

**ORDINANCE NO. 869**

**AN UNCODIFIED ORDINANCE OF THE CITY COUNCIL OF THE CITY OF BEAUMONT, CALIFORNIA, ADOPTING THE DEVELOPMENT AGREEMENT BETWEEN THE CITY OF BEAUMONT AND PARDEE HOMES (PURSUANT TO GOVERNMENT CODE SECTIONS 65864-65869.5)**

**WHEREAS**, in order to strengthen the public planning process, to encourage private participation in comprehensive planning, and to reduce the economic risks of development, the Legislature of the State of California has adopted Sections 65864 through 65869.5 of the Government Code which authorize the City of Beaumont (hereinafter referred to as "City") to enter into a Development Agreement; and

**WHEREAS**, the Beaumont City Council adopted an Addendum to the Deutsch Specific Plan Environmental Impact Report, in conjunction with the approval of Pardee Homes' Sundance Specific Plan on May 4, 2004, and the City Council finds that the findings made in connection with said Addendum are applicable and adequately address the environmental implications associated with the subject actions; and

**WHEREAS**, the applicant, Pardee Homes, proposed and submitted and City staff has reviewed and negotiated the Development Agreement between Pardee Homes and the City, to govern the carrying out of the Sundance Specific Plan in a manner that will ensure certain anticipated benefits to both the City and Pardee Homes; and

**WHEREAS**, duly noticed public hearings were conducted on this matter as required by law by the Planning Commission on June 8, 2004 and the City Council on July 20, 2004, and the Planning Commission recommends that the City Council approve the proposed Development Agreement based upon the following findings:

1. The proposed agreement is consistent with the objectives, policies, general land uses and programs specified in the Beaumont General Plan;
2. The proposed agreement facilitates land uses which are compatible with the uses authorized in, and the regulations prescribed for, the land use districts in which the real property is located;
3. The proposed agreement is in conformity with public convenience, general welfare and good land use planning practice;

4. The proposed agreement will not be detrimental to the health, safety and general welfare;
5. The proposed agreement will not adversely affect the orderly development of the property or the preservation of property values;
6. The proposed agreement will facilitate quality master planned development, the Sundance Specific Plan, which will aid in the economic development of the City; and
7. The proposed agreement will not have an adverse impact on the environment.

**WHEREAS**, the City Council of the City of Beaumont has reviewed the reasons for the recommendation of approval by the Planning Commission as described above.

**THEREFORE, THE CITY COUNCIL OF THE CITY OF BEAUMONT DOES HEREBY ORDAIN AS FOLLOWS:**

**SECTION 1:** It has been determined that:

- A. The provisions of the Development Agreement between the City and Pardee Homes are consistent with the General Plan; and
- B. The Development Agreement complies with all applicable zoning, subdivision and building regulations and with the Sundance Specific Plan; and
- C. The Development Agreement states the duration of the Agreement shall be a period of 25 years, sets forth the uses of the property, and the density and intensity of use, and sets forth the maximum height and size of proposed buildings and provides for the reservation, dedication and improvement of land uses for public facility uses.

**SECTION 2:** The Development Agreement between the City and Pardee Homes attached hereto as Exhibit "A" is hereby approved and the Mayor of the City of Beaumont is authorized and directed to execute said Development Agreement on behalf of the City on or after the date when by law this Ordinance shall take effect.

**SECTION 3:** This Ordinance shall take effect thirty (30) days after its final passage and within fifteen (15) days after its passage the City Clerk shall cause a summary to be published in a newspaper of general circulation, printed and published in the City of Beaumont, in a manner prescribed by law for publishing of ordinances of said City.

**ORDINANCE NO.** 869

**Page 3**

**MOVED, PASSED AND ADOPTED THIS** 17th **DAY OF** August ,  
**2004 BY THE FOLLOWING VOTE:**

**AYES:** Mayor Dressel, Council Members Fox, DeForge, Berg, and Killough.

**NOES:** None.

**ABSTAIN:** None.

**ABSENT:** None.

  
MAYOR OF THE CITY OF BEAUMONT

**ATTEST:**

  
CITY CLERK

RECORDING REQUESTED BY, AND  
WHEN RECORDED, MAIL TO:

City Clerk  
City of Beaumont  
550 East Sixth Street  
Beaumont, California 92223

EXEMPT: GOV'T CODE § 6103

(Space above)

DOC # 2006-0172944

03/10/2006 08:00A Fee:NC

Page 1 of 30

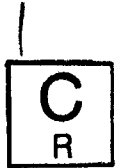
Recorded in Official Records  
County of Riverside

Larry W. Ward

Assessor, County Clerk & Recorder



M	S	U	PAGE	SIZE	DA	PCOR	NOCOR	SMF	MISC.
	1		30						
					1			✓	12
A	R	L			COPY	LONG	REFUND	NCHG	EXAM



**DEVELOPMENT AGREEMENT**

NO. 04-DA-06

**BETWEEN**

**THE CITY OF BEAUMONT**

**AND**

**PARDEE HOMES**

**(SUNDANCE SPECIFIC PLAN)**

*(Pursuant to California Government Code Sections 65864 - 65869.5  
and City of Beaumont Resolution No. 1987-34)*

August 17, \_\_\_\_\_, 2004

TABLE OF CONTENTS

	<u>Page</u>
1. DEFINITIONS.....	2
2. EXHIBITS.....	3
3. MUTUAL BENEFITS.....	3
4. INTEREST OF THE DEVELOPER.....	3
5. BINDING EFFECT OF AGREEMENT.....	4
6. PROJECT AS A PRIVATE UNDERTAKING.....	4
7. TERM.....	4
8. HOLD HARMLESS.....	4
9. VESTED RIGHT.....	4
10. DEVELOPMENT OF THE PROJECT.....	5
10.1 Phasing and Timing of Development.....	5
10.2 Effect of Agreement on Land Use Regulations.....	5
10.3 Application Processing.....	5
10.4 Administrative Changes and Amendments.....	5
10.5 Mello-Roos Communities Facilities Districts; Other Assessment Districts or Financing Mechanisms.....	6
10.6 Public Services and Facilities.....	6
10.7 Other Governmental or Quasi-Governmental Permits.....	6
10.8 Consistency Between This Agreement and Current Laws.....	6
10.9 Assessments, Fees, Mitigation and Exactions.....	7
10.10 Reimbursement by the City.....	7
11. RULES, REGULATIONS, REQUIREMENTS AND OFFICIAL POLICIES.....	7
11.1 New Rules.....	7
11.2 State and Federal Laws.....	8
12. AMENDMENT OR CANCELLATION OF AGREEMENT.....	8
13. ENFORCEMENT.....	8
14. PERIODIC REVIEW OF COMPLIANCE WITH AGREEMENT.....	8
15. Events of Default.....	9
15.1 Default by the Developer.....	9

TABLE OF CONTENTS

	<u>Page</u>
15.2 Default by the City.....	9
15.3 Specific Performance Remedy.....	9
16. INSTITUTION OF LEGAL ACTION.....	10
17. WAIVERS AND DELAYS.....	10
17.1 Waiver.....	10
17.2 Third Parties.....	10
17.3 Force Majeure.....	10
18. NOTICES.....	10
19. ATTORNEYS' FEES.....	11
20. TRANSFERS AND ASSIGNMENTS.....	11
20.1 Right to Assign.....	11
20.2 Release Upon Transfer.....	11
21. COOPERATION IN THE EVENT OF LEGAL CHALLENGE.....	11
22. EMINENT DOMAIN.....	11
23. AUTHORITY TO EXECUTE.....	11
24. ESTOPPEL CERTIFICATES.....	11
25. RECORDATION.....	12
26. PROTECTION OF MORTGAGE HOLDERS.....	12
27. SEVERABILITY OF TERMS.....	13
28. SUBSEQUENT AMENDMENT TO AUTHORIZING STATUTE.....	13
29. INTERPRETATION AND GOVERNING LAW.....	13
30. SECTION HEADINGS.....	13
31. INCORPORATION OF RECITALS AND EXHIBITS.....	13
32. RULES OF CONSTRUCTION AND MISCELLANEOUS TERMS.....	13
32.1 Gender.....	13
32.2 Time of Essence.....	13
32.3 Cooperation.....	13
33. TENTATIVE TRACT MAP EXTENSIONS.....	13
34. DEUTSCH DEVELOPMENT AGREEMENT.....	14

## DEVELOPMENT AGREEMENT

This **DEVELOPMENT AGREEMENT** ("**Agreement**") is entered into to be effective on Aug 17, 2004, between **PARDEE HOMES**, a California corporation (the "**Developer**"), and the **CITY OF BEAUMONT**, a municipal corporation organized and existing under the laws of the State of California (the "**City**"). The Developer and the City are sometimes collectively referred to herein as the "**parties**."

### RECITALS:

This Agreement is predicated upon the following facts:

- A. These Recitals use certain capitalized terms which are defined in this Agreement.
- B. Government Code Sections 65864 - 65869.5 authorize the City to enter into binding development agreements with persons having a legal or equitable interest in real property for the development of such property, all for the purpose of strengthening the public planning process, encouraging private participation and comprehensive planning and reducing the economic costs of such development. The City has implemented the law contained in such sections by adopting Resolution No. 1987-34, titled "Establishing Procedures and Requirements for Consideration of Development Agreements" (such Resolution, together with the aforementioned Government Code Sections, are being referred to herein as the "**Development Agreement Law**").
- C. This Agreement is adopted pursuant to the Development Agreement Law.
- D. Developer owns a portion of the property and is under a binding legal contract to acquire the remainder of the property located in the City and more particularly described on Exhibit "A" and as shown on Exhibit "B" attached and made a part of this Agreement (the "**Property**").
- E. The Developer intends to develop the Property in accordance with the Amendment to the Deutsch Specific Plan ("**Sundance Specific Plan**") as part of the Development Plan, as hereinafter defined (the "**Project**"). The Project is highly capital intensive, especially in its initial phases, which, in order to make the Project economically and fiscally feasible, requires major commitment to and investment in public facilities and on-site and off-site infrastructure improvements prior to the construction and sale or leasing of residential and commercial buildings. This Agreement will facilitate the logical and orderly development of the Project in the City.
- F. The City has determined the Development Plan is consistent with the City General Plan and has approved the Development Plan in order to promote the health, safety and welfare of its citizens and protect the quality of life of the community and the surrounding environment. The Development Plan consists of the Sundance Specific Plan, the Addendum to the Sundance EIR, and Tentative Tract Map Nos. 31468, 31469, 31470 and 31893 approved by

the City Council of City on May 4, 2004 by Resolution No. 2004-23. As part of the process of approving the Development Plan, the City has prepared and reviewed, pursuant to the California Environmental Quality Act ("CEQA"), an Addendum to the Deutsch Specific Plan EIR, with respect to the potential significant impacts of the Project resulting from development of the Property. The City has determined based on that review that the Addendum to the EIR adequately addresses the potential significant impacts of the Project, and that accordingly neither a supplemental nor subsequent environmental impact report is required for the Development Plan and/or this Agreement.

G. All of the proceedings relating to the approval of the Agreement have been conducted in accordance with the Development Agreement Law and CEQA.

H. On August 17, 2004, the City Council of the City adopted Ordinance No. 869 approving this Agreement with the Developer.

I. The terms and conditions of this Agreement have undergone extensive review by the City and its City Council and have been found to be fair, just and reasonable, and the City has found and determined that the execution of this Agreement is in the best interest of the public health, safety and general welfare of the City and its residents and that adopting this Agreement constitutes a present exercise of its police power.

## AGREEMENT

In light of the foregoing Recitals, which are an operative part of this Agreement, the parties agree as follows:

### 1. DEFINITIONS.

"Agreement" is this Development Agreement.

"Agreement Date" is the date this Agreement is approved by the City Council.

"Alternative Financing Mechanism" has the meaning given that phrase in Section 10.5 below.

"CEQA" is the California Environmental Quality Act, Public Resources Code section 21000 *et seq.*

"CFD" is a Community Facilities District formed pursuant to the Mello-Roos Community Facilities Act of 1982, California Government Code section 53312 *et seq.*

"City" is the City of Beaumont, California.

"City's Discretion" is discretion exercised by the City in accordance with the policies and principles set forth in the Development Plan, this Agreement and the procedures in effect as of the Effective Date such that the approvals given by the City to the Developer pursuant to the exercise of such discretion shall not be unreasonably withheld or delayed.



**“Developer”** is Pardee Homes, a California corporation, their subsidiary entities, and successors in interest to all or any part of the Property.

**“Development Agreement Law”** is California Government Code sections 65864 *et seq.*, and Resolution No. 1987-34, titled “Establishing Procedures and Requirements for Consideration of Development Agreements.”

**“Development Plan”** is, collectively, the permits, conditions and approvals listed on Exhibit “C.”

**“Effective Date”** is that date which is the later to occur of (a) the expiration of the time for filing a referendum petition relating to this Agreement if no such petition is filed within such period, or (b) the certification of the results of a referendum election are declared approving this Agreement if a referendum petition is filed within the applicable period.

**“EIR”** is Addendum to the Deutsch Specific Plan Environmental Impact Report certified by the City Council of City on January 14, 1991 (Resolution No. 1991-03).

**“Project”** is the proposed mixed-use development of the Property included within the Development Plan and associated amenities, including, without limitation, on-site and off-site public and private improvements, and land uses consisting of residential (approximately 4,450 dwelling units), commercial, parks and schools, as the same may be further defined, enhanced or modified pursuant to the provisions of this Agreement.

**“Property”** is the real property on which the Project is, or will be, located as described on Exhibit “A” attached hereto and shown on Exhibit “B” attached hereto.

2. **EXHIBITS.** The following documents are referred to in this Agreement, attached hereto and incorporated herein by this reference:

<b>Exhibit Designation</b>	<b>Description</b>
A	Legal Description of the Property
B	Map of the Property
C	List of Permits and Approvals

3. **MUTUAL BENEFITS.** This Agreement is entered into for the purpose of implementing the Development Plan for the Project in a manner that will secure certain assurances to the Developer that the Property may be developed in accordance with the Development Plan and this Agreement, and certain benefits to the City as set forth in this Agreement. The City and the Developer agree that, due to the size and duration of the Project, the Agreement is necessary to achieve those desired benefits.

4. **INTEREST OF THE DEVELOPER.** The Developer represents that the Developer owns a legal fee in a portion of the Property and an equitable interest in a portion of the Property.

5. **BINDING EFFECT OF AGREEMENT.** The terms and conditions of this Agreement shall be binding upon and inure to the benefit of the parties and their successors and assigns as set forth herein.

