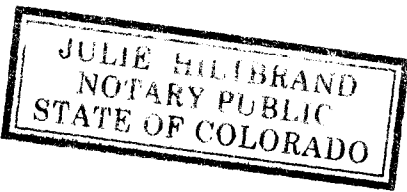
By: H.A. Sessions
H.A. Sessions, President

State of COLORADO)
)ss.
County of Mesa)

The foregoing instrument was acknowledged before me this 15th day of May, 2008, by H. A. Sessions, President, Escondido Holdings, Inc., a Texas Corporation, formerly known as Escondido Oil, Inc., a Texas Corporation.

My commission expires: 8-12-09
Witness my hand and official seal.

Julie Hilibrand
Notary Public



Contract to Buy & Sell Real Estate

1 **THIS FORM HAS IMPORTANT LEGAL CONSEQUENCES AND THE PARTIES**
2 **SHOULD CONSULT LEGAL AND TAX OR OTHER COUNSEL BEFORE SIGNING.**

3
4 Date: April 4, 2008

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6 **1. AGREEMENT.** Buyer agrees to buy and the undersigned Seller agrees to sell
7 the Property defined below on the terms and conditions set forth in this Contract.

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9 **2. DEFINED TERMS.**

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11 **a. Buyer.** Buyer will take title to the real property described below as **The**
12 **City of Grand Junction, a Colorado home rule municipality.**

13
14 **b. Sellers.** Sellers are **Escondido Holdings, Inc., A Texas Corporation**

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16 **c. Property.** The Property is the following legally described real estate:

17
18 **2945-143-32-018:** *Lots One (1) and Two (2) in Block One Hundred Thirty-Nine (139)*
19 *and All of Lots Three (3) to Seven (7) inclusive EXCEPT the North 50 feet of Lots Three*
20 *(3) to Seven (1) in Block One Hundred Thirty—Nine (139) of CITY OF GRAND*
21 *JUNCTION, according to the official plat thereof recorded in Plat Book No. 4 at Page*
22 *17, Official Records of Mesa County, Colorado.*

23
24 Together commonly known as **306 S. 5th Street**, Grand Junction, CO 81501.

25
26 Each of the foregoing Parcels shall be conveyed to Buyer together with all of the
27 interests, easements, rights, benefits and privileges appurtenant thereto.

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29 **d. Dates and Deadlines.**

Item No.	Reference	Event	Date or Deadline
1	§5	Title Deadline	April 11, 2008
2	§6a.	Title Objection Deadline	April 18, 2008
3	§6b.	Off-Record Matters Deadline	April 11, 2008
4	§6b.	Off-Record Matters Objection Deadline	April 18, 2008
5	§7	Seller's Property Disclosure Deadline	April 7, 2008
6	§7b.	Inspection Objection Deadline	April 25, 2008
7	§7c.	Resolution Deadline	May 2, 2008
8	§21b.	City Council Ratification Deadline	May 7, 2008
9	§8	Closing Date	May 9, 2008
10	§13	Possession Date	May 9, 2008
11	§13	Possession Time	5:00 p.m. M.S.T.
12	§25	Acceptance Deadline Date	April 4, 2008
13	§25	Acceptance Deadline Time	2:00 p.m. M.S.T.

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32 **e. Attachments.** The following exhibits, attachments and addenda are a
33 part of this contract: **Attachment "A": Seller's Property Disclosure and**
34 **Attachment "B": Warranty Deed**

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36 **f. Applicability of Terms.** A check or similar mark in a box means that
37 such provision is applicable. The abbreviation "N/A" means not applicable.

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39 **3. INCLUSIONS AND EXCLUSIONS.**

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41 **a.** The purchase price includes the following items ("Inclusions"):
42 **(1) Fixtures.** None.

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44 **b. Instruments of Transfer.** The Inclusions are to be conveyed at Closing
45 free and clear of all taxes, liens and encumbrances.

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c. **Exclusions.** The following attached fixtures are excluded from this sale:
N/A

4. **PURCHASE PRICE AND TERMS.** The Purchase Price set forth below shall be payable in U.S. Dollars by Buyer as follows:

Item No.	Reference	Item	Amount	Amount
1	§ 4	Purchase Price	\$797,850.00	
2	§ 4a	Earnest Money		\$ 10,000.00
3	§ 4b	Cash at Closing		\$ 787,580.00
4		TOTAL	\$797,850.00	\$ 797,850.00

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This offer is subject to the disclosure of exiting lease terms and is considered as if vacant.

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a. **Earnest Money.** The Earnest Money set forth in this Section, in the form of Buyer's check, is part payment of the Purchase Price and shall be payable to and held by **Abstract & Title Company of Mesa County Inc.** ("Closing Company"), in its trust account, on behalf of both Seller and Buyer. The parties authorize delivery of the Earnest Money to the Closing Company at or before closing.

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b. **Cash at Closing.** All amounts paid by Buyer at Closing including Cash at Closing, plus Buyer's closing costs, shall be in funds which comply with all applicable Colorado laws, which include Buyer's check, cash, electronic transfer funds, certified check, savings and loan teller's check and cashier's check ("Good Funds").

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5. **EVIDENCE OF TITLE.** On or before **Title Deadline** (§2d, Item 1), Seller shall cause to be furnished to Buyer's City Attorney with a copy to Buyer's City Real Estate Manager, at Seller's expense, a current commitment for owner's title insurance policy ("Title Commitment") in an amount equal to the Purchase Price, together with true and legible copies of all instruments referred to therein, including, but not limited to, true and legible copies of any plats, declarations, covenants, conditions and restrictions describing, affecting or burdening the Property and true and legible copies of any other documents listed in the schedule of exceptions ("Exceptions"). Seller shall have the obligation to furnish the documents pursuant to this subsection without any request or demand by Buyer. The Title Commitment together with copies of such documents furnished pursuant to this Section shall constitute the title documents ("Title Documents"). The Title Commitment shall commit to delete or insure over the standard exceptions which relate to:

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- (1) parties in possession,
- (2) unrecorded easements,
- (3) survey matters
- (4) any unrecorded mechanics' liens,
- (5) unpaid taxes, assessments and unredeemed tax sales prior to year of Closing, and
- (6) gap period (effective date of the Title Commitment to the date the deed is recorded).

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Any additional premium expense to obtain this additional coverage shall be paid by Seller. Seller shall cause the title insurance policy to be delivered to Buyer as soon as practicable, at or after Closing.

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6. **TITLE.**

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a. **Title Review.** Buyer shall have the right to inspect the Title Documents. Written notice by Buyer to Seller of unmerchantability of title or of any other unsatisfactory condition shown by the Title Documents shall be signed by or on behalf

100 of Buyer and given to Seller on or before the **Title Objection Deadline** (§2d, Item 2), or
101 within five (5) business days after receipt by Buyer of any Title Document(s) or
102 endorsement(s) adding new Exception(s) to the Title Commitment together with a copy
103 of the Title Document(s) adding new Exception(s) to title, whichever is later. If Buyer
104 does not mail its notice by the date(s) specified above, Buyer shall be deemed to have
105 accepted as satisfactory the condition of title as disclosed by the Title Documents.
106

107 **b. Matters not Shown by the Public Records.** Seller shall deliver to Buyer,
108 on or before the **Off-Record Matters Deadline** (§2d, Item 3), true copies of all lease(s)
109 and survey(s) in Seller's possession pertaining to the Property and shall disclose to
110 Buyer all easements, liens or other title matters not shown by the public records of
111 which Seller has actual knowledge. Buyer shall have the right to inspect the Property to
112 determine if any third party(ies) has any right in the Property not shown by the public
113 records (such as an unrecorded easement, unrecorded lease, or boundary line
114 discrepancy). Written notice of any unsatisfactory condition(s) disclosed by Seller or
115 revealed by such inspection shall be signed by or on behalf of Buyer and mailed to
116 Seller on or before the **Off-Record Matters Objection Deadline** (§2d, Item 4). If Buyer
117 does not mail Buyer's notice by said date, Buyer accepts title subject to such rights, if
118 any, of third parties of which Buyer has actual knowledge.
119