6. **PROJECT AS A PRIVATE UNDERTAKING.** It is specifically understood and agreed that the development of the Project is a private and not a public sector development, that neither party is acting as the agent of the other in any respect hereunder, and that each party is an independent contracting entity with respect to the terms, covenants and conditions contained in this Agreement. No partnership, joint venture or other association of any kind is formed by this Agreement. The only relationship between the City and the Developer is that of a government entity regulating the development of private property by the owner of the Property and the equitable owner of the Deutsch Parcels.

7. **TERM.** The term of this Agreement shall be twenty-five (25) years following the Effective Date. Expiration of the term of this Agreement shall not in any manner affect rights which have otherwise vested under applicable law.

8. **HOLD HARMLESS** The Developer shall hold the City, its officers, agents, employees and representatives harmless from liability for damage or claims for damage for personal injury, including death and claims for property damage, arising on the Property from the wrongful or negligent activities of the Developer or those of the Developer's contractors, subcontractors, agents, employees or other persons acting on the Developer's behalf which relate to the Project. In the event any person not a party or a successor to a party to this Agreement institutes any type of action against the City with respect to this Agreement, City and Developer shall cooperate in defending against the action, provided that City may, in its sole discretion, elect to tender the defense of such action to the Developer. If the Developer accepts the tender, the Developer shall thereafter hold City harmless from and defend City from all costs and expenses incurred in the defense of such action, provided that City fully cooperates with the Developer in the defense of such action. If the Developer declines the tender, then City shall have no further obligation or duty to defend the action.

9. **VESTED RIGHT.** By entering into this Agreement the City grants to the Developer a vested right to develop the Property in accordance with the Development Plan. The City shall not enact and enforce against the Project and the Development Plan an ordinance, policy, rule, regulation or other measure which significantly alters the rate, type, manner, density, timing or sequencing of the Project and the Development Plan. In addition to and not in limitation of the foregoing, it is the intent of the Developer and the City that no moratorium, whether relating to the rate, type, manner, density, timing or sequencing of the Project and whether or not enacted by initiative or otherwise, except a moratorium imposed by the City to implement State or Federal laws, statutes, regulations, policies or orders as provided in Section 11.2, affecting parcel or subdivision maps, building permits, plot plans, special use permits, conditional use permits, occupancy certificates or other entitlements to use or permits approved, issued or granted within the City, or portions of the City, shall not apply to the Project to the extent such moratorium or other limitation is in conflict with the Project and the Development Plan. Notwithstanding the foregoing, should an ordinance, general plan or zoning amendment, measure, moratorium, policy, rule, regulation or other limitation enacted by the citizens of the City through the initiative process be determined by a court of competent jurisdiction to invalidate or prevail over

all or any part of the Development Plan, the Developer shall have no recourse against the City pursuant to this Agreement. The foregoing shall not be deemed to limit the Developer's right to appeal any such determination of such ordinance, general plan or zoning amendment, measure, policy, rule, regulation, moratorium or other limitation which purports to invalidate or prevail over all or any part of this Agreement.

## **10. DEVELOPMENT OF THE PROJECT.**

**10.1 Phasing and Timing of Development.** When or the order in which Project phases will be developed, or whether it will be developed at all, depend upon numerous factors which are not within the control of the Developer or City, such as market orientation and demand, interest rates, availability of funding, competition and other similar factors. Accordingly, to the extent permitted by the Development Plan and this Agreement, the Developer shall have the right to develop the Project pursuant to the Development Plan in phases in such order and at such times as the Developer, in its sole discretion, deems appropriate within the exercise of its subjective business judgment; provided, however, that the City reserves the right to review, condition and approve each phase through discretionary and ministerial approvals consistent with this Agreement.

**10.2 Effect of Agreement on Land Use Regulations.** The rules, regulations and policies governing permitted uses of property, the density and intensity of use of property, the maximum height and size of proposed buildings and the design, improvement, construction and development standards and specifications applicable to development of the Property are those rules, regulations and policies in force as of the date of this Agreement, and those rules, regulations and official policies which may hereinafter be adopted by the City in accordance with Section 11.1 hereof, or State or Federal laws, statutes, regulations, policies or orders as provided in Section 11.2.

**10.3 Application Processing.** In connection with any approval which the City is permitted or has the right to make under this Agreement relating to the Project and the Development Plan, or otherwise under its rules, regulations and official policies, the City shall exercise the City's discretion or take action in a manner which is as expeditious as reasonably possible.

**10.4 Administrative Changes and Amendments.** The parties acknowledge that further planning and development of the Project may demonstrate that refinements and changes are appropriate with respect to the details of the Project or interpretation of the Development Plan. If and when the parties find that minor changes or adjustments are necessary or appropriate to the Project or the Development Plan, they shall, unless otherwise required by law, effectuate such changes or adjustments through administrative amendments approved by the Director of Planning, which, after execution, shall be attached hereto as addenda and become a part hereof, and may be further changed and amended from time to time as necessary, with approval by the Director of Planning as may be requested by the Developer. Minor changes or amendments shall be those which are consistent with the overall intent of the Development Plan and this Agreement and which do not materially alter the overall nature, scope, or design of the Project. Any such minor administrative changes or amendments shall not be deemed to be an

amendment to this Agreement under Government Code Section 65868 and, unless otherwise required by law, no such administrative amendments shall require prior notice or hearing.

**10.5 Mello-Roos Communities Facilities Districts; Other Assessment Districts or Financing Mechanisms.** Pursuant to Chapter 2.5 (commencing with section 53312) Part 1, Division 2, Title 5 of the Government Code of the State of California, commonly known as the "Mello-Roos Community Facilities Act of 1982," the Developer may, at its sole election, petition the City Council of the City or a joint powers agency in which the City is a member to establish a Community Facilities District ("CFD"), in accordance with the City's policies in existence on the Effective Date. Alternatively, or in addition thereto, the Developer may request that the City initiate and complete proceedings under the Municipal Improvement Act of 1911, the Municipal Improvement Act of 1913, the Improvement Bond Act of 1915, the Landscaping and Lighting Act of 1972, or any and all other available public financing mechanism, to provide public conduit financing for the construction of public infrastructure improvements on the Property ("**Alternative Financing Mechanisms**"). If so requested by the Developer, the City shall cooperate with the Developer (or, for matters beyond its control, shall use its best efforts) in taking all steps necessary to cause the CFD or Alternative Financing Mechanisms to issue bonds for such purposes. If the Property is included within a CFD or Alternative Funding Mechanism with other surrounding properties, the special taxes or special assessments burdening the various properties so included shall be apportioned on a fair share basis related to the benefit derived by each of such properties in accordance with City policies at the time such property is included.

**10.6 Public Services and Facilities.** The Project and Development Plan requires an integrated roadway system, and other public facilities including parks, schools, storm drains, and water and sewer facilities. City will reasonably assist Developer in obtaining public facilities and services for the Project on a timely basis in keeping with the pace of development of the Property. To the extent that the Developer constructs, installs or provides financing for public facilities or other public infrastructure improvements that benefit lands outside of the Property, the City shall use best reasonable efforts to adopt such ordinances, mitigation fees, liens or assessments as are necessary to provide credits, reimbursements, or in-kind funding to the Developer for the fair share of the benefits conferred upon such lands other than the Property by such public facilities or infrastructure improvements.

**10.7 Other Governmental or Quasi-Governmental Permits.** The Developer shall apply for such other permits and approvals as may be required by other governmental or quasi-governmental agencies having jurisdiction over the Project (such as public utilities or utility districts, or other federal or state agencies) to the extent required for the development of, or provision of, services and facilities to the Project as set forth in the Development Plan. The City shall cooperate with and assist the Developer in obtaining such permits and approvals, and, where necessary in making application for such approvals or permits. The Developer shall be solely responsible for all costs and shall be responsible for the processing of all such permits.

**10.8 Consistency Between This Agreement and Current Laws.** The City represents that as of the date of the execution of this Agreement, there are no rules, regulations, ordinances or official policies of the City that would interfere with the development of the Project according to the Development Plan.

**10.9 Assessments, Fees, Mitigation and Exactions.** The City shall not impose any future assessment, fee, mitigation measure or exaction on the Property, the Project or the Development Plan or any portion thereof, except (a) those existing and proposed assessments, fees, mitigation measures and exactions in existence on the date of this Agreement, (b) such other fees, assessments and exactions as may be adopted or imposed by the City in conformance with the requirements of Article XIII D of the California Constitution, (c) such other development impact fees or categories of development impact fees which are adopted on a City or County-wide basis or as required as a condition to obtaining County funding; and (d) such other development impact fees or categories of development impact fees which are imposed on other development projects in the City and are adopted and levied based on a benefit assessment. Fees payable to City shall be at rates applicable on the date the fee is paid. City shall recognize and apply a dollar-for-dollar in-lieu credit against any and all fees, for and equal to the cost of improvements and/or dedications made in the development of the Project by the Developer, or funded by any CFD or Alternative Financing Mechanism including the Property, and for which the fees would otherwise be imposed. City further agrees to use any fees paid with respect to development of the Project to fund improvements which benefit the Project, to the fullest reasonable extent available and applicable under the law.

**10.10 Reimbursement by the City.** Pursuant to Government Code Section 65865.2, the City hereby agrees that as future development fees, assessments and exactions are imposed on future projects which have benefited from the fees, assessments and exactions paid by the Developer, the City shall promptly reimburse the Developer to the extent that such fees, assessments and exactions paid by Developer benefited lands outside of the Property, but only to the extent that the City actually receives or collects such fees, assessments or exactions for a period of ten years from the date the fee was paid.

## **11. RULES, REGULATIONS, REQUIREMENTS AND OFFICIAL POLICIES.**

**11.1 New Rules.** This Agreement shall not prevent the City from applying the following new rules, regulations, requirements and policies, if applied on a City-wide or area of benefit basis:

**11.1.1 Processing fees and charges imposed by the City which cover only the estimated actual costs to the City of processing applications for development approvals, for monitoring compliance with any development approvals or for monitoring compliance with environmental impact mitigation measures.**

**11.1.2 Procedural regulations relating to hearing bodies, petitions, applications, notices, findings, records, hearings, reports, recommendations, appeals and any other matter of procedure, provided that such changes in procedural regulations do not have the effect of materially interfering with the benefits conferred by this Agreement.**

**11.1.3 Regulations governing construction standards and specifications including, without limitation, the City's Building Code, Plumbing Code, Mechanical Code, Electrical Code and Fire Code.**

11.1.4 Regulations which are necessary to protect public health and safety, provided that to the maximum extent possible such regulations shall be designed, construed and applied in a manner to preserve the benefits of this Agreement.

11.1.5 New or increased fees or categories of fees imposed as a condition of development, for the purpose of defraying all or a portion of the cost of public facilities (as defined in Government Code Sections 66000 *et seq.*) related to development projects.

11.1.6 Regulations which are in conflict with the Development Plan or this Agreement if such regulations have been consented to in writing by the Developer.

**11.2 State and Federal Laws.** In the event that State or Federal laws or regulations enacted after this Agreement is executed prevent or preclude compliance with one or more of the provisions of this Agreement, such provisions of this Agreement shall be modified or suspended as may be necessary to comply with such State or Federal laws or regulations; provided, however, that this Agreement shall remain in full force and effect to the extent it is not inconsistent with such laws or regulations and to the extent such laws or regulations do not render such remaining provisions impractical to enforce.

**12. AMENDMENT OR CANCELLATION OF AGREEMENT.** This Agreement may be amended or canceled in whole or in part only by mutual consent of the parties in the manner provided for in Government Code Section 65868.

**13. ENFORCEMENT.** Unless amended or canceled as provided in Section 12 above, or modified or suspended pursuant to Government Code Section 65869.5, this Agreement is enforceable by either party hereto notwithstanding any change in any applicable general or specific plan, zoning, or subdivision regulation or standard adopted by the City (or by the voters of the City unless found by a court of competent and final jurisdiction to prevail over this Agreement) which alters or amends the Development Plan or is inconsistent with this Agreement.

**14. PERIODIC REVIEW OF COMPLIANCE WITH AGREEMENT.** The City shall review this Agreement at least once every year from the date this Agreement is executed. During each periodic review, each party is required to demonstrate good faith compliance with the terms of this Agreement. Such periodic review shall be conducted administratively by the City Manager and any appropriate department heads designated by the City Manager to perform such periodic review. If the City Manager finds that the Developer is not in good faith compliance with this Agreement, the Developer shall have the right to appeal such finding to the City Council. The City Council on appeal shall not hold a public hearing to review a finding that the Developer is not in good faith compliance with this Agreement unless so requested by the Developer in writing at the time of the submission of such appeal. The City shall notify the Developer in writing of the date for review at least thirty (30) days prior thereto. The Developer shall pay or reimburse the City for the City's reasonable costs incurred in connection with such periodic reviews.

## **15. Events of Default.**

**15.1 Default by the Developer.** If the City Council determines on the basis of substantial evidence upon appeal of the City Manager's decision pursuant to Section 14 hereof that the Developer has not complied in good faith with the terms and conditions of this Agreement, it shall, by written notice to the Developer, specify the manner in which the Developer has failed to so comply and state the steps the Developer must take to bring itself into compliance. If, within sixty (60) days after the effective date of notice from the City specifying the manner in which the Developer has failed to so comply, the Developer does not commence action reasonably necessary to bring itself into compliance as required and thereafter diligently pursue such steps to completion, then the Developer shall be deemed to be in default under the terms of this Agreement and the City may, if such failure persists after thirty (30) days' prior written notice, exercise its rights and remedies pursuant to Section 15.3.

**15.2 Default by the City.** If the Developer determines on the basis of substantial evidence that the City has not complied in good faith with the terms and conditions of this Agreement, the Developer shall, by written notice to the City, specify the manner in which the City has failed to so comply and state the steps the City must take to bring itself into compliance. If, within sixty (60) days after the effective date of notice from the Developer specifying the manner in which the City has failed to so comply, the City does not commence steps reasonably necessary to bring itself into compliance as required and thereafter diligently pursue such steps to completion, then the City shall be deemed to be in default under the terms of this Agreement and if such failure persists after thirty days prior written notice, the Developer may terminate this Agreement or seek specific performance as set forth in Section 15.3.

**15.3 Specific Performance Remedy.** Due to the size, nature and scope of the Project, it will not be practical or possible to restore the Property to its natural condition following development of all or any portion of the Property. After such development, the Developer may be foreclosed from other choices it may have had to utilize the Property. The Developer has invested significant time and resources and performed extensive planning and processing of the Project in agreeing to the terms of this Agreement and will be investing substantially more time and resources in implementing the Project in reliance upon the terms of this Agreement. It would be difficult or impossible to accurately determine the sum of money which would adequately compensate the Developer for such efforts. For the above reasons, the City and the Developer agree that damages alone would not be an adequate remedy if the City fails to carry out its obligations under this Agreement. Similarly, if the Developer breaches certain of its obligations hereunder, monetary damages may not constitute an adequate remedy for the City. Therefore, the parties agree that specific performance of this Agreement is an appropriate remedy if either party defaults and fails to perform its non-monetary obligations under this Agreement. Notwithstanding the foregoing, nothing in this Agreement is intended to prevent either party from seeking recovery of appropriate damages in the event that the terms of this Agreement are breached. The City and the Developer acknowledge that if the Developer is in default of its obligations under this Agreement, the City shall have the right to refuse to issue any permits or other approvals to which the Developer would not otherwise have been entitled but for this Agreement.

**16. INSTITUTION OF LEGAL ACTION.** In addition to any other rights or remedies, either party may institute legal action to cure, correct or remedy any default, to enforce any covenants or agreements herein, to enjoin any threatened or attempted violation hereof, to recover damages for any default or to obtain any other remedies consistent with the purpose of this Agreement. Any such legal action shall be brought in the Superior Court of the State of California for the County of Riverside. The parties hereto waive any right to trial by jury.

**17. WAIVERS AND DELAYS.**

**17.1 Waiver.** Failure by a party to insist upon the strict performance of any of the provisions of this Agreement by the other party, and failure by a party to exercise its rights upon a default by the other party hereto, shall not constitute a waiver of such party's right to demand strict compliance by such other party in the future.

**17.2 Third Parties.** Nonperformance shall not be excused because of a failure of a third person except as provided in Section 17.3 below.

**17.3 Force Majeure.** Neither party shall be deemed to be in default for failure or delay in performance of any of its obligations under this Agreement if caused by floods, earthquakes, other Acts of God, fires, wars, riots or similar hostilities, strikes, other labor difficulties, government regulations or other causes beyond either of the parties' control. If any such event shall occur, the term of this Agreement and the time for performance by the Developer of any of its obligations hereunder or pursuant to the Development Plan shall be extended by the period of time that such events prevent or delay development of the Project.

**18. NOTICES.** All notices required or provided for under this Agreement shall be in writing and delivered in person and deposited in the United States mail, postage prepaid and addressed as follows:

To the City:           The City of Beaumont  
550 East Sixth Street  
Beaumont, California 92223  
Attn: City Manager

With a copy to:       Mr. Joseph Aklufi  
Aklufi & Wysocki  
3403 Tenth Street, Suite 610  
Riverside, CA 92501

To the Developer:   Pardee Homes  
1181 California Ave., Suite 103  
Corona, CA 92881  
Attn: Michael Taylor

With a copy to:       Hewitt & O'Neil LLP  
19900 MacArthur Blvd., Suite 1050  
Irvine, California 92612  
Attn: Dennis D. O'Neil, Esq.

Any party may change its address stated herein by giving notice, in writing, to the other parties.



19. **ATTORNEYS' FEES.** If legal action is brought by either party against the other for breach of this Agreement, or to compel performance under this Agreement, the prevailing party shall be entitled to an award of reasonable attorneys' fees and costs.

20. **TRANSFERS AND ASSIGNMENTS.**

20.1 **Right to Assign.** The Developer shall have the right to sell, assign or transfer this Agreement and any and all of its rights, duties and obligations hereunder, in whole or in part, to any person or entity at any time during the term of this Agreement; provided, however, in no event shall the rights, duties and obligations conferred upon the Developer pursuant to this Agreement be at any time so transferred or assigned except through a transfer of an interest of the Developer in the Property, or a portion thereof. The assignment shall not be effective without the City's prior approval, which shall not be unreasonably withheld, to ensure that the assignment will not prevent the orderly development of the Project consistent with the Agreement or Development Plan. In the event of any such assignment, the transferee shall thereafter be solely liable for the performance of all obligations of the Developer relating to the portion of the Property, or interest therein, so transferred. Such transferee or the Developer shall notify the City, in advance, and in writing of their intent to transfer such obligations.

20.2 **Release Upon Transfer.** Upon the sale, transfer or assignment of the Developer's rights and interests under this Agreement as permitted pursuant to Section 20.1, the Developer shall be released from its obligations under this Agreement and all of the Developer's obligations pursuant to the Development Plan, or other agreements assumed by transferee with respect to the Property, or portion thereof, so transferred, provided that (a) the Developer is not then in default under the Agreement, (b) the Developer or transferee has provided the City notice of such transfer and (c) the transferee executes and delivers to the City a written agreement in which (i) the name and address of the transferee is set forth and (ii) the transferee expressly and unconditionally assumes all of the obligations of the Developer under this Agreement with respect to the Property, or a portion thereof, so transferred.

21. **COOPERATION IN THE EVENT OF LEGAL CHALLENGE.** In the event of any legal action instituted by a third party or other governmental entity or official challenging the validity of this Agreement or any portion thereof, the parties hereby agree to cooperate in defending such action, subject to the provisions of Section 8. In the event of any litigation challenging the effectiveness of this Agreement, or any portion hereof, this Agreement shall remain in full force and effect while such litigation, including any appellate review, is pending.

22. **EMINENT DOMAIN.** No provision of this Agreement shall be construed to limit or restrict the exercise by the City of its power of eminent domain.

23. **AUTHORITY TO EXECUTE.** The person or persons executing this Agreement on behalf of the Developer warrant and represent that they have the authority to execute this Agreement on behalf of the Developer and warrant and represent that they have the authority to bind the Developer to the performance of its obligations hereunder.

24. **ESTOPPEL CERTIFICATES.** The City shall at any time upon not less than thirty (30) days' prior written notice from the Developer execute, acknowledge and deliver to the Developer

a statement in writing (i) certifying that this Agreement is unmodified and in full force and effect (or, if modified, stating the nature of such modification and certifying that this Agreement, as so modified, is in full force and effect); (ii) certifying the amounts of the fees, assessments and exactions that have been received from the Developer and what amounts, if any, remain outstanding; and (iii) acknowledging that there are not, to the City's knowledge, any defaults if any are claimed. Any such statement may be conclusively relied upon by any prospective purchaser, lender or joint venture partner.

25. **RECORDATION.** This Agreement and any amendment or cancellation hereto shall be recorded in the Official Records of the County of Riverside, by the City Clerk within the period required by Section 65868.5 of the Government Code.

26. **PROTECTION OF MORTGAGE HOLDERS.** The parties hereto agree that this Agreement shall not prevent or limit the Developer, in any manner, at the Developer's sole discretion, from encumbering the Property or any portion thereof or any improvement thereon by any mortgage, deed of trust or other security device securing financing with respect to the Property. The City acknowledges that the lenders providing such financing may require certain interpretations, estoppel certificates and modifications to this Agreement and agrees upon request, from time to time, to meet with the Developer and representatives of such lenders to negotiate in good faith any such request for interpretations, estoppel certificates or modifications. The City will not unreasonably withhold its consent to any such requested interpretation, estoppel certificate or modification provided the same is consistent with the intent and purposes of this Agreement. The holder(s) of any mortgage, deed of trust or other security instrument encumbering the Property (each, a "Mortgagee") shall have the following rights and privileges:

26.1.1 Neither entering into this Agreement nor a breach of this Agreement shall defeat, render invalid, diminish or impair the lien of any mortgage on the Property made in good faith and for value, unless otherwise required by law.

26.1.2 Any Mortgagee which has submitted a request in writing to the City in the manner specified herein for giving notices, shall be entitled to receive written notification from City of any default by the Developer in the performance of the Developer's obligations under this Agreement.

26.1.3 If the City timely receives a request from a Mortgagee requesting a copy of any notice of default given to the Developer under the terms of this Agreement, the City shall provide a copy of that notice to the Mortgagee within ten (10) days of sending the notice of default to the Developer. Mortgagee's not party to this Agreement. If the cure period for a default by the Developer set forth in Section 15.1 above has expired and such default has not been cured, the Mortgagee shall be provided with an additional thirty (30) day period after the expiration of such cure period in which to commence all steps reasonably necessary to bring the Developer in compliance as required under this Agreement and thereafter diligently pursue such steps to completion. During such cure period, and if the default is ultimately cured, the City shall not terminate this Agreement.

26.1.4 Any Mortgagee who comes into possession of the Property, or any part thereof, pursuant to foreclosure of the mortgage or deed of trust, or deed in lieu of such

foreclosure, shall take the Property, or part thereof, subject to the terms of this Agreement. Notwithstanding any other provision of this Agreement to the contrary, no Mortgagee shall have an obligation or duty under this Agreement to perform any of the Developer's obligations or other affirmative covenants of the Developer hereunder, or to guarantee such performance; provided, however, that to the extent that any covenant to be performed by the Developer is a condition precedent to the performance of a covenant by City, the performance thereof shall continue to be a condition precedent to City's performance hereunder, and further provided that any sale, transfer or assignment by any Mortgagee in possession shall be subject to the provisions of this Agreement.

**27. SEVERABILITY OF TERMS.** If any term, provision, covenant or condition of this Agreement shall be determined invalid, void or unenforceable, the remainder of this Agreement shall not be affected thereby to the extent such remaining provisions are not rendered impractical to enforce.

**28. SUBSEQUENT AMENDMENT TO AUTHORIZING STATUTE.** This Agreement has been entered into in reliance upon the provisions of the Development Agreement Law in effect as of the Agreement Date. Accordingly, subject to Section 11.2 above, to the extent a subsequent amendment to the Development Agreement Law would affect the provisions of this Agreement, such amendment shall not be applicable to the Agreement unless necessary for this Agreement to be enforceable or unless this Agreement is modified pursuant to the provisions set forth in the Agreement and Government Code Section 65868 in effect on the Agreement Date.

**29. INTERPRETATION AND GOVERNING LAW.** This Agreement and any dispute arising hereunder shall be governed and interpreted in accordance with the laws of the State of California.

**30. SECTION HEADINGS.** All section headings and subheadings are inserted for convenience only and shall not affect any construction or interpretation of this Agreement.

**31. INCORPORATION OF RECITALS AND EXHIBITS.** Recitals A through J and attached Exhibits "A" through "E" are hereby incorporated herein by this reference as though set forth in full.

**32. RULES OF CONSTRUCTION AND MISCELLANEOUS TERMS.**

**32.1 Gender.** The singular includes the plural; the masculine gender includes the feminine; "shall" is mandatory, "may" is permissive.

**32.2 Time of Essence.** Time is of the essence regarding each provision of this Agreement in which time is an element.

**32.3 Cooperation.** Each party covenants to take such reasonable actions and execute all documents that may be necessary to achieve the purposes and objectives of this Agreement.

**33. TENTATIVE TRACT MAP EXTENSIONS.** In accordance with the provisions of Section 66452.6 of the California Government Code, tentative subdivision tract map(s) or


tentative parcel map(s), heretofore or hereafter approved in connection with development of the Property, shall be granted an extension of time for the term of this Agreement.

34. **DEUTSCH DEVELOPMENT AGREEMENT.** This Agreement shall supersede that certain Development Agreement between the City and Highland Farms, Aleisian Farms and Banning Farms (Deutsch) dated April 25, 1991 and recorded on May 24, 1991 in the Office of the Riverside County Recorder ("Deutsch Development Agreement"), except for any obligation Developer may have to provide access to the City's sewer system to those properties located on Eighth Street as may be required under the terms of the Deutsch Development Agreement.

The parties have executed this Development Agreement on the date and year first written above.

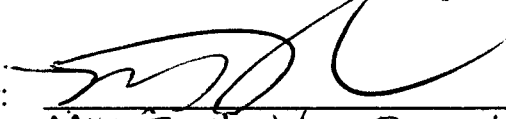
**"City"**

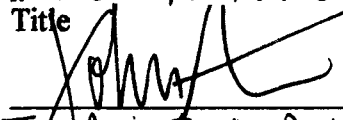
**THE CITY OF BEAUMONT, a  
municipal corporation of the State of California**

By:   
Larry Dressel, Mayor

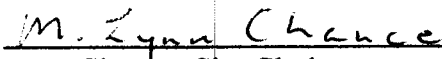
**"Developer"**

**PARDEE HOMES, a California corporation**

By:   
Mike Taylor, Vice President  
Title

By:   
John Arvin, Sr. Vice President  
Title

**SIGNED AND CERTIFIED THAT A COPY OF  
THIS DOCUMENT HAS BEEN DELIVERED TO  
THE MAYOR OF THE CITY COUNCIL**

By:   
Lynn Chance, City Clerk

*(All Signatures To Be Notarized)*

**CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT**

State of California }  
County of Riverside } ss.

On 3/7/2006 before me, Karee Trinidad, Notary Public  
Date Name and Title of Officer (e.g., "Jane Doe, Notary Public")  
personally appeared Larry Dressel  
Name(s) of Signer(s)

personally known to me  
 proved to me on the basis of satisfactory evidence

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



WITNESS my hand and official seal.

Karee Trinidad  
Signature of Notary Public

**OPTIONAL**

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

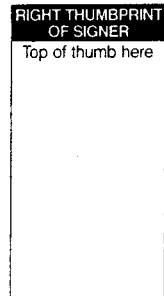
**Description of Attached Document**

Title or Type of Document: Development Agreement  
Document Date: 2/23/2004 Number of Pages: 17  
Signer(s) Other Than Named Above: \_\_\_\_\_

**Capacity(ies) Claimed by Signer**

Signer's Name: \_\_\_\_\_  
 Individual  
 Corporate Officer — Title(s): \_\_\_\_\_  
 Partner —  Limited  General  
 Attorney-in-Fact  
 Trustee  
 Guardian or Conservator  
 Other: \_\_\_\_\_

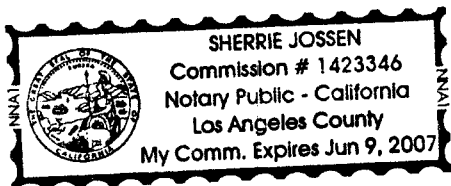
Signer Is Representing: \_\_\_\_\_



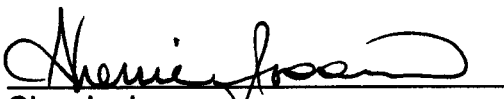
# CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California  
County of Los Angeles

On **February 16, 2006**, before me, Sherrie Jossen, Notary Public, personally appeared **John Arvin, Sr. Vice President**, personally known to me to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.



WITNESS my hand and official seal

  
Sherrie Jossen  
Notary Public in and for said state.

## -----OPTIONAL-----

Though the data below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent reattachment of this form.