120 **c. Right to Cure.** If Seller receives notice of unmerchantability of title or
121 any other unsatisfactory title condition(s) or commitment terms as provided in §6a or
122 §6b above, Seller shall use reasonable efforts to correct said items and bear any
123 nominal expenses to correct the same prior to Closing. If such unsatisfactory title
124 condition(s) are not corrected on or before Closing, this contract shall then terminate;
125 provided, however, Buyer may, by written notice given to Seller, on or before Closing,
126 waive objection to such items.
127

128 **7. PROPERTY DISCLOSURE AND INSPECTION.** On or before **Seller's Property**
129 **Disclosure Deadline** (§2d, Item 5), Seller shall complete and return to Buyer the
130 attached **Seller's Property Disclosure (Attachment "A")**, providing a written
131 disclosure of adverse matters regarding the Property completed by Seller to the best of
132 Seller's current actual knowledge.
133

134 **a. Inspection.** Buyer shall have the right, at Buyer's expense, to conduct
135 inspections of the physical condition of the Property and Inclusions ("Inspections"). The
136 Inspections may include, but not be limited to, boundary surveys, engineering surveys,
137 soils samples and surveys and environmental surveys. Buyer is responsible for
138 payment of all inspections, surveys, engineering reports, environmental reports or for
139 any other work performed at Buyer's request and shall pay for any damage which
140 occurs to the Property and Inclusions as a result of such activities if Closing does not
141 occur as provided herein. If Buyer does not close as provided for herein, Buyer shall not
142 permit claims or liens of any kind against the Property for inspections, surveys,
143 engineering reports, environmental reports and for any other work performed on the
144 Property at Buyer's request. The provisions of this subsection shall survive the
145 termination of this Contract.
146

147 **b. Inspection Objection Deadline.** If the physical condition of the Property
148 or Inclusions is unsatisfactory as determined by Buyer's sole and subjective discretion,
149 Buyer shall, on or before the **Inspection Objection Deadline** (§2d, Item 6), either:
150

151 **(1)** notify Seller in writing that this Contract is terminated, in which case all
152 payments and things of value received hereunder shall be returned to
153 Buyer, or
154

155 **(2)** provide Seller with a written description of any unsatisfactory physical
156 condition(s) which Buyer requires Seller to correct at no cost or expense
157 to Buyer ("Notice to Correct"), on or before the **Resolution Deadline** (§2d,
158 Item 7).
159

160 If written notice is not mailed to Seller on or before the **Inspection Objection**
161 **Deadline** (§2d, Item 6), the physical condition of the Property and Inclusions shall be
162 deemed to be satisfactory to Buyer.

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164 **c. Resolution Deadline.** If a Notice to Correct is timely mailed to Seller and
165 if Buyer and Seller have not agreed in writing to a settlement thereof on or before the
166 **Resolution Deadline** (§2d, Item 7), this Contract shall terminate and all payments and
167 things of value received hereunder shall be returned to Buyer, unless before such
168 termination Seller receives Buyer's written withdrawal of the Notice to Correct.

169
170 **8. CLOSING.** Delivery of deed from Seller to Buyer shall be on the date specified
171 as the Closing Date (§2d, Item 9) or by mutual agreement at an earlier date ("Closing").
172 The hour and place of Closing shall be as designated by mutual agreement between
173 Seller and Buyer at Abstract & Title Company of Mesa County, Inc.

174
175 **9. TRANSFER OF TITLE.** Subject to tender or payment at Closing as required
176 herein and compliance by Buyer with the other terms and provisions hereof, Seller shall
177 execute and deliver a good and sufficient General Warranty Deed to Buyer
178 (**Attachment "B"**), at Closing, conveying the Property free and clear of all taxes except
179 the general taxes for the year of Closing, all leases, all tenancies and all leasehold
180 interests. Except as provided herein, title shall be conveyed free and clear of all liens,
181 including any governmental liens for special improvements installed as of the date of
182 Buyer's signature hereon, whether assessed or not. Title shall be conveyed subject to:

183
184 **a.** those specific Exceptions described by reference to recorded documents
185 as reflected in the Title Documents accepted by Buyer in accordance with §6a [Title
186 Review];

187
188 **b.** those specifically described rights of third parties not shown by the public
189 records of which Buyer has actual knowledge and which were accepted by Buyer in
190 accordance with §6b [Matters not Shown by the Public Records]; and

191 **c.** no others.

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194 **10. PAYMENT OF ENCUMBRANCES.** Any encumbrance required to be paid shall
195 be paid at or before Closing from the proceeds of this transaction or from any other
196 source.

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198 **11. CLOSING COSTS; DOCUMENTS AND SERVICES.** Buyer and Seller shall pay,
199 in Good Funds, their respective Closing costs and all other items required to be paid at
200 Closing, except as otherwise provided herein. Buyer and Seller shall sign and complete
201 all customary or reasonably required documents at or before Closing. Fees for real
202 estate Closing services shall be paid at Closing by One-Half by Buyer and One-Half by
203 Seller. Any sales and use tax that may accrue because of this transaction shall be paid
204 when due by Seller.

205
206 **12. PRORATIONS.** The following shall be prorated to the **Closing Date** (§2d, Item
207 9), except as otherwise provided:

208
209 **a. Personal Property Taxes.** Personal property taxes, if any, shall be paid
210 by Seller;

211
212 **b. General Real Estate Taxes.** General real estate taxes shall be prorated
213 to the Closing Date based on the previous year's taxes.

214
215 **c. Utilities and Other Services.** Seller shall pay for all fees and charges for
216 all utilities and services which have accrued as of the Closing Date. Buyer shall be
217 responsible for all utilities fees and services which accrue thereafter.

218
219 **d. Final Settlement.** Unless otherwise agreed in writing, these prorations
220 shall be final.

222 **13. POSSESSION.** Possession of the Property shall be delivered to Buyer on
223 **Possession Date** (§2d, Item 10) and **Possession Time** (§2d, Item 11), free and clear
224 of any and all leases and tenancies. If Seller, after Closing, fails to deliver possession
225 as specified Seller shall be subject to eviction and shall be additionally liable to Buyer
226 for payment of \$100.00 per day from the Possession Date until possession is delivered.
227

228 **14. NOT ASSIGNABLE.** This Contract shall not be assignable by Buyer without
229 Seller's prior written consent. Except as so restricted, this Contract shall inure to the
230 benefit of and be binding upon the heirs, personal representatives, successors and
231 assigns of both parties.
232

233 **15. CONDITION OF AND DAMAGE TO THE PROPERTY AND INCLUSIONS.**
234 Except as otherwise provided in this Contract, both the Property and the Inclusions shall
235 be delivered in the condition existing as of the date of this Contract, ordinary wear and
236 tear excepted.
237

238 **16. LEGAL AND TAX COUNSEL; AMBIGUITIES.** (a) Buyer and Seller have each
239 obtained the advise of its/their own legal and tax counsel regarding this Contract or has
240 knowingly declined to do so. (b) The parties agree that the rule of construing
241 ambiguities against the drafter shall have no application to this Contract.
242

243 **17. TIME OF THE ESSENCE/REMEDIES.** Time is of the essence hereof. If any
244 note or check received as Earnest Money hereunder or any other payment due
245 hereunder is not paid, honored or tendered when due, or if any other obligation
246 hereunder is not performed or waived as herein provided, there shall be the following
247 remedies:
248