### DESCRIPTION OF ATTACHED DOCUMENT

Title or Type of Document: Development Agreement  
Additional Information: Sundance Specific Plan  
Date of Document: August 17, 2004                      Number of Pages: 17  
Signer is Representing: PARDEE HOMES  
Signer(s) other than named above: N/A

### CAPACITY CLAIMED BY SIGNER

Name of Signer: John Arvin  
Signing As:  
 INDIVIDUAL  
 CORPORATE OFFICER                      TITLE: Sr. Vice President  
 PARTNER(S)  
 LIMITED                       GENERAL  
 ATTORNEY-IN-FACT  
 TRUSTEE  
 GUARDIAN/CONSERVATOR  
 OTHER:

THUMB PRINT  
RIGHT THUMB

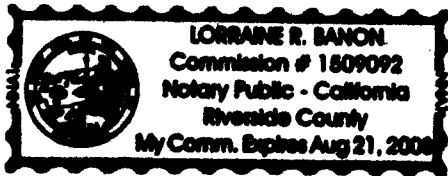
# CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California }  
County of RIVERSIDE } ss.

On 2/10/06, before me, LORRAINE R. BANON Notary Public  
Date Name and Title of Officer (e.g., "Jane Doe, Notary Public")

personally appeared MIKE TAYLOR  
Name(s) of Signer(s)

- personally known to me  
 proved to me on the basis of satisfactory evidence



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

WITNESS my hand and official seal,

Lorraine R. Banon  
Signature of Notary Public

Place Notary Seal Above

## OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

### Description of Attached Document

Title or Type of Document: DEUTSCH DEVELOPMENT AGREEMENT

Document Date: 02/10/06 Number of Pages: 1

Signer(s) Other Than Named Above: NONE

### Capacity(ies) Claimed by Signer

Signer's Name: MIKE TAYLOR

- Individual  
 Corporate Officer — Title(s): \_\_\_\_\_  
 Partner —  Limited  General  
 Attorney in Fact  
 Trustee  
 Guardian or Conservator  
 Other: \_\_\_\_\_

Signer Is Representing: PARDEE HOMES

RIGHT THUMBPRINT  
OF SIGNER

Top of thumb here

**CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT**

State of California }  
County of Riverside } ss.

On 2/23/2006 before me, Karee Trinidad, Notary Public  
Date Name and Title of Officer (e.g., "Jane Doe, Notary Public")  
personally appeared Martha Lynn Chance  
Name(s) of Signer(s)

personally known to me  
 proved to me on the basis of satisfactory evidence

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



WITNESS my hand and official seal.  
Karee Trinidad  
Signature of Notary Public

**OPTIONAL**

*Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.*

**Description of Attached Document**

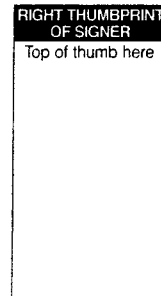
Title or Type of Document: Development Agreement  
Document Date: 2/23/2004 Number of Pages: 17  
Signer(s) Other Than Named Above: \_\_\_\_\_

**Capacity(ies) Claimed by Signer**

Signer's Name: \_\_\_\_\_

- Individual
- Corporate Officer — Title(s): \_\_\_\_\_
- Partner —  Limited  General
- Attorney-in-Fact
- Trustee
- Guardian or Conservator
- Other: \_\_\_\_\_

Signer Is Representing: \_\_\_\_\_





**EXHIBIT A**  
**LEGAL DESCRIPTION OF THE PROPERTY**

RBF Consulting  
14725 Alton Parkway  
Irvine, California 92618

Exhibit "A"

October 17, 2003  
JN 10-102112.01  
Page 1 of 3

**LEGAL DESCRIPTION  
SUNDANCE DEVELOPMENT AGREEMENT**

That certain parcel of land situated in the City of Beaumont, County of Riverside, State of California, being that portion of Section 35, Township 2 South, Range 1 West together with all of Section 2 and that portion of Section 11, Township 3 South, Range 1 West, all San Bernardino Meridian, described as follows:

**BEGINNING** at the centerline intersection of Brookside Avenue and Cherry Avenue being also the northwest corner of said Section 35 and an angle point in the existing boundary line of the Beaumont-Cherry Valley Water District.

thence along said existing boundary line and the westerly line of said Section 35 South  $00^{\circ}50'06$  West 1420.14 feet to an angle point in said existing boundary line as established by "Annexation to Beaumont-Cherry Valley Water District LAFCO 92-19-3";

thence along the northerly, easterly and southerly lines of said annexation through the following courses: South  $89^{\circ}45'24$  East 660.97 feet;

thence South  $00^{\circ}51'43$  West 566.03 feet;

thence North  $89^{\circ}45'24$  West 660.70 feet to said westerly line of Section 35;

thence leaving said southerly line, continuing along said existing boundary line through the following courses: along said westerly line South  $00^{\circ}50'06$  West 662.03 feet to the west quarter corner of said section;

thence continuing along said westerly line South  $00^{\circ}39'07$  West 2635.83 feet to the northwest corner of said Section 2;

thence along the westerly line of said Section 2 South  $00^{\circ}32'42$  West 2401.99 feet to the west quarter corner of said section;

thence continuing along said westerly line South  $00^{\circ}18'18''$  East 2637.67 feet to the southwest corner of said Section 2;

thence along the southerly line of said Section 2 South  $88^{\circ}12'51''$  East 2401.95 feet to the northeasterly corner of Lot 7, Block 1 of the Map of the Subdivision of Section 11, Township 3 South, Range 1 West, San Bernardino Meridian recorded in Book 9, Page 10 of Maps in the Office of the County Recorder of said San Bernardino;

thence along the easterly line of said Lot 7 and the southerly prolongation thereof South  $00^{\circ}16'11''$  West 186.80 feet to the centerline of Eighth Street;

thence along said centerline through the following courses: South  $89^{\circ}46'16''$  East 424.88 feet;

thence South  $89^{\circ}44'45''$  East 1551.55 feet to the beginning of a tangent curve concave northerly and having a radius of 1000.00 feet;

thence along said curve easterly 251.56 feet through a central angle of  $14^{\circ}24'48''$ ;

thence tangent from said curve North  $75^{\circ}50'27''$  East 177.60 feet to the beginning of a tangent curve concave southerly and having a radius of 1000.00 feet;

thence along said curve easterly 239.28 feet through a central angle of  $13^{\circ}42'36''$ ;

thence tangent from said curve North  $89^{\circ}33'03''$  East 215.76 feet to the centerline of Highland Springs Avenue, being also the southeasterly corner of said Section 2;

thence leaving said centerline of Eighth Street and existing boundary line of Beaumont-Cherry Valley Water District, along the easterly line of said Section 2 North  $00^{\circ}10'30''$  East 2640.08 feet to the east quarter corner of said section;

thence continuing along said easterly line North  $00^{\circ}10'12''$  East 2541.66 feet to the northeast corner of said section;

thence along the easterly line of said Section 35 North  $01^{\circ}08'32''$  East 2639.31 feet to the east quarter corner of said section;

thence continuing along said easterly line North  $01^{\circ}09'01''$  East 1980.24 feet to an angle point in said existing boundary line of the Beaumont-Cherry Valley Water District;

thence along said existing boundary line through the following courses: continuing along said easterly line of Section 35 North  $01^{\circ}09'01''$  East 659.33 feet to the northeast corner of said section being also on the centerline of said Brookside Avenue;

thence along the northerly line of said section North  $89^{\circ}40'48''$  West 1321.69 feet to the northwest corner of the northeast quarter of the northeast quarter of said section;

thence along the westerly line of said northeast quarter of the northeast quarter of Section 35 South  $01^{\circ}08'00''$  West 1322.94 feet to the centerline of Seventeenth Street;

thence along said centerline North  $89^{\circ}43'36''$  West 1321.39 feet to the centerline of Orchard Heights Avenue;

thence along said centerline North  $00^{\circ}56'50''$  East 1327.11 feet to said northerly line of Section 35 being also on the centerline of Brookside Avenue;

thence along said northerly line North  $89^{\circ}32'30''$  West 1327.60 feet;

thence continuing along said northerly line South  $89^{\circ}58'23''$  West 1319.10 feet to the **TRUE POINT OF BEGINNING**.

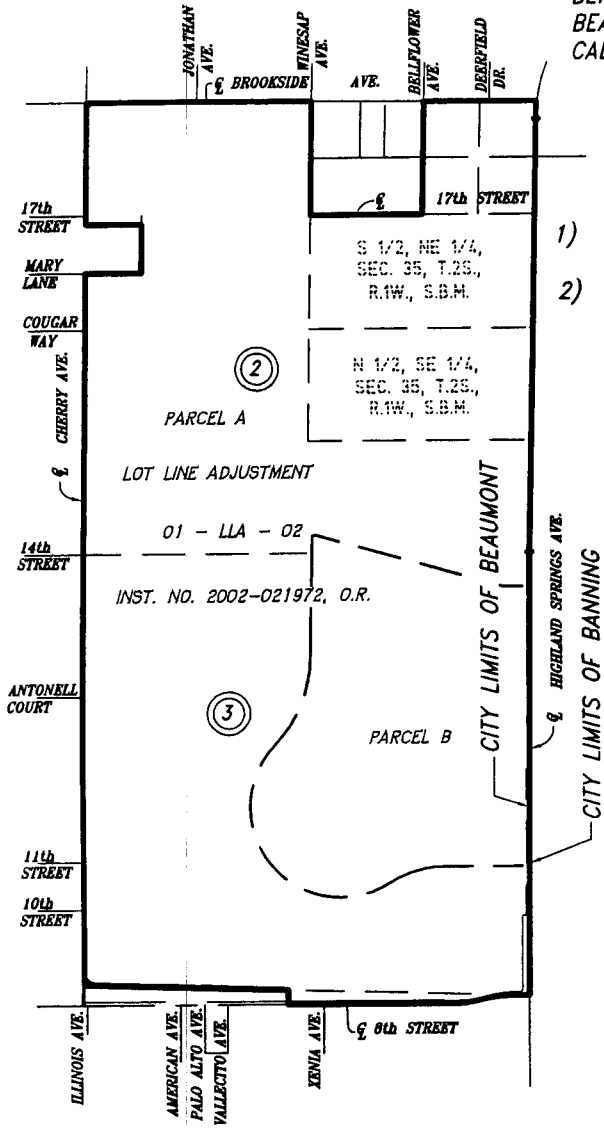
**CONTAINING:** 1217.16 Acres, more or less.

**EXHIBIT "A-1"** attached and by this reference made a part hereof.

**EXHIBIT B**  
**MAP OF THE PROPERTY**

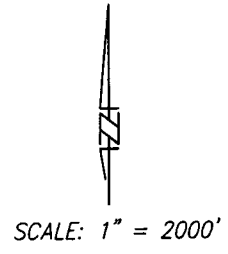
**LEGAL DESCRIPTION**

BEING A PORTION OF SECTION 35, TOWNSHIP 2 SOUTH, RANGE 1 WEST TOGETHER WITH ALL OF SECTION 2 AND A PORTION OF SECTION 11, TOWNSHIP 3 SOUTH, RANGE 1 WEST, SAN BERNARDINO MERIDIAN. ALL IN IN THE CITY OF BEAUMONT, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA.



**NOTES:**

- 1) THIS ANNEXATION CONTAINS 1217.16 ACRES±.
- 2) UNLESS OTHERWISE NOTED, DISTANCES HEREON ARE GROUND MEASUREMENTS. TO OBTAIN GRID DISTANCES MULTIPLY BY A COMBINED FACTOR OF 0.99988764

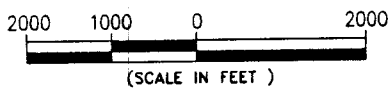


**LEGEND**

② INDICATES SHEET NUMBER

**EXHIBIT "A-1"**

SUNDANCE DEVELOPMENT AGREEMENT



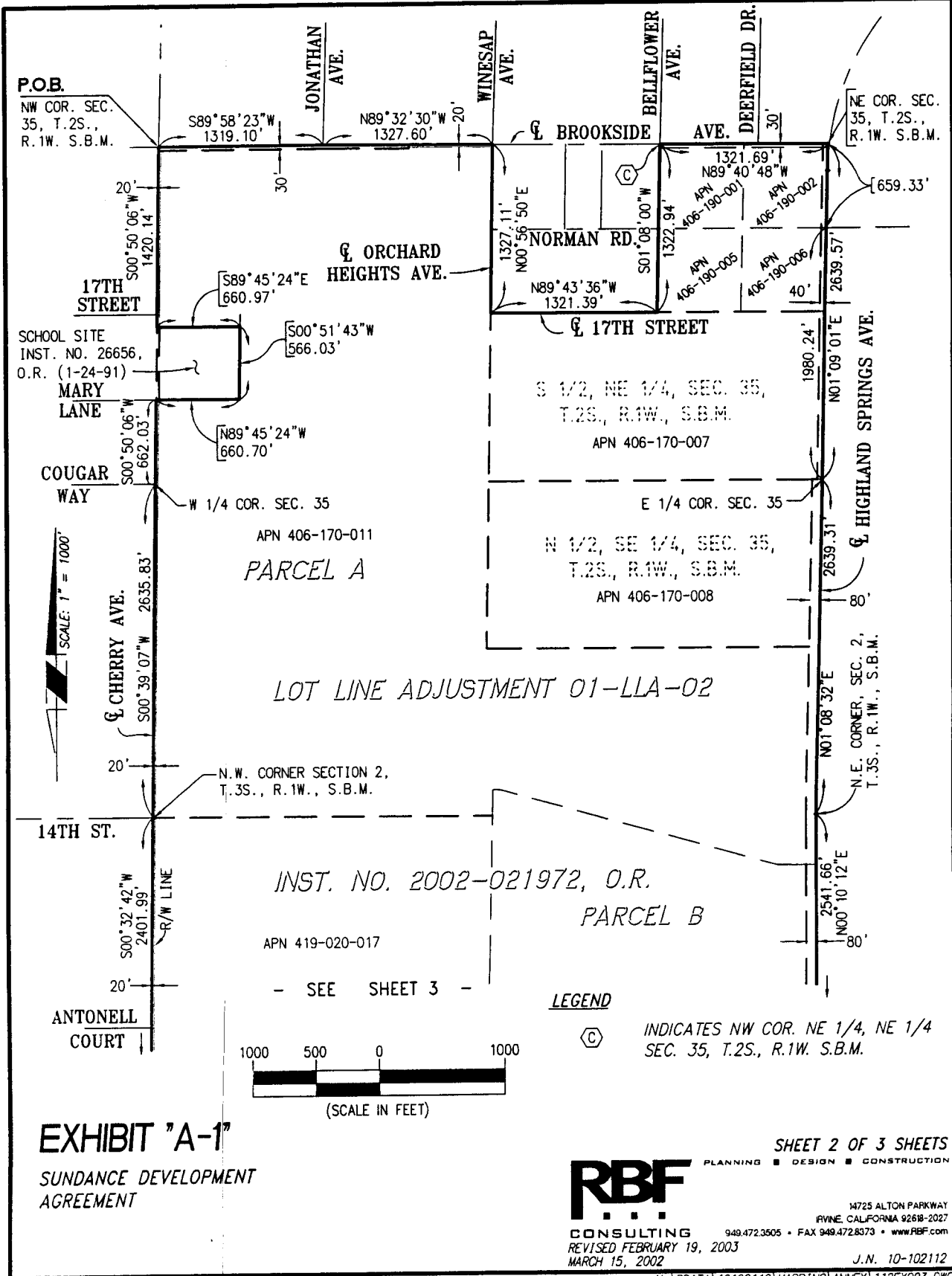
SHEET 1 OF 3 SHEETS  
PLANNING ■ DESIGN ■ CONSTRUCTION