249 **a. If Buyer is in Default,** the Earnest Money shall be paid to Seller and both
250 parties shall thereafter be released from all obligations hereunder, except for the duties
251 created by §7a. It is agreed that the Earnest Money is LIQUIDATED DAMAGES and is
252 SELLER'S SOLE AND ONLY REMEDY for Buyer's failure to perform the obligations of
253 this Contract. Seller expressly waives the remedies of specific performance and
254 additional damages.
255

256 **b. If Seller is in Default,** Buyer may elect to treat this Contract as canceled
257 in which case all payments and things of value received hereunder shall be returned to
258 Buyer and Buyer may: either recover such damages as may be proper, or Buyer may
259 elect to treat this Contract as being in full force and effect and Buyer shall have the right
260 to specific performance of damages, or both.
261

262 **c. Costs and Expenses.** In the event of any arbitration or litigation relating
263 to this Contract, each party shall share the costs of such arbitrator but otherwise all
264 reasonable costs and expenses, including reasonable attorney fees, shall be paid by
265 each respective party.
266

267 **18. MEDIATION.** If a dispute arises relating to this Contract, prior to or after Closing,
268 and is not resolved, the parties shall first proceed in good faith to submit the matter to
269 mediation. Mediation is a process in which the parties meet with an impartial person
270 who helps to resolve the dispute informally and confidentially. Mediators cannot impose
271 binding decisions. The parties to the dispute must agree before any settlement is
272 binding. The parties will jointly appoint an acceptable mediator and will share equally in
273 the cost of such mediation. The mediation, unless otherwise agreed, shall terminate in
274 the event the entire dispute is not resolved thirty (30) calendar days from the date
275 written notice requesting mediation is sent by one party to the other. This section shall
276 not alter any date in this Contract, unless otherwise agreed in writing.
277

278 **19. EARNEST MONEY DISPUTE.** Notwithstanding any termination of this Contract,
279 Buyer and Seller agree that, in the event of any controversy regarding the Earnest
280 Money and things of value held by Closing Agent (unless mutual written instructions are
281 received by the holder of the Earnest Money and things of value), Closing Agent shall
282 not be required to take any action but may await any proceeding, or at Closing Agent's

283 option and sole discretion, may interplead all parties and deposit any moneys or things
284 of value into the District Court of Mesa County, Colorado.

285
286 **20. TERMINATION.** In the event this Contract is terminated, all payments and things
287 of value received hereunder shall be returned and the parties shall be relieved of all
288 obligations hereunder, subject to §7a (Inspection Costs), §17b (If Seller is in Default),
289 §18 (Mediation), and §19 (Earnest Money Dispute).

290
291 **21. ADDITIONAL PROVISIONS.**

292
293 **a. Purchase in Lieu of Condemnation.** Buyer is a governmental authority
294 and has determined that the purchase of the Property is necessary for the health, safety
295 and welfare of the inhabitants of the City of Grand Junction; therefore, Buyer has the
296 authority, pursuant to the laws of the State of Colorado, to acquire the Property through
297 condemnation proceedings by exercising its power of eminent domain. Notwithstanding
298 the preceding statements, Buyer desires to purchase the subject property through
299 friendly negotiations and thereby avoid condemnation proceedings.

300
301 **b. City Council Consent.** The execution of this Contract by the City
302 Manager of the City of Grand Junction and Buyer's obligation to proceed under its terms
303 and conditions is expressly conditioned upon and subject to the formal ratification,
304 confirmation and consent of the Grand Junction City Council with regards to: (1) the
305 terms, covenants, conditions, duties and obligations to be performed by Buyer in
306 accordance with this Contract, and (2) the allocation of funds to pay the Purchase Price
307 and all other costs and expenses necessary to perform Buyer's due diligence
308 inspections of the Property. In the event such ratification, confirmation and consent is
309 not obtained on or before the **City Council Ratification Deadline** (§2d, Item 8), this
310 Contract shall automatically terminate, both parties shall thereafter be released from all
311 obligations hereunder and the Earnest Money received hereunder shall be returned to
312 Buyer.

313
314 **c. No Fees or Commissions.** Buyer and Seller each warrant that no person
315 or selling agency has been employed or retained to solicit or secure this Contract upon
316 any agreement or understanding for a commission, percentage, brokerage or contingent
317 fee. Each party agrees to defend, indemnify and hold the other party harmless from any
318 claim for real estate brokerage commissions or finder's fees arising out of this Contract.

319
320 **d. Instrument of Transfer.** Buyer and Seller each agree that title to the
321 Property will be conveyed from Seller to Buyer in the exact form of the General
322 Warranty Deed attached hereto as **Attachment "B"** and incorporated herein by
323 reference.

324
325 **e. Replacement Property.** This contract is for the acquisition by the Seller
326 of "replacement property" pursuant to Section 1031 of the Internal Revenue Code.
327 Buyer agrees to cooperate with Seller in such exchange and to sign and deliver to
328 Seller any and all documents reasonably required to complete Seller's exchange.
329 Buyer shall have no expense, fee or other obligations as a result of the Seller's
330 exchange and the Exchange Agreement.

331
332 **22. ENTIRE AGREEMENT; SUBSEQUENT MODIFICATION; SURVIVAL.** This
333 Contract constitutes the entire contract between the parties relating to the subject
334 hereof and any prior agreements pertaining thereto, whether oral or written, have been
335 merged and integrated into this Contract. No subsequent modification of any of the
336 terms of this Contract shall be valid or binding upon the parties or enforceable unless
337 made in writing and signed by the parties. Any obligation in this Contract which by its
338 terms is intended to be performed after termination or Closing shall survive the same.

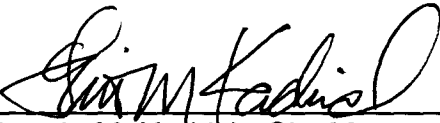
339
340 **23. FACSIMILE.** Signatures may be evidenced by facsimile. Documents with
341 original signatures shall be provided to the other party at Closing or earlier upon request
342 of any party.

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344 **24. NOTICE.** Except for the notice requesting mediation described in §18, any
345 notice to Buyer shall be effective when received by Buyer and any notice to Seller shall
346 be effective when received by Seller.
347

348 **25. NOTICE OF ACCEPTANCE; COUNTERPART.** This proposal shall expire
349 unless accepted in writing, by Buyer and Seller, as evidenced by their signatures below,
350 and the offering party receives notice of such acceptance pursuant to §24 on or before
351 **Acceptance Deadline Date** (§2d, Item No. 12) and **Acceptance Deadline Time** (§2d,
352 Item No. 13). If accepted, this document shall become a contract between Seller and
353 Buyer, subject to ratification by the Grand Junction City Council (§21 a.).
354

355 THE CITY OF GRAND JUNCTION, a Colorado home rule municipality, Buyer:
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359 By: 
360 Laurie M. Kadrach, City Manager
361

362
363 Date of Buyer's signature: APRIL 7, 2008.
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365
366 Buyer's Address: City Attorney, 250 North 5th Street, Grand Junction, CO 81501
367 With Copy to: City Real Estate Manager, 250 North 5th Street, Grand Junction, CO 81501
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369 Buyer's Telephone Number: City Attorney: (970) 244-1506
370 City Real Estate Manager: (970) 244-1538
371

372 Buyer's Fax No.: City Attorney: (970) 244-1456
373 City Real Estate Manager: (970) 256-4022
374

375
376 **[NOTE: If this offer is being countered or rejected, do not sign this document.**
377 **Refer to § 26.]**
378

379
380 Acceptance by Escondido Oil, Inc., a Texas Corporation, Seller,
381

382
383 By: _____
384 Henry Alvin Sessions, Vice President
385

386 Date of Sellers' signature: _____, 2008.
387

388 Seller's Address: 4809 19th St. Unit 10, Lubbock, TX 79407-2326
389 373 South Redlands Rd., Grand Junction, CO 81503
390