REVISED FEBRUARY 19, 2003  
MARCH 15, 2002

14725 ALTON PARKWAY  
RIVNE, CALIFORNIA 92618-2027  
949.472.3505 • FAX 949.472.8373 • www.RBF.com

J.N. 10-102112



**EXHIBIT "A-1"**

SUNDANCE DEVELOPMENT AGREEMENT

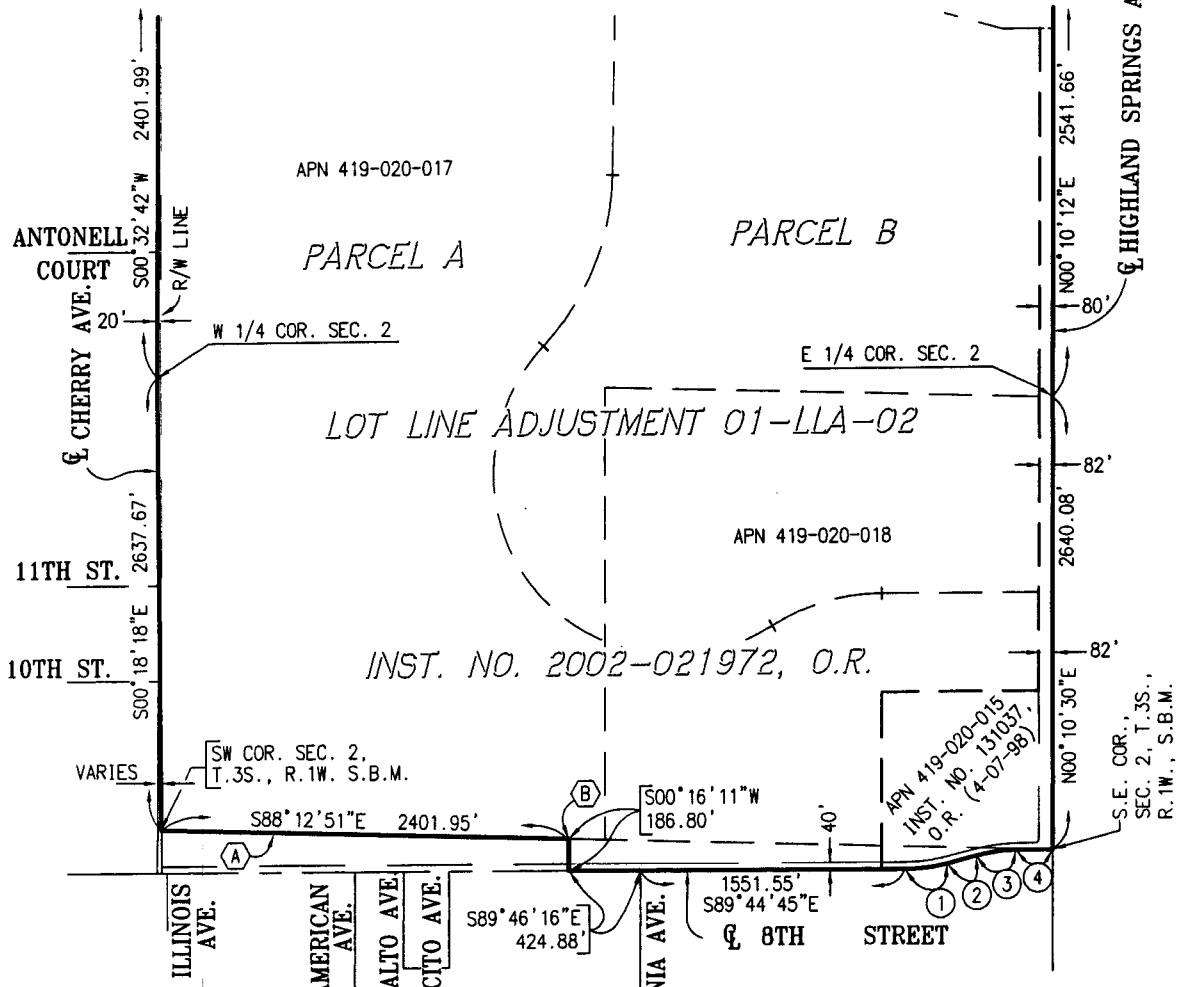
SHEET 2 OF 3 SHEETS



PLANNING ■ DESIGN ■ CONSTRUCTION  
CONSULTING  
REVISED FEBRUARY 19, 2003  
MARCH 15, 2002

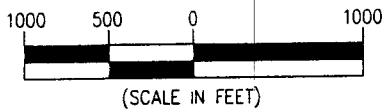
14725 ALTON PARKWAY  
RIVINE, CALIFORNIA 92698-2027  
949.472.3505 • FAX 949.472.8373 • www.RBF.com

J.N. 10-102112



DATA TABLE

(NO)	BRNG/DELTA	RADIUS	LENGTH
1	14°24'48"	1000.00'	251.56'
2	N75°50'27"E	--	177.60'
3	13°42'36"	1000.00'	239.28'
4	N89°33'03"E	--	215.76'



**LEGEND**

- (A) INDICATES N'LY LINE, BLOCKS 1 & 2, MAP OF THE SUBDIVISION OF SEC. 11, T.3S., R.1W. S.B.M. PER BOOK 9, PAGE 10 OF MAPS.
- (B) INDICATES NE'LY COR. LOT 7, BLOCK 1 PER BOOK 9, PAGE 10 OF MAPS.

**EXHIBIT "A-1"**  
 SUNDANCE DEVELOPMENT  
 AGREEMENT

SHEET 3 OF 3 SHEETS



CONSULTING  
 REVISED FEBRUARY 19, 2003  
 MARCH 15, 2002

PLANNING ■ DESIGN ■ CONSTRUCTION

14725 ALTON PARKWAY  
 IRVINE, CALIFORNIA 92618-2027

949.472.3505 • FAX 949.472.8373 • www.RBF.com

J.N. 10-102112



**EXHIBIT C**

**LIST OF PERMITS AND APPROVALS**

**Sundance Specific Plan  
Tentative Tract Map Nos. 31468, 31469, 31470 and 31893  
Addendum to the Sundance Specific Plan EIR**



RECORDING REQUESTED BY, AND  
WHEN RECORDED, MAIL TO:

City Clerk  
City of Beaumont  
550 East Sixth Street  
Beaumont, California 92223

DOC # 2006-0172944

03/10/2006 08:00A Fee:NC

Page 1 of 30

Recorded in Official Records  
County of Riverside

Larry W. Ward  
Assessor, County Clerk & Recorder



EXEMPT: GOV'T CODE § 6103

(Space above)

M	S	U	PAGE	SIZE	DA	PCOR	NOCOR	SMF	MISC.
	1		30						
A	R	L			COPY	LONG	REFUND	NCHG	EXAM



**DEVELOPMENT AGREEMENT**

NO. 04-DA-06

**BETWEEN**

**THE CITY OF BEAUMONT**

**AND**

**PARDEE HOMES**

**(SUNDANCE SPECIFIC PLAN)**

*(Pursuant to California Government Code Sections 65864 - 65869.5  
and City of Beaumont Resolution No. 1987-34)*

August 17, \_\_\_\_\_, 2004

TABLE OF CONTENTS

	<u>Page</u>
1. DEFINITIONS.....	2
2. EXHIBITS .....	3
3. MUTUAL BENEFITS .....	3
4. INTEREST OF THE DEVELOPER.....	3
5. BINDING EFFECT OF AGREEMENT .....	4
6. PROJECT AS A PRIVATE UNDERTAKING.....	4
7. TERM.....	4
8. HOLD HARMLESS.....	4
9. VESTED RIGHT .....	4
10. DEVELOPMENT OF THE PROJECT.....	5
10.1 Phasing and Timing of Development .....	5
10.2 Effect of Agreement on Land Use Regulations.....	5
10.3 Application Processing .....	5
10.4 Administrative Changes and Amendments.....	5
10.5 Mello-Roos Communities Facilities Districts; Other Assessment Districts or Financing Mechanisms .....	6
10.6 Public Services and Facilities.....	6
10.7 Other Governmental or Quasi-Governmental Permits .....	6
10.8 Consistency Between This Agreement and Current Laws.....	6
10.9 Assessments, Fees, Mitigation and Exactions.....	7
10.10 Reimbursement by the City.....	7
11. RULES, REGULATIONS, REQUIREMENTS AND OFFICIAL POLICIES.....	7
11.1 New Rules .....	7
11.2 State and Federal Laws .....	8
12. AMENDMENT OR CANCELLATION OF AGREEMENT .....	8
13. ENFORCEMENT .....	8
14. PERIODIC REVIEW OF COMPLIANCE WITH AGREEMENT.....	8
15. Events of Default.....	9
15.1 Default by the Developer .....	9

TABLE OF CONTENTS

	<u>Page</u>
15.2 Default by the City.....	9
15.3 Specific Performance Remedy .....	9
16. INSTITUTION OF LEGAL ACTION.....	10
17. WAIVERS AND DELAYS.....	10
17.1 Waiver.....	10
17.2 Third Parties .....	10
17.3 Force Majeure.....	10
18. NOTICES .....	10
19. ATTORNEYS' FEES.....	11
20. TRANSFERS AND ASSIGNMENTS.....	11
20.1 Right to Assign.....	11
20.2 Release Upon Transfer.....	11
21. COOPERATION IN THE EVENT OF LEGAL CHALLENGE .....	11
22. EMINENT DOMAIN.....	11
23. AUTHORITY TO EXECUTE.....	11
24. ESTOPPEL CERTIFICATES .....	11
25. RECORDATION .....	12
26. PROTECTION OF MORTGAGE HOLDERS .....	12
27. SEVERABILITY OF TERMS .....	13
28. SUBSEQUENT AMENDMENT TO AUTHORIZING STATUTE.....	13
29. INTERPRETATION AND GOVERNING LAW .....	13
30. SECTION HEADINGS.....	13
31. INCORPORATION OF RECITALS AND EXHIBITS .....	13
32. RULES OF CONSTRUCTION AND MISCELLANEOUS TERMS.....	13
32.1 Gender.....	13
32.2 Time of Essence.....	13
32.3 Cooperation .....	13
33. TENTATIVE TRACT MAP EXTENSIONS.....	13
34. DEUTSCH DEVELOPMENT AGREEMENT.....	14

## DEVELOPMENT AGREEMENT

This DEVELOPMENT AGREEMENT ("Agreement") is entered into to be effective on Aug. 17, 2004, between PARDEE HOMES, a California corporation (the "Developer"), and the CITY OF BEAUMONT, a municipal corporation organized and existing under the laws of the State of California (the "City"). The Developer and the City are sometimes collectively referred to herein as the "parties."

### RECITALS:

This Agreement is predicated upon the following facts:

- A. These Recitals use certain capitalized terms which are defined in this Agreement.
- B. Government Code Sections 65864 - 65869.5 authorize the City to enter into binding development agreements with persons having a legal or equitable interest in real property for the development of such property, all for the purpose of strengthening the public planning process, encouraging private participation and comprehensive planning and reducing the economic costs of such development. The City has implemented the law contained in such sections by adopting Resolution No. 1987-34, titled "Establishing Procedures and Requirements for Consideration of Development Agreements" (such Resolution, together with the aforementioned Government Code Sections, are being referred to herein as the "Development Agreement Law").
- C. This Agreement is adopted pursuant to the Development Agreement Law.
- D. Developer owns a portion of the property and is under a binding legal contract to acquire the remainder of the property located in the City and more particularly described on Exhibit "A" and as shown on Exhibit "B" attached and made a part of this Agreement (the "Property").
- E. The Developer intends to develop the Property in accordance with the Amendment to the Deutsch Specific Plan ("Sundance Specific Plan") as part of the Development Plan, as hereinafter defined (the "Project"). The Project is highly capital intensive, especially in its initial phases, which, in order to make the Project economically and fiscally feasible, requires major commitment to and investment in public facilities and on-site and off-site infrastructure improvements prior to the construction and sale or leasing of residential and commercial buildings. This Agreement will facilitate the logical and orderly development of the Project in the City.
- F. The City has determined the Development Plan is consistent with the City General Plan and has approved the Development Plan in order to promote the health, safety and welfare of its citizens and protect the quality of life of the community and the surrounding environment. The Development Plan consists of the Sundance Specific Plan, the Addendum to the Sundance EIR, and Tentative Tract Map Nos. 31468, 31469, 31470 and 31893 approved by

the City Council of City on May 4, 2004 by Resolution No. 2004-23. As part of the process of approving the Development Plan, the City has prepared and reviewed, pursuant to the California Environmental Quality Act ("CEQA"), an Addendum to the Deutsch Specific Plan EIR, with respect to the potential significant impacts of the Project resulting from development of the Property. The City has determined based on that review that the Addendum to the EIR adequately addresses the potential significant impacts of the Project, and that accordingly neither a supplemental nor subsequent environmental impact report is required for the Development Plan and/or this Agreement.

G. All of the proceedings relating to the approval of the Agreement have been conducted in accordance with the Development Agreement Law and CEQA.

H. On August 17, 2004, the City Council of the City adopted Ordinance No. 869 approving this Agreement with the Developer.

I. The terms and conditions of this Agreement have undergone extensive review by the City and its City Council and have been found to be fair, just and reasonable, and the City has found and determined that the execution of this Agreement is in the best interest of the public health, safety and general welfare of the City and its residents and that adopting this Agreement constitutes a present exercise of its police power.

## AGREEMENT

In light of the foregoing Recitals, which are an operative part of this Agreement, the parties agree as follows:

### 1. DEFINITIONS.

"Agreement" is this Development Agreement.

"Agreement Date" is the date this Agreement is approved by the City Council.

"Alternative Financing Mechanism" has the meaning given that phrase in Section 10.5 below.