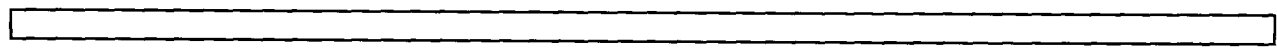
391 Seller's Telephone Number: (970) 640-1190
392

393 Seller's Fax No.: (970) _____
394

395 **26. COUNTER; REJECTION.** This offer is **Countered** **Rejected.**
396

397 **Initials only of party (Buyer or Seller) who countered or rejected offer:** _____
398
399

400 **END OF CONTRACT**
401



344 **24. NOTICE.** Except for the notice requesting mediation described in §18, any
345 notice to Buyer shall be effective when received by Buyer and any notice to Seller shall
346 be effective when received by Seller.
347

348 **25. NOTICE OF ACCEPTANCE; COUNTERPART.** This proposal shall expire
349 unless accepted in writing, by Buyer and Seller, as evidenced by their signatures below,
350 and the offering party receives notice of such acceptance pursuant to §24 on or before
351 **Acceptance Deadline Date** (§2d, Item No. 12) and **Acceptance Deadline Time** (§2d,
352 Item No. 13). If accepted, this document shall become a contract between Seller and
353 Buyer, subject to ratification by the Grand Junction City Council (§21 a.).
354

355
356 THE CITY OF GRAND JUNCTION, a Colorado home rule municipality, Buyer:
357

358
359 By: _____
360 Laurie M. Kadrach, City Manager
361

362
363
364 Date of Buyer's signature: _____, 2008.
365

366 Buyer's Address: City Attorney, 250 North 5th Street, Grand Junction, CO 81501
367 With Copy to: City Real Estate Manager, 250 North 5th Street, Grand Junction, CO 81501
368

369 Buyer's Telephone Number: City Attorney: (970) 244-1506
370 City Real Estate Manager: (970) 244-1538
371

372 Buyer's Fax No.: City Attorney: (970) 244-1456
373 City Real Estate Manager: (970) 256-4022
374

375
376 **[NOTE: If this offer is being countered or rejected, do not sign this document.**
377 **Refer to § 26.]**
378

379 *HOLDINGS*
380 Acceptance by Escondido ^{HOLDINGS} ~~Oil~~, Inc., a Texas Corporation, Seller,
381

382
383 By: *H.A. Sessions*
384 Henry Alvin Sessions, ~~CEO~~ President *3 SEC.*
385

386 Date of Sellers' signature: *4-2-08*, 2008.
387

388 Seller's Address: 4809 19th St. Unit 10, Lubbock, TX 79407-2326
389 ~~373 South Redlands Rd., Grand Junction, CO 81503~~
390

391 Seller's Telephone Number: ~~(970) 640-1190~~ *806-799-0653 HOME*
392

393 Seller's Fax No.: ~~(970) 799-7768~~ *806-799-0878 CELL*
394

395 **26. COUNTER; REJECTION.** This offer is Countered Rejected.
396

397 Initials only of party (Buyer or Seller) who countered or rejected offer: _____
398
399

400 **END OF CONTRACT**
401

THIS FORM HAS IMPORTANT LEGAL CONSEQUENCES AND THE PARTIES SHOULD CONSULT LEGAL AND TAX OR OTHER COUNSEL BEFORE SIGNING.

SELLER'S PROPERTY DISCLOSURE

Seller states that the information contained in this Disclosure is correct to the best of Seller's CURRENT ACTUAL KNOWLEDGE as of this Date.

Date: A-2-06, 2008

Property Tax Schedule No: 2945-143-32-018, Grand Junction, Mesa County, Colorado.

Seller: **Escondido Oil, Inc., a Texas Corporation.**

Section 1 - Use, Access and Occupancy.

A. Please provide the Names, Telephone Numbers and Mailing Addresses of all **current** occupants or users of Property and indicate the date their occupancy or use began. Please indicate the type of use and If the use is for storage, please indicate the types of materials, items or equipment being stored:

(1). **Current Occupant(s) or User(s):**

a. Name: BARNES Bros. OFF-ROAD Telephone: _____

Mailing Address: 306 S. 5TH ST GRAND JUNCTION, CO. 81501

Date use or occupancy began: JUNE 1, 2004

Type of use or occupancy: AUTO SHOP

AND ALVIN STEVENS 970.640-1190

306 S. 5TH ST GJ, CO. 81501

JUNE 1, 2004

SHOP AND STORAGE (AUTO & METAL WORKING)

B. Please provide the Names, Telephone Numbers and Mailing Addresses of all **former** occupants or users of Property and indicate the dates their occupancy or use began and ended. Please indicate the type of use and if the use was for storage, please indicate the types of materials, items or equipment that were stored:

(1). **Former Occupant(s) or User(s):**

a. Name: ROLLIN MOUNTAIN OFF-ROAD Telephone: _____

Mailing Address: OUT OF BUSINESS

Beginning & Ending Dates: 10-15-98 to JUNE 1, 2004

Type of use or occupancy: AUTO SHOP

b. Please list of any encroachments, boundary disputes or unrecorded easements that affect the Property:

NONE KNOWN

c. Please provide a list of any roads, driveways, trails, paths or utilities through the Property which are used by others:

None Known

d. Please provide a list of any known zoning or code violations occurring on or issued against the Property:

None Known

Section 2 – Water & Sewer.

A. Is the Property presently served by domestic (i.e. drinking) water?

Yes No I don't know

If yes, please indicate the source:

Public Community Well Shared Well Cistern None Other

If the Property is served by a Public water system (i.e. City), please provide Buyer with copies of the most recently paid water bill.

If the Property is served by a Cistern, please provide Buyer with a sketch depicting the approximate size and location of the Cistern.

If the Property is served by a Well, please provide Buyer with a copy of the Well Permit.

If Other, please explain: _____

B. Are there any adjudicated water rights (i.e., river, ditch) associated with the Property?

Yes No I don't know

If yes, please provide Buyer with a list of the adjudicated water rights.

C. Is the Property presently served by a sanitary sewer system?

Yes No I don't know

If yes, please indicate the type of system:

Public Septic System None Other

If the Property is served by a Public sewer system (i.e. City), please provide Buyer with copies of the most recently paid sewer bill.

If the Property is served by a Septic System, please provide the date when the septic tank was last serviced: _____.

If Other, please explain: _____

Section 3 – Environmental Matters.

A. To the best of your current actual knowledge, do any of the following conditions now exist or have they ever existed:

(1) Have electrical transformers, capacitors or other similar equipment ever been stored on the Property?

Yes No I don't know

If yes, please describe types, quantities, when and where they were stored and by whom:

(2). Are there now any or have there ever been any underground or above-ground storage tanks on the Property?

Yes No I don't know

If yes, please describe the type(s) of tank(s), when and where the tanks were located and the type(s) of substances stored:

3 1/2" ST (NW CORNER)
2 " (SW SIDE)) LIFTED IN 1986 &
AND FILLED ACCORDING TO
PHASE I

(3). Are there now or have there even been any hazardous or toxic materials stored, spilled or deposited on the Property, such as radioactive materials, asbestos, pesticides, wastewater and other sludge, radon, methane, batteries or oil?

Yes No I don't know

If yes, please describe types, quantities and when and where they were stored, spilled or deposited:

(4). Have any Environmental assessments, studies or reports been prepared involving the physical condition of the Property?

Yes No I don't know

If yes, please describe:

PHASE I (JUNE), 1995

Section 3 Continued.

(5). Has the Property ever been involved in an Environmental cleanup or remedial action?

<input type="checkbox"/>	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>	I don't know
--------------------------	------------	--------------------------	-----------	-------------------------------------	---------------------

If yes, please describe: _____

(6). Have you ever noticed sliding, settling, upheaval, movement or instability of earth or expansive soils on the Property?

<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>	I don't know
--------------------------	------------	-------------------------------------	-----------	--------------------------	---------------------

If yes, please describe: _____

(7) Are any drums or other containers presently located on the Property?