"CEQA" is the California Environmental Quality Act, Public Resources Code section 21000 *et seq.*

"CFD" is a Community Facilities District formed pursuant to the Mello-Roos Community Facilities Act of 1982, California Government Code section 53312 *et seq.*

"City" is the City of Beaumont, California.

"City's Discretion" is discretion exercised by the City in accordance with the policies and principles set forth in the Development Plan, this Agreement and the procedures in effect as of the Effective Date such that the approvals given by the City to the Developer pursuant to the exercise of such discretion shall not be unreasonably withheld or delayed.

**"Developer"** is Pardee Homes, a California corporation, their subsidiary entities, and successors in interest to all or any part of the Property.

**"Development Agreement Law"** is California Government Code sections 65864 *et seq.*, and Resolution No. 1987-34, titled "Establishing Procedures and Requirements for Consideration of Development Agreements."

**"Development Plan"** is, collectively, the permits, conditions and approvals listed on Exhibit "C."

**"Effective Date"** is that date which is the later to occur of (a) the expiration of the time for filing a referendum petition relating to this Agreement if no such petition is filed within such period, or (b) the certification of the results of a referendum election are declared approving this Agreement if a referendum petition is filed within the applicable period.

**"EIR"** is Addendum to the Deutsch Specific Plan Environmental Impact Report certified by the City Council of City on January 14, 1991 (Resolution No. 1991-03).

**"Project"** is the proposed mixed-use development of the Property included within the Development Plan and associated amenities, including, without limitation, on-site and off-site public and private improvements, and land uses consisting of residential (approximately 4,450 dwelling units), commercial, parks and schools, as the same may be further defined, enhanced or modified pursuant to the provisions of this Agreement.

**"Property"** is the real property on which the Project is, or will be, located as described on Exhibit "A" attached hereto and shown on Exhibit "B" attached hereto.

2. **EXHIBITS.** The following documents are referred to in this Agreement, attached hereto and incorporated herein by this reference:

<u>Exhibit Designation</u>	<u>Description</u>
A	Legal Description of the Property
B	Map of the Property
C	List of Permits and Approvals

3. **MUTUAL BENEFITS.** This Agreement is entered into for the purpose of implementing the Development Plan for the Project in a manner that will secure certain assurances to the Developer that the Property may be developed in accordance with the Development Plan and this Agreement, and certain benefits to the City as set forth in this Agreement. The City and the Developer agree that, due to the size and duration of the Project, the Agreement is necessary to achieve those desired benefits.

4. **INTEREST OF THE DEVELOPER.** The Developer represents that the Developer owns a legal fee in a portion of the Property and an equitable interest in a portion of the Property.



5. **BINDING EFFECT OF AGREEMENT.** The terms and conditions of this Agreement shall be binding upon and inure to the benefit of the parties and their successors and assigns as set forth herein.

6. **PROJECT AS A PRIVATE UNDERTAKING.** It is specifically understood and agreed that the development of the Project is a private and not a public sector development, that neither party is acting as the agent of the other in any respect hereunder, and that each party is an independent contracting entity with respect to the terms, covenants and conditions contained in this Agreement. No partnership, joint venture or other association of any kind is formed by this Agreement. The only relationship between the City and the Developer is that of a government entity regulating the development of private property by the owner of the Property and the equitable owner of the Deutsch Parcels.

7. **TERM.** The term of this Agreement shall be twenty-five (25) years following the Effective Date. Expiration of the term of this Agreement shall not in any manner affect rights which have otherwise vested under applicable law.

8. **HOLD HARMLESS** The Developer shall hold the City, its officers, agents, employees and representatives harmless from liability for damage or claims for damage for personal injury, including death and claims for property damage, arising on the Property from the wrongful or negligent activities of the Developer or those of the Developer's contractors, subcontractors, agents, employees or other persons acting on the Developer's behalf which relate to the Project. In the event any person not a party or a successor to a party to this Agreement institutes any type of action against the City with respect to this Agreement, City and Developer shall cooperate in defending against the action, provided that City may, in its sole discretion, elect to tender the defense of such action to the Developer. If the Developer accepts the tender, the Developer shall thereafter hold City harmless from and defend City from all costs and expenses incurred in the defense of such action, provided that City fully cooperates with the Developer in the defense of such action. If the Developer declines the tender, then City shall have no further obligation or duty to defend the action.

9. **VESTED RIGHT.** By entering into this Agreement the City grants to the Developer a vested right to develop the Property in accordance with the Development Plan. The City shall not enact and enforce against the Project and the Development Plan an ordinance, policy, rule, regulation or other measure which significantly alters the rate, type, manner, density, timing or sequencing of the Project and the Development Plan. In addition to and not in limitation of the foregoing, it is the intent of the Developer and the City that no moratorium, whether relating to the rate, type, manner, density, timing or sequencing of the Project and whether or not enacted by initiative or otherwise, except a moratorium imposed by the City to implement State or Federal laws, statutes, regulations, policies or orders as provided in Section 11.2, affecting parcel or subdivision maps, building permits, plot plans, special use permits, conditional use permits, occupancy certificates or other entitlements to use or permits approved, issued or granted within the City, or portions of the City, shall not apply to the Project to the extent such moratorium or other limitation is in conflict with the Project and the Development Plan. Notwithstanding the foregoing, should an ordinance, general plan or zoning amendment, measure, moratorium, policy, rule, regulation or other limitation enacted by the citizens of the City through the initiative process be determined by a court of competent jurisdiction to invalidate or prevail over

all or any part of the Development Plan, the Developer shall have no recourse against the City pursuant to this Agreement. The foregoing shall not be deemed to limit the Developer's right to appeal any such determination of such ordinance, general plan or zoning amendment, measure, policy, rule, regulation, moratorium or other limitation which purports to invalidate or prevail over all or any part of this Agreement.

## **10. DEVELOPMENT OF THE PROJECT.**

**10.1 Phasing and Timing of Development.** When or the order in which Project phases will be developed, or whether it will be developed at all, depend upon numerous factors which are not within the control of the Developer or City, such as market orientation and demand, interest rates, availability of funding, competition and other similar factors. Accordingly, to the extent permitted by the Development Plan and this Agreement, the Developer shall have the right to develop the Project pursuant to the Development Plan in phases in such order and at such times as the Developer, in its sole discretion, deems appropriate within the exercise of its subjective business judgment; provided, however, that the City reserves the right to review, condition and approve each phase through discretionary and ministerial approvals consistent with this Agreement.

**10.2 Effect of Agreement on Land Use Regulations.** The rules, regulations and policies governing permitted uses of property, the density and intensity of use of property, the maximum height and size of proposed buildings and the design, improvement, construction and development standards and specifications applicable to development of the Property are those rules, regulations and policies in force as of the date of this Agreement, and those rules, regulations and official policies which may hereinafter be adopted by the City in accordance with Section 11.1 hereof, or State or Federal laws, statutes, regulations, policies or orders as provided in Section 11.2.

**10.3 Application Processing.** In connection with any approval which the City is permitted or has the right to make under this Agreement relating to the Project and the Development Plan, or otherwise under its rules, regulations and official policies, the City shall exercise the City's discretion or take action in a manner which is as expeditious as reasonably possible.

**10.4 Administrative Changes and Amendments.** The parties acknowledge that further planning and development of the Project may demonstrate that refinements and changes are appropriate with respect to the details of the Project or interpretation of the Development Plan. If and when the parties find that minor changes or adjustments are necessary or appropriate to the Project or the Development Plan, they shall, unless otherwise required by law, effectuate such changes or adjustments through administrative amendments approved by the Director of Planning, which, after execution, shall be attached hereto as addenda and become a part hereof, and may be further changed and amended from time to time as necessary, with approval by the Director of Planning as may be requested by the Developer. Minor changes or amendments shall be those which are consistent with the overall intent of the Development Plan and this Agreement and which do not materially alter the overall nature, scope, or design of the Project. Any such minor administrative changes or amendments shall not be deemed to be an

amendment to this Agreement under Government Code Section 65868 and, unless otherwise required by law, no such administrative amendments shall require prior notice or hearing.

**10.5 Mello-Roos Communities Facilities Districts; Other Assessment Districts or Financing Mechanisms.** Pursuant to Chapter 2.5 (commencing with section 53312) Part 1, Division 2, Title 5 of the Government Code of the State of California, commonly known as the "Mello-Roos Community Facilities Act of 1982," the Developer may, at its sole election, petition the City Council of the City or a joint powers agency in which the City is a member to establish a Community Facilities District ("CFD"), in accordance with the City's policies in existence on the Effective Date. Alternatively, or in addition thereto, the Developer may request that the City initiate and complete proceedings under the Municipal Improvement Act of 1911, the Municipal Improvement Act of 1913, the Improvement Bond Act of 1915, the Landscaping and Lighting Act of 1972, or any and all other available public financing mechanism, to provide public conduit financing for the construction of public infrastructure improvements on the Property ("**Alternative Financing Mechanisms**"). If so requested by the Developer, the City shall cooperate with the Developer (or, for matters beyond its control, shall use its best efforts) in taking all steps necessary to cause the CFD or Alternative Financing Mechanisms to issue bonds for such purposes. If the Property is included within a CFD or Alternative Funding Mechanism with other surrounding properties, the special taxes or special assessments burdening the various properties so included shall be apportioned on a fair share basis related to the benefit derived by each of such properties in accordance with City policies at the time such property is included.

**10.6 Public Services and Facilities.** The Project and Development Plan requires an integrated roadway system, and other public facilities including parks, schools, storm drains, and water and sewer facilities. City will reasonably assist Developer in obtaining public facilities and services for the Project on a timely basis in keeping with the pace of development of the Property. To the extent that the Developer constructs, installs or provides financing for public facilities or other public infrastructure improvements that benefit lands outside of the Property, the City shall use best reasonable efforts to adopt such ordinances, mitigation fees, liens or assessments as are necessary to provide credits, reimbursements, or in-kind funding to the Developer for the fair share of the benefits conferred upon such lands other than the Property by such public facilities or infrastructure improvements.

**10.7 Other Governmental or Quasi-Governmental Permits.** The Developer shall apply for such other permits and approvals as may be required by other governmental or quasi-governmental agencies having jurisdiction over the Project (such as public utilities or utility districts, or other federal or state agencies) to the extent required for the development of, or provision of, services and facilities to the Project as set forth in the Development Plan. The City shall cooperate with and assist the Developer in obtaining such permits and approvals, and, where necessary in making application for such approvals or permits. The Developer shall be solely responsible for all costs and shall be responsible for the processing of all such permits.

**10.8 Consistency Between This Agreement and Current Laws.** The City represents that as of the date of the execution of this Agreement, there are no rules, regulations, ordinances or official policies of the City that would interfere with the development of the Project according to the Development Plan.

**10.9 Assessments, Fees, Mitigation and Exactions.** The City shall not impose any future assessment, fee, mitigation measure or exaction on the Property, the Project or the Development Plan or any portion thereof, except (a) those existing and proposed assessments, fees, mitigation measures and exactions in existence on the date of this Agreement, (b) such other fees, assessments and exactions as may be adopted or imposed by the City in conformance with the requirements of Article XIII D of the California Constitution, (c) such other development impact fees or categories of development impact fees which are adopted on a City or County-wide basis or as required as a condition to obtaining County funding; and (d) such other development impact fees or categories of development impact fees which are imposed on other development projects in the City and are adopted and levied based on a benefit assessment. Fees payable to City shall be at rates applicable on the date the fee is paid. City shall recognize and apply a dollar-for-dollar in-lieu credit against any and all fees, for and equal to the cost of improvements and/or dedications made in the development of the Project by the Developer, or funded by any CFD or Alternative Financing Mechanism including the Property, and for which the fees would otherwise be imposed. City further agrees to use any fees paid with respect to development of the Project to fund improvements which benefit the Project, to the fullest reasonable extent available and applicable under the law.

**10.10 Reimbursement by the City.** Pursuant to Government Code Section 65865.2, the City hereby agrees that as future development fees, assessments and exactions are imposed on future projects which have benefited from the fees, assessments and exactions paid by the Developer, the City shall promptly reimburse the Developer to the extent that such fees, assessments and exactions paid by Developer benefited lands outside of the Property, but only to the extent that the City actually receives or collects such fees, assessments or exactions for a period of ten years from the date the fee was paid.

## **11. RULES, REGULATIONS, REQUIREMENTS AND OFFICIAL POLICIES.**

**11.1 New Rules.** This Agreement shall not prevent the City from applying the following new rules, regulations, requirements and policies, if applied on a City-wide or area of benefit basis:

**11.1.1 Processing fees and charges imposed by the City** which cover only the estimated actual costs to the City of processing applications for development approvals, for monitoring compliance with any development approvals or for monitoring compliance with environmental impact mitigation measures.

**11.1.2 Procedural regulations relating to hearing bodies, petitions, applications, notices, findings, records, hearings, reports, recommendations, appeals and any other matter of procedure,** provided that such changes in procedural regulations do not have the effect of materially interfering with the benefits conferred by this Agreement.

**11.1.3 Regulations governing construction standards and specifications** including, without limitation, the City's Building Code, Plumbing Code, Mechanical Code, Electrical Code and Fire Code.

11.1.4 Regulations which are necessary to protect public health and safety, provided that to the maximum extent possible such regulations shall be designed, construed and applied in a manner to preserve the benefits of this Agreement.

11.1.5 New or increased fees or categories of fees imposed as a condition of development, for the purpose of defraying all or a portion of the cost of public facilities (as defined in Government Code Sections 66000 *et seq.*) related to development projects.

11.1.6 Regulations which are in conflict with the Development Plan or this Agreement if such regulations have been consented to in writing by the Developer.

**11.2 State and Federal Laws.** In the event that State or Federal laws or regulations enacted after this Agreement is executed prevent or preclude compliance with one or more of the provisions of this Agreement, such provisions of this Agreement shall be modified or suspended as may be necessary to comply with such State or Federal laws or regulations; provided, however, that this Agreement shall remain in full force and effect to the extent it is not inconsistent with such laws or regulations and to the extent such laws or regulations do not render such remaining provisions impractical to enforce.

**12. AMENDMENT OR CANCELLATION OF AGREEMENT.** This Agreement may be amended or canceled in whole or in part only by mutual consent of the parties in the manner provided for in Government Code Section 65868.

**13. ENFORCEMENT.** Unless amended or canceled as provided in Section 12 above, or modified or suspended pursuant to Government Code Section 65869.5, this Agreement is enforceable by either party hereto notwithstanding any change in any applicable general or specific plan, zoning, or subdivision regulation or standard adopted by the City (or by the voters of the City unless found by a court of competent and final jurisdiction to prevail over this Agreement) which alters or amends the Development Plan or is inconsistent with this Agreement.