<input type="checkbox"/>	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>	I don't know
--------------------------	------------	--------------------------	-----------	-------------------------------------	---------------------

If yes, please describe the types of containers and, if known, please describe the substances stored in the containers: _____

(8). Have storage or disposal pits ever been located on the Property?

<input type="checkbox"/>	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>	I don't know
--------------------------	------------	--------------------------	-----------	-------------------------------------	---------------------

If yes, please describe the locations and types of materials placed in each: _____

(9). Has any fill material ever been placed on the Property?

<input type="checkbox"/>	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>	I don't know
--------------------------	------------	--------------------------	-----------	-------------------------------------	---------------------

If yes, please describe the types and amounts of fill material and the locations the fill materials were placed: _____

Section 4 – Other Disclosures.

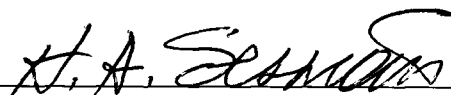
A. Please list any other matters regarding the physical characteristics of the Property of which the Buyer should be aware: _____

ADVISORY TO SELLER:

- **Failure to disclose a known material defect may result in legal liability.**

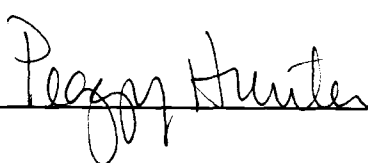
The information contained in this Disclosure has been furnished by Seller, who certifies to the truth thereof based on Seller's CURRENT ACTUAL KNOWLEDGE. Any changes will be disclosed by Seller to Buyer promptly after discovery.

Escondido Oil, Inc., a Texas Corporation,


Henry Alvin Sessions, ~~Vice~~ President *SEC*

Date of Seller's Signature: 4-2-08

Buyer hereby acknowledges the receipt of this Disclosure:



Date of Buyer's Signature: 4-7-08

ATTACHMENT "B"

WARRANTY DEED

Escondido Holdings, Inc., a Texas corporation, Grantor, for and in consideration of the sum of Seven Hundred Ninety Seven Thousand Eight Hundred Fifty and 00/100 Dollars (\$797,850.00), the receipt and sufficiency of which is hereby acknowledged, has sold, granted and conveyed, and by these presents does hereby sell, grant and convey to **The City of Grand Junction, a Colorado home rule municipality**, whose address is 250 North 5th Street, Grand Junction, Colorado 81501, Grantee, its successors and assigns forever, the following described real property in the County of Mesa, State of Colorado, to wit:

Lots One (1) and Two (2) in Block One Hundred Thirty-Nine (139) and All of Lots Three (3) to Seven (7) inclusive EXCEPT the North 50 feet of Lots Three (3) to Seven (1) in Block One Hundred Thirty—Nine (139) of CITY OF GRAND JUNCTION, according to the official plat thereof recorded in Plat Book No. 4 at Page 17, Official Records of Mesa County, Colorado.

TO HAVE AND TO HOLD the premises aforesaid, with all and singular the rights, privileges, appurtenances and immunities thereunto belonging or in anywise appertaining, unto the said Grantee and unto its successors and assigns forever, the said Grantor hereby covenanting that it will warrant and defend the title to said premises unto the said Grantee and unto its successors and assigns forever, against the lawful claims and demands of all persons whomsoever.

Executed and delivered this _____ day of _____, 2008.

Escondido Holdings, Inc., a Texas Corporation, Grantor:

By: _____
Henry Alvin Sessions, President

State of)
)ss.
County of)

The foregoing instrument was acknowledged before me this _____ day of _____, 2008, by Henry Alvin Sessions, President, Escondido Holdings, Inc., a Texas Corporation

My commission expires: _____.
Witness my hand and official seal.

Notary Public

The printed portions of this form, except differentiated additions, have been approved by the Colorado Real Estate Commission.
(AE41-8-07) (Mandatory 1-08)

THIS FORM HAS IMPORTANT LEGAL CONSEQUENCES AND THE PARTIES SHOULD CONSULT LEGAL AND TAX OR OTHER COUNSEL BEFORE SIGNING.

AGREEMENT TO AMEND/EXTEND CONTRACT

Date: 5-1-08

This agreement amends the Contract to Buy and Sell Real Estate dated April 4, 2008 (Contract), between **Escondido Holdings, Inc.**, a Texas corporation, (Seller), and the **City of Grand Junction**, a Colorado home rule municipality (Buyer), relating to the sale and purchase of the following legally described real estate in the County of Mesa, Colorado:

Lots One (1) and Two (2) in Block One Hundred Thirty-Nine (139) and All of Lots Three (3) to Seven (7) inclusive EXCEPT the North 50 feet of Lots Three (3) to Seven (7) in Block One Hundred Thirty-Nine (139) of the CITY OF GRAND JUNCTION, according to the official plat thereof recorded in Plat Book No. 4 at Page 17, Official Records of Mesa County, Colorado.

known as **306 South 5th Street, Grand Junction, Colorado 81501** (Property).

[NOTE: If any item is left blank or the term "No Change" is inserted, means no change. The abbreviation "N/A" or the word "Deleted" means not applicable and when inserted on any line in Dates and Deadlines (§ 2.3) means that the corresponding provision of the Contract to which reference is made is deleted.]

2.d. Dates and Deadlines.

Item No.	Reference	Event	Date or Deadline
1	§5	Title Deadline	April 11, 2008
2	§6a.	Title Objection Deadline	April 18, 2008
3	§6b.	Off-Record Matters Deadline	April 11, 2008
4	§6b.	Off-Record Matters Objection Deadline	April 18, 2008
5	§7	Seller's Property Disclosure Deadline	April 7, 2008
6	§7b.	Inspection Objection Deadline	April 25, 2008
7	§7c.	Resolution Deadline	May 2, 2008
8	§21b.	City Council Ratification Deadline	May 7, 2008
9	§8	Closing Date	May 16, 2008
10	§13	Possession Date	May 16, 2008
11	§13	Possession Time	5:00 p.m. M.S.T.
12	§25	Acceptance Deadline Date	April 4, 2008
13	§25	Acceptance Deadline Time	2:00 p.m. M.S.T.

3. Other dates or deadlines set forth in the Contract shall be changed as follows: N/A

4. Additional amendments: N/A

All other terms and conditions of the Contract shall remain the same.

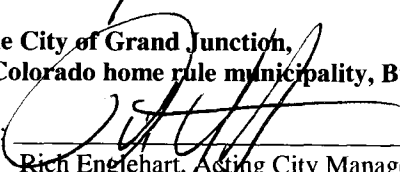
This proposal shall expire unless accepted in writing by Seller and Buyer as evidenced by their signatures below and the offering party to this document receives notice of such acceptance on or before the close of business on **May 5, 2008**.

Date: 4/30, 2008

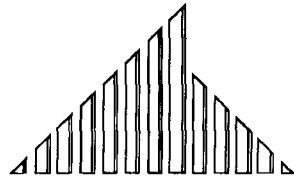
Date: 5-1, 2008

**The City of Grand Junction,
a Colorado home rule municipality, Buyer**

**Escondido Holdings, Inc., a Texas corporation,
Seller**

By: 
Rich Englehart, Acting City Manager

By: 
H.A. Sessions, President



**ABSTRACT & TITLE CO.
OF MESA COUNTY, INC.**

Issuing Agent For:
TRANSNATION
TITLE INSURANCE COMPANY

June 3, 2008

**The City of Grand Junction
ATTN: Mary Lynn Kirsch
250 N. 5th Street
Grand Junction, CO 81501**

RE: JOB NO. 00921645

Please find enclosed the Owners Policy on the property you purchased in **April, 2008 at 306 South 5th Street, Grand Junction, CO 81501**. This should be kept with your permanent records. The premium for this policy had already been paid through closing.

We have a history of your property now on file in our office and if, sometime in the future, you want to obtain a loan or possibly sell your property, we would be able to give you quick and accurate service.

Thank you for the opportunity to serve you.

Sincerely,

Jan Pobirk
Policy Dept.

1114 N. 1st Street, Suite 201
P.O. Box 3738
Grand Junction, CO 81501
970/242-8234
FAX 970/241-4925

Issued with Policy No.

SCHEDULE A

Amount of Insurance: \$797,850.00

Policy No.: C31-0056687

Premium \$1,933.00

File No. 00921645

Date of Policy: May 16, 2008 at 12:34 P.M.

1. Name of Insured:

The City of Grand Junction, a Colorado home rule municipality

2. The estate or interest in the land which is covered by this policy is:

Fee Simple


3. Title to the estate or interest in the land is vested in:

The City of Grand Junction, a Colorado home rule municipality

4. The land referred to in this policy is described in said instrument, is situated in the County of **Mesa**, State of Colorado, and is described as follows:

Lots 1 and 2 and
all of Lots 3 to 7 inclusive
EXCEPT the North 50 feet of Lots 3 to 7 in
Block 139 of
CITY OF GRAND JUNCTION

Countersigned:



Authorized Officer or Agent

**SCHEDULE B
EXCEPTIONS FROM COVERAGE**

Policy No.: **C31-0056687**

File No. **00921645**

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

1. Unpatented mining claims; reservations or exceptions in patents or in Acts authorizing the issuance thereof.
2. Any and all unpaid taxes, assessments and unredeemed tax sales.
3. Any and all rights of the owner of the property adjoining the subject property on the West side of Lot 3 and on the South side of Lots 3 to 6 arising from the existence of a party wall, partly located on the subject property as described in instrument recorded January 22, 1971 in Book 954 at Page 803, Reception No. 999611.
4. Terms, agreements, provisions, conditions and obligations as contained in Lease recorded May 5, 2008 in Book 4657 at Page 820, Reception No. 2437848 and First Amendment recorded May 5, 2008 in book 4657 at Page 830, Reception No. 2437849.

OWNER'S POLICY OF TITLE INSURANCE

Issued by **Transnation Title Insurance Company**

POLICY NUMBER

C31-0056687



Transnation Title Insurance Company is a member of the LandAmerica family of title insurance underwriters.

Any notice of claim and any other notice or statement in writing required to be given to the Company under this Policy must be given to the Company at the address shown in Section 18 of the Conditions.

COVERED RISKS

SUBJECT TO THE EXCLUSIONS FROM COVERAGE, THE EXCEPTIONS FROM COVERAGE CONTAINED IN SCHEDULE B, AND THE CONDITIONS, TRANSNATION TITLE INSURANCE COMPANY, a Nebraska corporation (the "Company") insures, as of Date of Policy and, to the extent stated in Covered Risks 9 and 10, after Date of Policy, against loss or damage, not exceeding the Amount of Insurance, sustained or incurred by the Insured by reason of:

1. Title being vested other than as stated in Schedule A.
2. Any defect in or lien or encumbrance on the Title. This Covered Risk includes but is not limited to insurance against loss from
 - (a) A defect in the Title caused by
 - (i) forgery, fraud, undue influence, duress, incompetency, incapacity, or impersonation;
 - (ii) failure of any person or Entity to have authorized a transfer or conveyance;
 - (iii) a document affecting Title not properly created, executed, witnessed, sealed, acknowledged, notarized, or delivered;
 - (iv) failure to perform those acts necessary to create a document by electronic means authorized by law;
 - (v) a document executed under a falsified, expired, or otherwise invalid power of attorney;
 - (vi) a document not properly filed, recorded, or indexed in the Public Records including failure to perform those acts by electronic means authorized by law; or
 - (vii) a defective judicial or administrative proceeding.
 - (b) The lien of real estate taxes or assessments imposed on the Title by a governmental authority due or payable, but unpaid.
 - (c) Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land. The term "encroachment" includes encroachments of existing improvements located on the Land onto adjoining land, and encroachments onto the Land of existing improvements located on adjoining land.
3. Unmarketable Title.
4. No right of access to and from the Land.
5. The violation or enforcement of any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
 - (a) the occupancy, use, or enjoyment of the Land;
 - (b) the character, dimensions, or location of any improvement erected on the Land;
 - (c) the subdivision of land; or
 - (d) environmental protectionif a notice, describing any part of the Land, is recorded in the Public Records setting forth the violation or intention to enforce, but only to the extent of the violation or enforcement referred to in that notice.
6. An enforcement action based on the exercise of a governmental police power not covered by Covered Risk 5 if a notice of the enforcement action, describing any part of the Land, is recorded in the Public Records, but only to the extent of the enforcement referred to in that notice.
7. The exercise of the rights of eminent domain if a notice of the exercise, describing any part of the Land, is recorded in the Public Records.
8. Any taking by a governmental body that has occurred and is binding on the rights of a purchaser for value without Knowledge.
9. Title being vested other than as stated in Schedule A or being defective
 - (a) as a result of the avoidance in whole or in part, or from a court order providing an alternative remedy, of a transfer of all or any part of the title to or any interest in the Land occurring prior to the transaction vesting Title as shown in Schedule A because that prior transfer constituted a fraudulent or preferential transfer under federal bankruptcy, state insolvency, or similar creditors' rights laws; or
 - (b) because the instrument of transfer vesting Title as shown in Schedule A constitutes a preferential transfer under federal bankruptcy, state insolvency, or similar creditors' rights laws by reason of the failure of its recording in the Public Records
 - (i) to be timely, or
 - (ii) to impart notice of its existence to a purchaser for value or to a judgment or lien creditor.
10. Any defect in or lien or encumbrance on the Title or other matter included in Covered Risks 1 through 9 that has been created or attached or has been filed or recorded in the Public Records subsequent to Date of Policy and prior to the recording of the deed or other instrument of transfer in the Public Records that vests Title as shown in Schedule A.

The Company will also pay the costs, attorneys' fees, and expenses incurred in defense of any matter insured against by this Policy, but only to the extent provided in the Conditions.

IN WITNESS WHEREOF, TRANSNATION TITLE INSURANCE COMPANY has caused its corporate name and seal to be hereunto affixed by its duly authorized officers, the Policy to become valid when countersigned by an authorized officer or agent of the Company.

TRANSNATION TITLE INSURANCE COMPANY

Attest:


Secretary



By:



President

EXCLUSIONS FROM COVERAGE

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

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
 - (i) the occupancy, use, or enjoyment of the Land;
 - (ii) the character, dimensions, or location of any improvement erected on the Land;
 - (iii) the subdivision of land; or
 - (iv) environmental protection;or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.
- (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters
 - (a) created, suffered, assumed, or agreed to by the Insured Claimant;
 - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
 - (c) resulting in no loss or damage to the Insured Claimant;
 - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 9 and 10); or
 - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Title.
4. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction vesting the Title as shown in Schedule A, is
 - (a) a fraudulent conveyance or fraudulent transfer; or
 - (b) a preferential transfer for any reason not stated in Covered Risk 9 of this policy.
5. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the deed or other instrument of transfer in the Public Records that vests Title as shown in Schedule A.

CONDITIONS

1 DEFINITION OF TERMS

The following terms when used in this policy mean:

(a) "Amount of Insurance": The amount stated in Schedule A, as may be increased or decreased by endorsement to this policy, increased by Section 8(b), or decreased by Sections 10 and 11 of these Conditions.

(b) "Date of Policy": The date designated as "Date of Policy" in Schedule A.

(c) "Entity": A corporation, partnership, trust, limited liability company, or other similar legal entity.

(d) "Insured": The Insured named in Schedule A.