**14. PERIODIC REVIEW OF COMPLIANCE WITH AGREEMENT.** The City shall review this Agreement at least once every year from the date this Agreement is executed. During each periodic review, each party is required to demonstrate good faith compliance with the terms of this Agreement. Such periodic review shall be conducted administratively by the City Manager and any appropriate department heads designated by the City Manager to perform such periodic review. If the City Manager finds that the Developer is not in good faith compliance with this Agreement, the Developer shall have the right to appeal such finding to the City Council. The City Council on appeal shall not hold a public hearing to review a finding that the Developer is not in good faith compliance with this Agreement unless so requested by the Developer in writing at the time of the submission of such appeal. The City shall notify the Developer in writing of the date for review at least thirty (30) days prior thereto. The Developer shall pay or reimburse the City for the City's reasonable costs incurred in connection with such periodic reviews.

## **15. Events of Default.**

**15.1 Default by the Developer.** If the City Council determines on the basis of substantial evidence upon appeal of the City Manager's decision pursuant to Section 14 hereof that the Developer has not complied in good faith with the terms and conditions of this Agreement, it shall, by written notice to the Developer, specify the manner in which the Developer has failed to so comply and state the steps the Developer must take to bring itself into compliance. If, within sixty (60) days after the effective date of notice from the City specifying the manner in which the Developer has failed to so comply, the Developer does not commence action reasonably necessary to bring itself into compliance as required and thereafter diligently pursue such steps to completion, then the Developer shall be deemed to be in default under the terms of this Agreement and the City may, if such failure persists after thirty (30) days' prior written notice, exercise its rights and remedies pursuant to Section 15.3.

**15.2 Default by the City.** If the Developer determines on the basis of substantial evidence that the City has not complied in good faith with the terms and conditions of this Agreement, the Developer shall, by written notice to the City, specify the manner in which the City has failed to so comply and state the steps the City must take to bring itself into compliance. If, within sixty (60) days after the effective date of notice from the Developer specifying the manner in which the City has failed to so comply, the City does not commence steps reasonably necessary to bring itself into compliance as required and thereafter diligently pursue such steps to completion, then the City shall be deemed to be in default under the terms of this Agreement and if such failure persists after thirty days prior written notice, the Developer may terminate this Agreement or seek specific performance as set forth in Section 15.3.

**15.3 Specific Performance Remedy.** Due to the size, nature and scope of the Project, it will not be practical or possible to restore the Property to its natural condition following development of all or any portion of the Property. After such development, the Developer may be foreclosed from other choices it may have had to utilize the Property. The Developer has invested significant time and resources and performed extensive planning and processing of the Project in agreeing to the terms of this Agreement and will be investing substantially more time and resources in implementing the Project in reliance upon the terms of this Agreement. It would be difficult or impossible to accurately determine the sum of money which would adequately compensate the Developer for such efforts. For the above reasons, the City and the Developer agree that damages alone would not be an adequate remedy if the City fails to carry out its obligations under this Agreement. Similarly, if the Developer breaches certain of its obligations hereunder, monetary damages may not constitute an adequate remedy for the City. Therefore, the parties agree that specific performance of this Agreement is an appropriate remedy if either party defaults and fails to perform its non-monetary obligations under this Agreement. Notwithstanding the foregoing, nothing in this Agreement is intended to prevent either party from seeking recovery of appropriate damages in the event that the terms of this Agreement are breached. The City and the Developer acknowledge that if the Developer is in default of its obligations under this Agreement, the City shall have the right to refuse to issue any permits or other approvals to which the Developer would not otherwise have been entitled but for this Agreement.

**16. INSTITUTION OF LEGAL ACTION.** In addition to any other rights or remedies, either party may institute legal action to cure, correct or remedy any default, to enforce any covenants or agreements herein, to enjoin any threatened or attempted violation hereof, to recover damages for any default or to obtain any other remedies consistent with the purpose of this Agreement. Any such legal action shall be brought in the Superior Court of the State of California for the County of Riverside. The parties hereto waive any right to trial by jury.

**17. WAIVERS AND DELAYS.**

**17.1 Waiver.** Failure by a party to insist upon the strict performance of any of the provisions of this Agreement by the other party, and failure by a party to exercise its rights upon a default by the other party hereto, shall not constitute a waiver of such party's right to demand strict compliance by such other party in the future.

**17.2 Third Parties.** Nonperformance shall not be excused because of a failure of a third person except as provided in Section 17.3 below.

**17.3 Force Majeure.** Neither party shall be deemed to be in default for failure or delay in performance of any of its obligations under this Agreement if caused by floods, earthquakes, other Acts of God, fires, wars, riots or similar hostilities, strikes, other labor difficulties, government regulations or other causes beyond either of the parties' control. If any such event shall occur, the term of this Agreement and the time for performance by the Developer of any of its obligations hereunder or pursuant to the Development Plan shall be extended by the period of time that such events prevent or delay development of the Project.

**18. NOTICES.** All notices required or provided for under this Agreement shall be in writing and delivered in person and deposited in the United States mail, postage prepaid and addressed as follows:

To the City:           The City of Beaumont  
550 East Sixth Street  
Beaumont, California 92223  
Attn: City Manager

With a copy to:       Mr. Joseph Aklufi  
Aklufi & Wysocki  
3403 Tenth Street, Suite 610  
Riverside, CA 92501

To the Developer:   Pardee Homes  
1181 California Ave., Suite 103  
Corona, CA 92881  
Attn: Michael Taylor

With a copy to:       Hewitt & O'Neil LLP  
1990 MacArthur Blvd., Suite 1050  
Irvine, California 92612  
Attn: Dennis D. O'Neil, Esq.

Any party may change its address stated herein by giving notice, in writing, to the other parties.

19. **ATTORNEYS' FEES.** If legal action is brought by either party against the other for breach of this Agreement, or to compel performance under this Agreement, the prevailing party shall be entitled to an award of reasonable attorneys' fees and costs.

20. **TRANSFERS AND ASSIGNMENTS.**

20.1 **Right to Assign.** The Developer shall have the right to sell, assign or transfer this Agreement and any and all of its rights, duties and obligations hereunder, in whole or in part, to any person or entity at any time during the term of this Agreement; provided, however, in no event shall the rights, duties and obligations conferred upon the Developer pursuant to this Agreement be at any time so transferred or assigned except through a transfer of an interest of the Developer in the Property, or a portion thereof. The assignment shall not be effective without the City's prior approval, which shall not be unreasonably withheld, to ensure that the assignment will not prevent the orderly development of the Project consistent with the Agreement or Development Plan. In the event of any such assignment, the transferee shall thereafter be solely liable for the performance of all obligations of the Developer relating to the portion of the Property, or interest therein, so transferred. Such transferee or the Developer shall notify the City, in advance, and in writing of their intent to transfer such obligations.

20.2 **Release Upon Transfer.** Upon the sale, transfer or assignment of the Developer's rights and interests under this Agreement as permitted pursuant to Section 20.1, the Developer shall be released from its obligations under this Agreement and all of the Developer's obligations pursuant to the Development Plan, or other agreements assumed by transferee with respect to the Property, or portion thereof, so transferred, provided that (a) the Developer is not then in default under the Agreement, (b) the Developer or transferee has provided the City notice of such transfer and (c) the transferee executes and delivers to the City a written agreement in which (i) the name and address of the transferee is set forth and (ii) the transferee expressly and unconditionally assumes all of the obligations of the Developer under this Agreement with respect to the Property, or a portion thereof, so transferred.

21. **COOPERATION IN THE EVENT OF LEGAL CHALLENGE.** In the event of any legal action instituted by a third party or other governmental entity or official challenging the validity of this Agreement or any portion thereof, the parties hereby agree to cooperate in defending such action, subject to the provisions of Section 8. In the event of any litigation challenging the effectiveness of this Agreement, or any portion hereof, this Agreement shall remain in full force and effect while such litigation, including any appellate review, is pending.

22. **EMINENT DOMAIN.** No provision of this Agreement shall be construed to limit or restrict the exercise by the City of its power of eminent domain.

23. **AUTHORITY TO EXECUTE.** The person or persons executing this Agreement on behalf of the Developer warrant and represent that they have the authority to execute this Agreement on behalf of the Developer and warrant and represent that they have the authority to bind the Developer to the performance of its obligations hereunder.

24. **ESTOPPEL CERTIFICATES.** The City shall at any time upon not less than thirty (30) days' prior written notice from the Developer execute, acknowledge and deliver to the Developer



a statement in writing (i) certifying that this Agreement is unmodified and in full force and effect (or, if modified, stating the nature of such modification and certifying that this Agreement, as so modified, is in full force and effect); (ii) certifying the amounts of the fees, assessments and exactions that have been received from the Developer and what amounts, if any, remain outstanding; and (iii) acknowledging that there are not, to the City's knowledge, any defaults if any are claimed. Any such statement may be conclusively relied upon by any prospective purchaser, lender or joint venture partner.

**25. RECORDATION.** This Agreement and any amendment or cancellation hereto shall be recorded in the Official Records of the County of Riverside, by the City Clerk within the period required by Section 65868.5 of the Government Code.

**26. PROTECTION OF MORTGAGE HOLDERS.** The parties hereto agree that this Agreement shall not prevent or limit the Developer, in any manner, at the Developer's sole discretion, from encumbering the Property or any portion thereof or any improvement thereon by any mortgage, deed of trust or other security device securing financing with respect to the Property. The City acknowledges that the lenders providing such financing may require certain interpretations, estoppel certificates and modifications to this Agreement and agrees upon request, from time to time, to meet with the Developer and representatives of such lenders to negotiate in good faith any such request for interpretations, estoppel certificates or modifications. The City will not unreasonably withhold its consent to any such requested interpretation, estoppel certificate or modification provided the same is consistent with the intent and purposes of this Agreement. The holder(s) of any mortgage, deed of trust or other security instrument encumbering the Property (each, a "Mortgagee") shall have the following rights and privileges:

26.1.1 Neither entering into this Agreement nor a breach of this Agreement shall defeat, render invalid, diminish or impair the lien of any mortgage on the Property made in good faith and for value, unless otherwise required by law.

26.1.2 Any Mortgagee which has submitted a request in writing to the City in the manner specified herein for giving notices, shall be entitled to receive written notification from City of any default by the Developer in the performance of the Developer's obligations under this Agreement.

26.1.3 If the City timely receives a request from a Mortgagee requesting a copy of any notice of default given to the Developer under the terms of this Agreement, the City shall provide a copy of that notice to the Mortgagee within ten (10) days of sending the notice of default to the Developer. Mortgagee's not party to this Agreement. If the cure period for a default by the Developer set forth in Section 15.1 above has expired and such default has not been cured, the Mortgagee shall be provided with an additional thirty (30) day period after the expiration of such cure period in which to commence all steps reasonably necessary to bring the Developer in compliance as required under this Agreement and thereafter diligently pursue such steps to completion. During such cure period, and if the default is ultimately cured, the City shall not terminate this Agreement.

26.1.4 Any Mortgagee who comes into possession of the Property, or any part thereof, pursuant to foreclosure of the mortgage or deed of trust, or deed in lieu of such

foreclosure, shall take the Property, or part thereof, subject to the terms of this Agreement. Notwithstanding any other provision of this Agreement to the contrary, no Mortgagee shall have an obligation or duty under this Agreement to perform any of the Developer's obligations or other affirmative covenants of the Developer hereunder, or to guarantee such performance; provided, however, that to the extent that any covenant to be performed by the Developer is a condition precedent to the performance of a covenant by City, the performance thereof shall continue to be a condition precedent to City's performance hereunder, and further provided that any sale, transfer or assignment by any Mortgagee in possession shall be subject to the provisions of this Agreement.

**27. SEVERABILITY OF TERMS.** If any term, provision, covenant or condition of this Agreement shall be determined invalid, void or unenforceable, the remainder of this Agreement shall not be affected thereby to the extent such remaining provisions are not rendered impractical to enforce.

**28. SUBSEQUENT AMENDMENT TO AUTHORIZING STATUTE.** This Agreement has been entered into in reliance upon the provisions of the Development Agreement Law in effect as of the Agreement Date. Accordingly, subject to Section 11.2 above, to the extent a subsequent amendment to the Development Agreement Law would affect the provisions of this Agreement, such amendment shall not be applicable to the Agreement unless necessary for this Agreement to be enforceable or unless this Agreement is modified pursuant to the provisions set forth in the Agreement and Government Code Section 65868 in effect on the Agreement Date.

**29. INTERPRETATION AND GOVERNING LAW.** This Agreement and any dispute arising hereunder shall be governed and interpreted in accordance with the laws of the State of California.

**30. SECTION HEADINGS.** All section headings and subheadings are inserted for convenience only and shall not affect any construction or interpretation of this Agreement.

**31. INCORPORATION OF RECITALS AND EXHIBITS.** Recitals A through J and attached Exhibits "A" through "E" are hereby incorporated herein by this reference as though set forth in full.

**32. RULES OF CONSTRUCTION AND MISCELLANEOUS TERMS.**

**32.1 Gender.** The singular includes the plural; the masculine gender includes the feminine; "shall" is mandatory, "may" is permissive.

**32.2 Time of Essence.** Time is of the essence regarding each provision of this Agreement in which time is an element.

**32.3 Cooperation.** Each party covenants to take such reasonable actions and execute all documents that may be necessary to achieve the purposes and objectives of this Agreement.

**33. TENTATIVE TRACT MAP EXTENSIONS.** In accordance with the provisions of Section 66452.6 of the California Government Code, tentative subdivision tract map(s) or


tentative parcel map(s), heretofore or hereafter approved in connection with development of the Property, shall be granted an extension of time for the term of this Agreement.

34. **DEUTSCH DEVELOPMENT AGREEMENT.** This Agreement shall supersede that certain Development Agreement between the City and Highland Farms, Aleisian Farms and Banning Farms (Deutsch) dated April 25, 1991 and recorded on May 24, 1991 in the Office of the Riverside County Recorder ("Deutsch Development Agreement"), except for any obligation Developer may have to provide access to the City's sewer system to those properties located on Eighth Street as may be required under the terms of the Deutsch Development Agreement.

The parties have executed this Development Agreement on the date and year first written above.