(i) The term "Insured" also includes

(A) successors to the Title of the Insured by operation of law as distinguished from purchase, including heirs, devisees, survivors, personal representatives, or next of kin;

(B) successors to an Insured by dissolution, merger, consolidation, distribution, or reorganization;

(C) successors to an Insured by its conversion to another kind of Entity;

(D) a grantee of an Insured under a deed delivered without payment of actual valuable consideration conveying the Title

(1) if the stock, shares, memberships, or other equity interests of the grantee are wholly-owned by the named Insured,

(2) if the grantee wholly owns the named Insured,

(3) if the grantee is wholly-owned by an affiliated Entity of the named Insured, provided the affiliated Entity and the named Insured are both wholly-owned by the same person or Entity, or

(4) if the grantee is a trustee or beneficiary of a trust created by a written instrument established by the Insured named in Schedule A for estate planning purposes.

(ii) With regard to (A), (B), (C), and (D) reserving, however, all rights and defenses as to any successor that the Company would have had against any predecessor Insured.

(e) "Insured Claimant": An Insured claiming loss or damage.

(f) "Knowledge" or "Known": Actual knowledge, not constructive knowledge or notice that may be imputed to an Insured by reason of the Public Records or any other records that impart constructive notice of matters affecting the Title.

(g) "Land": The land described in Schedule A, and affixed improvements that by law constitute real property. The term "Land" does not include any property beyond the lines of the area described in Schedule A, nor any right, title, interest, estate, or easement in abutting streets, roads, avenues, alleys, lanes, ways, or waterways, but this does not modify or limit the extent that a right of access to and from the Land is insured by this policy.

(h) "Mortgage": Mortgage, deed of trust, trust deed, or other security instrument, including one evidenced by electronic means authorized by law.

(i) "Public Records": Records established under state statutes at Date of Policy for the purpose of imparting constructive notice of matters relating to real property to purchasers for value and without Knowledge. With respect to Covered Risk 5(d), "Public Records" shall also include environmental protection liens filed in the records of the clerk of the United States District Court for the district where the Land is located.

(j) "Title": The estate or interest described in Schedule A.

A. (k) "Unmarketable Title": Title affected by an alleged or apparent matter that would permit a prospective purchaser or lessee of the Title or lender on the Title to be released from the obligation to purchase, lease, or lend if there is a contractual condition requiring the delivery of marketable title.

2. CONTINUATION OF INSURANCE

The coverage of this policy shall continue in force as of Date of Policy in favor of an Insured, but only so long as the Insured retains an estate or interest in the Land, or holds an obligation secured by a purchase money Mortgage given by a purchaser from the Insured, or only so long as the Insured shall have liability by reason of warranties in any transfer or conveyance of the Title. This policy shall not continue in force in favor of any purchaser from the Insured of either (i) an estate or interest in the Land, or (ii) an obligation secured by a purchase money Mortgage given to the Insured.

3. NOTICE OF CLAIM TO BE GIVEN BY INSURED CLAIMANT

The Insured shall notify the Company promptly in writing (i) in case of any litigation as set forth in Section 5(a) of these Conditions, (ii) in case Knowledge shall come to an Insured hereunder of any claim of title or interest that is adverse to the Title, as insured, and that might cause loss or damage for which the Company may be liable by virtue of this policy, or (iii) if the Title, as insured, is rejected as Unmarketable Title. If the Company is prejudiced by the failure of

Conditions Continued

no liability for loss or damage until there has been a final determination by a court of competent jurisdiction, and disposition of all appeals, adverse to the Title, as insured.

(c) The Company shall not be liable for loss or damage to the Insured for liability voluntarily assumed by the Insured in settling any claim or suit without the prior written consent of the Company.

10. REDUCTION OF INSURANCE; REDUCTION OR TERMINATION OF LIABILITY

All payments under this policy, except payments made for costs, attorneys' fees, and expenses, shall reduce the Amount of Insurance by the amount of the payment.

11. LIABILITY NONCUMULATIVE

The Amount of Insurance shall be reduced by any amount the Company pays under any policy insuring a Mortgage to which exception is taken in Schedule B or to which the Insured has agreed, assumed, or taken subject, or which is executed by an Insured after Date of Policy and which is a charge or lien on the Title, and the amount so paid shall be deemed a payment to the Insured under this policy.

12. PAYMENT OF LOSS

When liability and the extent of loss or damage have been definitely fixed in accordance with these Conditions, the payment shall be made within 30 days.

13. RIGHTS OF RECOVERY UPON PAYMENT OR SETTLEMENT

(a) Whenever the Company shall have settled and paid a claim under this policy, it shall be subrogated and entitled to the rights of the Insured Claimant in the Title and all other rights and remedies in respect to the claim that the Insured Claimant has against any person or property, to the extent of the amount of any loss, costs, attorneys' fees, and expenses paid by the Company. If requested by the Company, the Insured Claimant shall execute documents to evidence the transfer to the Company of these rights and remedies. The Insured Claimant shall permit the Company to sue, compromise, or settle in the name of the Insured Claimant and to use the name of the Insured Claimant in any transaction or litigation involving these rights and remedies.

If a payment on account of a claim does not fully cover the loss of the Insured Claimant, the Company shall defer the exercise of its right to recover until after the Insured Claimant shall have recovered its loss.

(b) The Company's right of subrogation includes the rights of the Insured to indemnities, guaranties, other policies of insurance, or bonds, notwithstanding any terms or conditions contained in those instruments that address subrogation rights.

14. ARBITRATION

Either the Company or the Insured may demand that the claim or controversy shall be submitted to arbitration pursuant to the Title Insurance Arbitration Rules of the American Land Title Association ("Rules"). Except as provided in the Rules, there shall be no joinder or consolidation with claims or controversies of other persons.

Arbitrable matters may include, but are not limited to, any controversy or claim between the Company and the Insured arising out of or relating to this policy, any service in connection with its issuance or the breach of a policy provision, or to any other

controversy or claim arising out of the transaction giving rise to this policy. All arbitrable matters when the Amount of Insurance is \$2,000,000 or less shall be arbitrated at the option of either the Company or the Insured. All arbitrable matters when the Amount of Insurance is in excess of \$2,000,000 shall be arbitrated only when agreed to by both the Company and the Insured. Arbitration pursuant to this policy and under the Rules shall be binding upon the parties. Judgment upon the award rendered by the Arbitrator(s) may be entered in any court of competent jurisdiction.

15. LIABILITY LIMITED TO THIS POLICY; POLICY ENTIRE CONTRACT

(a) This policy together with all endorsements, if any, attached to it by the Company is the entire policy and contract between the Insured and the Company. In interpreting any provision of this policy, this policy shall be construed as a whole.

(b) Any claim of loss or damage that arises out of the status of the Title or by any action asserting such claim shall be restricted to this policy.

(c) Any amendment or endorsement to this policy must be in writing and authenticated by an authorized person, or expressly incorporated by Schedule A of this policy.

(d) Each endorsement to this policy issued at any time is made a part of this policy and is subject to all of its terms and provisions. Except as the endorsement expressly states, it does not (i) modify any of the terms and provisions of the policy, (ii) modify any prior endorsement, (iii) extend the Date of Policy, or (iv) increase the Amount of Insurance.

16. SEVERABILITY

In the event any provision of this policy, in whole or in part, is held invalid or unenforceable under applicable law, the policy shall be deemed not to include that provision or such part held to be invalid, but all other provisions shall remain in full force and effect.

17. CHOICE OF LAW; FORUM

(a) Choice of Law: The Insured acknowledges the Company has underwritten the risks covered by this policy and determined the premium charged therefor in reliance upon the law affecting interests in real property and applicable to the interpretation, rights, remedies, or enforcement of policies of title insurance of the jurisdiction where the Land is located.

Therefore, the court or an arbitrator shall apply the law of the jurisdiction where the Land is located to determine the validity of claims against the Title that are adverse to the Insured and to interpret and enforce the terms of this policy. In neither case shall the court or arbitrator apply its conflicts of law principles to determine the applicable law.

(b) Choice of Forum: Any litigation or other proceeding brought by the Insured against the Company must be filed only in a state or federal court within the United States of America or its territories having appropriate jurisdiction.

18. NOTICES, WHERE SENT

Any notice of claim and any other notice or statement in writing required to be given to the Company under this Policy must be given to the Company at: Consumer Affairs Department PO Box 27567 Richmond, Virginia 23261-7567.

THANK YOU.

Title insurance provides for the protection of your real estate investment. We suggest you keep this policy in a safe place where it can be readily available for future reference.

If you have questions about title insurance or the coverage provided by this policy, contact the office that issued this policy, or you may call or write:

Transnation Title Insurance Company
Consumer Affairs
P.O. Box 27567
Richmond, Virginia 23261-7567
telephone, toll free: 800 446-7086
web: www.landam.com

We thank you for choosing to do business with Transnation Title Insurance Company, and look forward to meeting your future title insurance needs.

Transnation Title Insurance Company
is a member of the LandAmerica family of title insurance underwriters.



Conditions Continued

the Insured Claimant to provide prompt notice, the Company's liability to the Insured Claimant under the policy shall be reduced to the extent of the prejudice.

4. PROOF OF LOSS

In the event the Company is unable to determine the amount of loss or damage, the Company may, at its option, require as a condition of payment that the Insured Claimant furnish a signed proof of loss. The proof of loss must describe the defect, lien, encumbrance, or other matter insured against by this policy that constitutes the basis of loss or damage and shall state, to the extent possible, the basis of calculating the amount of the loss or damage.

5. DEFENSE AND PROSECUTION OF ACTIONS

(a) Upon written request by the Insured, and subject to the options contained in Section 7 of these Conditions, the Company, at its own cost and without unreasonable delay, shall provide for the defense of an Insured in litigation in which any third party asserts a claim covered by this policy adverse to the Insured. This obligation is limited to only those stated causes of action alleging matters insured against by this policy. The Company shall have the right to select counsel of its choice (subject to the right of the Insured to object for reasonable cause) to represent the Insured as to those stated causes of action. It shall not be liable for and will not pay the fees of any other counsel. The Company will not pay any fees, costs, or expenses incurred by the Insured in the defense of those causes of action that allege matters not insured against by this policy.

(b) The Company shall have the right, in addition to the options contained in Section 7 of these Conditions, at its own cost, to institute and prosecute any action or proceeding or to do any other act that in its opinion may be necessary or desirable to establish the Title, as insured, or to prevent or reduce loss or damage to the Insured. The Company may take any appropriate action under the terms of this policy, whether or not it shall be liable to the Insured. The exercise of these rights shall not be an admission of liability or waiver of any provision of this policy. If the Company exercises its rights under this subsection, it must do so diligently.

(c) Whenever the Company brings an action or asserts a defense as required or permitted by this policy, the Company may pursue the litigation to a final determination by a court of competent jurisdiction, and it expressly reserves the right, in its sole discretion, to appeal any adverse judgment or order.

6. DUTY OF INSURED CLAIMANT TO COOPERATE

(a) In all cases where this policy permits or requires the Company to prosecute or provide for the defense of any action or proceeding and any appeals, the Insured shall secure to the Company the right to so prosecute or provide defense in the action or proceeding, including the right to use, at its option, the name of the Insured for this purpose. Whenever requested by the Company, the Insured, at the Company's expense, shall give the Company all reasonable aid (i) in securing evidence, obtaining witnesses, prosecuting or defending the action or proceeding, or effecting settlement, and (ii) in any other lawful act that in the opinion of the Company may be necessary or desirable to establish the Title or any other matter as insured. If the Company is prejudiced by the failure of the Insured to furnish the required cooperation, the Company's obligations to the Insured under the policy shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation, with regard to the matter or matters requiring such cooperation.

(b) The Company may reasonably require the Insured Claimant to submit to examination under oath by any authorized representative of the Company and to produce for examination, inspection, and copying, at such reasonable times and places as may be designated by the authorized representative of the Company, all records, in whatever medium maintained, including books, ledgers, checks, memoranda, correspondence, reports, e-mails, disks, tapes, and videos whether bearing a date before or after Date of Policy, that reasonably pertain to the loss or damage. Further, if requested by any authorized representative of the Company, the Insured Claimant shall grant its permission, in writing, for any authorized representative of the Company to examine, inspect, and copy all of these records in the custody or control of a third party that reasonably pertain to the loss or damage. All information designated as confidential by the Insured Claimant provided to the Company pursuant to this Section shall not be

disclosed to others unless, in the reasonable judgment of the Company, it is necessary in the administration of the claim. Failure of the Insured Claimant to submit for examination under oath, produce any reasonably requested information, or grant permission to secure reasonably necessary information from third parties as required in this subsection, unless prohibited by law or governmental regulation, shall terminate any liability of the Company under this policy as to that claim.

7. OPTIONS TO PAY OR OTHERWISE SETTLE CLAIMS; TERMINATION OF LIABILITY

In case of a claim under this policy, the Company shall have the following additional options:

(a) To Pay or Tender Payment of the Amount of Insurance.

To pay or tender payment of the Amount of Insurance under this policy together with any costs, attorneys' fees, and expenses incurred by the Insured Claimant that were authorized by the Company up to the time of payment or tender of payment and that the Company is obligated to pay.

Upon the exercise by the Company of this option, all liability and obligations of the Company to the Insured under this policy, other than to make the payment required in this subsection, shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation.

(b) To Pay or Otherwise Settle With Parties Other Than the Insured or With the Insured Claimant.

(i) To pay or otherwise settle with other parties for or in the name of an Insured Claimant any claim insured against under this policy. In addition, the Company will pay any costs, attorneys' fees, and expenses incurred by the Insured Claimant that were authorized by the Company up to the time of payment and that the Company is obligated to pay; or

(ii) To pay or otherwise settle with the Insured Claimant the loss or damage provided for under this policy, together with any costs, attorneys' fees, and expenses incurred by the Insured Claimant that were authorized by the Company up to the time of payment and that the Company is obligated to pay.

Upon the exercise by the Company of either of the options provided for in subsections (b)(i) or (ii), the Company's obligations to the Insured under this policy for the claimed loss or damage, other than the payments required to be made, shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation.

8. DETERMINATION AND EXTENT OF LIABILITY

This policy is a contract of indemnity against actual monetary loss or damage sustained or incurred by the Insured Claimant who has suffered loss or damage by reason of matters insured against by this policy.

(a) The extent of liability of the Company for loss or damage under this policy shall not exceed the lesser of

(i) the Amount of Insurance; or

(ii) the difference between the value of the Title as insured and the value of the Title subject to the risk insured against by this policy.

(b) If the Company pursues its rights under Section 5 of these Conditions and is unsuccessful in establishing the Title, as insured,

(i) the Amount of Insurance shall be increased by 10%, and

(ii) the Insured Claimant shall have the right to have the loss or damage determined either as of the date the claim was made by the Insured Claimant or as of the date it is settled and paid.

(c) In addition to the extent of liability under (a) and (b), the Company will also pay those costs, attorneys' fees, and expenses incurred in accordance with Sections 5 and 7 of these Conditions.

9. LIMITATION OF LIABILITY

(a) If the Company establishes the Title, or removes the alleged defect, lien, or encumbrance, or cures the lack of a right of access to or from the Land, or cures the claim of Unmarketable Title, all as insured, in a reasonably diligent manner by any method, including litigation and the completion of any appeals, it shall have fully performed its obligations with respect to that matter and shall not be liable for any loss or damage caused to the Insured.

(b) In the event of any litigation, including litigation by the Company or with the Company's consent, the Company shall have