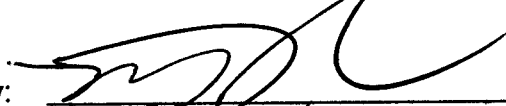
**"City"**

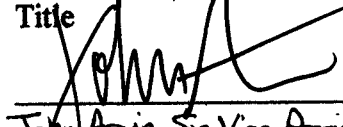
**THE CITY OF BEAUMONT, a  
municipal corporation of the State of California**

By:   
Larry Bressel, Mayor

**"Developer"**

**PARDEE HOMES, a California corporation**

By:   
Mike Taylor, Vice President  
Title

By:   
John Arvin, Sr. Vice President  
Title

**SIGNED AND CERTIFIED THAT A COPY OF  
THIS DOCUMENT HAS BEEN DELIVERED TO  
THE MAYOR OF THE CITY COUNCIL**

By: M. Lynn Chance  
Lynn Chance, City Clerk

*(All Signatures To Be Notarized)*

**CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT**

State of California }  
County of Riverside } ss.

On 3/7/2006 before me, Karee Trinidad, Notary Public  
Date Name and Title of Officer (e.g., "Jane Doe, Notary Public")  
personally appeared Lamy Dressel  
Name(s) of Signer(s)

personally known to me  
 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/hers/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



WITNESS my hand and official seal.

Karee Trinidad  
Signature of Notary Public

**OPTIONAL**

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

**Description of Attached Document**

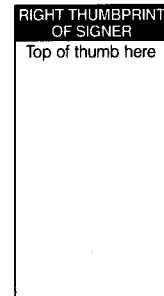
Title or Type of Document: Development Agreement  
Document Date: 2/23/2004 Number of Pages: 17  
Signer(s) Other Than Named Above: \_\_\_\_\_

**Capacity(ies) Claimed by Signer**

Signer's Name: \_\_\_\_\_

- Individual
- Corporate Officer — Title(s): \_\_\_\_\_
- Partner —  Limited  General
- Attorney-in-Fact
- Trustee
- Guardian or Conservator
- Other: \_\_\_\_\_

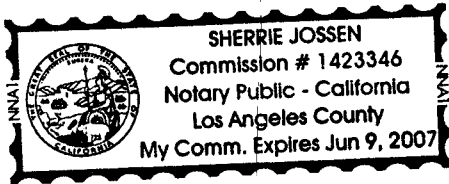
Signer Is Representing: \_\_\_\_\_



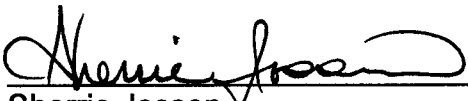
# CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California  
County of Los Angeles

On **February 16, 2006**, before me, Sherrie Jossen, Notary Public, personally appeared **John Arvin, Sr. Vice President**, personally known to me to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.



WITNESS my hand and official seal

  
\_\_\_\_\_  
Sherrie Jossen  
Notary Public in and for said state.

## OPTIONAL

Though the data below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent reattachment of this form.

### DESCRIPTION OF ATTACHED DOCUMENT

**Title or Type of Document:** Development Agreement  
**Additional Information:** Sundance Specific Plan  
**Date of Document:** August 17, 2004 **Number of Pages:** 17  
**Signer is Representing:** PARDEE HOMES  
**Signer(s) other than named above:** N/A

### CAPACITY CLAIMED BY SIGNER

**Name of Signer:** John Arvin  
**Signing As:**

<input checked="" type="checkbox"/>	INDIVIDUAL	
<input type="checkbox"/>	CORPORATE OFFICER	<b>TITLE:</b> Sr. Vice President
<input type="checkbox"/>	PARTNER(S)	
<input type="checkbox"/>	LIMITED	<input type="checkbox"/> GENERAL
<input type="checkbox"/>	ATTORNEY-IN-FACT	
<input type="checkbox"/>	TRUSTEE	
<input type="checkbox"/>	GUARDIAN/CONSERVATOR	
<input type="checkbox"/>	OTHER:	

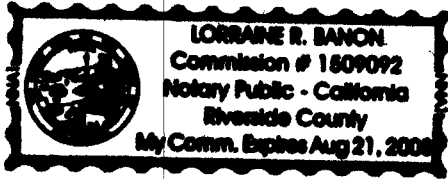
**THUMB PRINT**  
RIGHT THUMB

**CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT**

State of California }  
County of RIVERSIDE } ss.

On 2/10/06, before me, LORRAINE R. BANON Notary Public  
Date Name and Title of Officer (e.g., "Jane Doe, Notary Public")  
personally appeared MIKE TAYLOR  
Name(s) of Signer(s)

- Personally known to me
- proved to me on the basis of satisfactory evidence



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

WITNESS my hand and official seal,

Lorraine R. Banon  
Signature of Notary Public

Place Notary Seal Above

**OPTIONAL**

*Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.*

**Description of Attached Document**

Title or Type of Document: DEUTSCH DEVELOPMENT AGREEMENT

Document Date: 02/10/06 Number of Pages: 1

Signer(s) Other Than Named Above: NONE

**Capacity(ies) Claimed by Signer**

Signer's Name: MIKE TAYLOR

- Individual
- Corporate Officer — Title(s): \_\_\_\_\_
- Partner —  Limited  General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: \_\_\_\_\_

Signer Is Representing: PARDEE HOMES

RIGHT THUMBPRINT OF SIGNER

Top of thumb here

**CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT**

State of California }  
County of Riverside } ss.

On 2/23/2004 before me, Karee Trinidad, Notary Public  
Date Name and Title of Officer (e.g., "Jane Doe, Notary Public")

personally appeared Martha Lynn Chance  
Name(s) of Signer(s)

- personally known to me
- proved to me on the basis of satisfactory evidence

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



WITNESS my hand and official seal.

Karee Trinidad  
Signature of Notary Public

**OPTIONAL**

*Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.*

**Description of Attached Document**

Title or Type of Document: Development Agreement

Document Date: 2/23/2004 Number of Pages: 17

Signer(s) Other Than Named Above: \_\_\_\_\_

**Capacity(ies) Claimed by Signer**

Signer's Name: \_\_\_\_\_

- Individual
- Corporate Officer — Title(s): \_\_\_\_\_
- Partner —  Limited  General
- Attorney-in-Fact
- Trustee
- Guardian or Conservator
- Other: \_\_\_\_\_

Signer Is Representing: \_\_\_\_\_

**RIGHT THUMBPRINT OF SIGNER**

Top of thumb here

**EXHIBIT A**

**LEGAL DESCRIPTION OF THE PROPERTY**



**RBF Consulting  
14725 Alton Parkway  
Irvine, California 92618**

**Exhibit "A"**

**October 17, 2003  
JN 10-102112.01  
Page 1 of 3**

**LEGAL DESCRIPTION  
SUNDANCE DEVELOPMENT AGREEMENT**

That certain parcel of land situated in the City of Beaumont, County of Riverside, State of California, being that portion of Section 35, Township 2 South, Range 1 West together with all of Section 2 and that portion of Section 11, Township 3 South, Range 1 West, all San Bernardino Meridian, described as follows:

**BEGINNING** at the centerline intersection of Brookside Avenue and Cherry Avenue being also the northwest corner of said Section 35 and an angle point in the existing boundary line of the Beaumont-Cherry Valley Water District.

thence along said existing boundary line and the westerly line of said Section 35 South  $00^{\circ}50'06$  West 1420.14 feet to an angle point in said existing boundary line as established by "Annexation to Beaumont-Cherry Valley Water District LAFCO 92-19-3";

thence along the northerly, easterly and southerly lines of said annexation through the following courses: South  $89^{\circ}45'24$  East 660.97 feet;

thence South  $00^{\circ}51'43$  West 566.03 feet;

thence North  $89^{\circ}45'24$  West 660.70 feet to said westerly line of Section 35;

thence leaving said southerly line, continuing along said existing boundary line through the following courses: along said westerly line South  $00^{\circ}50'06$  West 662.03 feet to the west quarter corner of said section;

thence continuing along said westerly line South  $00^{\circ}39'07$  West 2635.83 feet to the northwest corner of said Section 2;

thence along the westerly line of said Section 2 South  $00^{\circ}32'42$  West 2401.99 feet to the west quarter corner of said section;

thence continuing along said westerly line South  $00^{\circ}18'18''$  East 2637.67 feet to the southwest corner of said Section 2;

thence along the southerly line of said Section 2 South  $88^{\circ}12'51''$  East 2401.95 feet to the northeasterly corner of Lot 7, Block 1 of the Map of the Subdivision of Section 11, Township 3 South, Range 1 West, San Bernardino Meridian recorded in Book 9, Page 10 of Maps in the Office of the County Recorder of said San Bernardino;

thence along the easterly line of said Lot 7 and the southerly prolongation thereof South  $00^{\circ}16'11''$  West 186.80 feet to the centerline of Eighth Street;

thence along said centerline through the following courses: South  $89^{\circ}46'16''$  East 424.88 feet;

thence South  $89^{\circ}44'45''$  East 1551.55 feet to the beginning of a tangent curve concave northerly and having a radius of 1000.00 feet;

thence along said curve easterly 251.56 feet through a central angle of  $14^{\circ}24'48''$ ;

thence tangent from said curve North  $75^{\circ}50'27''$  East 177.60 feet to the beginning of a tangent curve concave southerly and having a radius of 1000.00 feet;

thence along said curve easterly 239.28 feet through a central angle of  $13^{\circ}42'36''$ ;

thence tangent from said curve North  $89^{\circ}33'03''$  East 215.76 feet to the centerline of Highland Springs Avenue, being also the southeasterly corner of said Section 2;

thence leaving said centerline of Eighth Street and existing boundary line of Beaumont-Cherry Valley Water District, along the easterly line of said Section 2 North  $00^{\circ}10'30''$  East 2640.08 feet to the east quarter corner of said section;

thence continuing along said easterly line North  $00^{\circ}10'12''$  East 2541.66 feet to the northeast corner of said section;

thence along the easterly line of said Section 35 North  $01^{\circ}08'32''$  East 2639.31 feet to the east quarter corner of said section;

thence continuing along said easterly line North  $01^{\circ}09'01''$  East 1980.24 feet to an angle point in said existing boundary line of the Beaumont-Cherry Valley Water District;

thence along said existing boundary line through the following courses: continuing along said easterly line of Section 35 North  $01^{\circ}09'01''$  East 659.33 feet to the northeast corner of said section being also on the centerline of said Brookside Avenue;

thence along the northerly line of said section North  $89^{\circ}40'48''$  West 1321.69 feet to the northwest corner of the northeast quarter of the northeast quarter of said section;

thence along the westerly line of said northeast quarter of the northeast quarter of Section 35 South  $01^{\circ}08'00''$  West 1322.94 feet to the centerline of Seventeenth Street;

thence along said centerline North  $89^{\circ}43'36''$  West 1321.39 feet to the centerline of Orchard Heights Avenue;

thence along said centerline North  $00^{\circ}56'50''$  East 1327.11 feet to said northerly line of Section 35 being also on the centerline of Brookside Avenue;

thence along said northerly line North  $89^{\circ}32'30''$  West 1327.60 feet;

thence continuing along said northerly line South  $89^{\circ}58'23''$  West 1319.10 feet to the **TRUE POINT OF BEGINNING.**

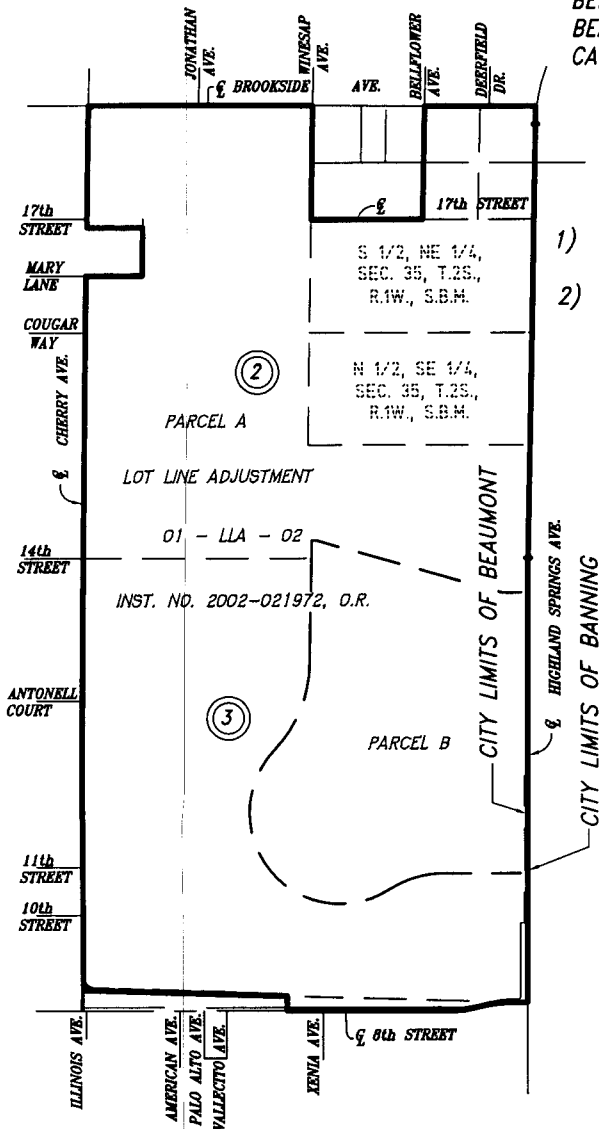
**CONTAINING:** 1217.16 Acres, more or less.

**EXHIBIT "A-1"** attached and by this reference made a part hereof.

**EXHIBIT B**  
**MAP OF THE PROPERTY**

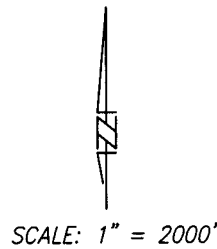
## LEGAL DESCRIPTION

BEING A PORTION OF SECTION 35, TOWNSHIP 2 SOUTH, RANGE 1 WEST TOGETHER WITH ALL OF SECTION 2 AND A PORTION OF SECTION 11, TOWNSHIP 3 SOUTH, RANGE 1 WEST, SAN BERNARDINO MERIDIAN. ALL IN IN THE CITY OF BEAUMONT, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA.



**NOTES:**

- 1) THIS ANNEXATION CONTAINS 1217.16 ACRES±.
- 2) UNLESS OTHERWISE NOTED, DISTANCES HEREON ARE GROUND MEASUREMENTS. TO OBTAIN GRID DISTANCES MULTIPLY BY A COMBINED FACTOR OF 0.99988764

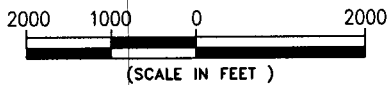


**LEGEND**

② INDICATES SHEET NUMBER

## EXHIBIT "A-1"

SUNDANCE DEVELOPMENT AGREEMENT



SHEET 1 OF 3 SHEETS



PLANNING ■ DESIGN ■ CONSTRUCTION

REVISED FEBRUARY 19, 2003  
MARCH 15, 2002

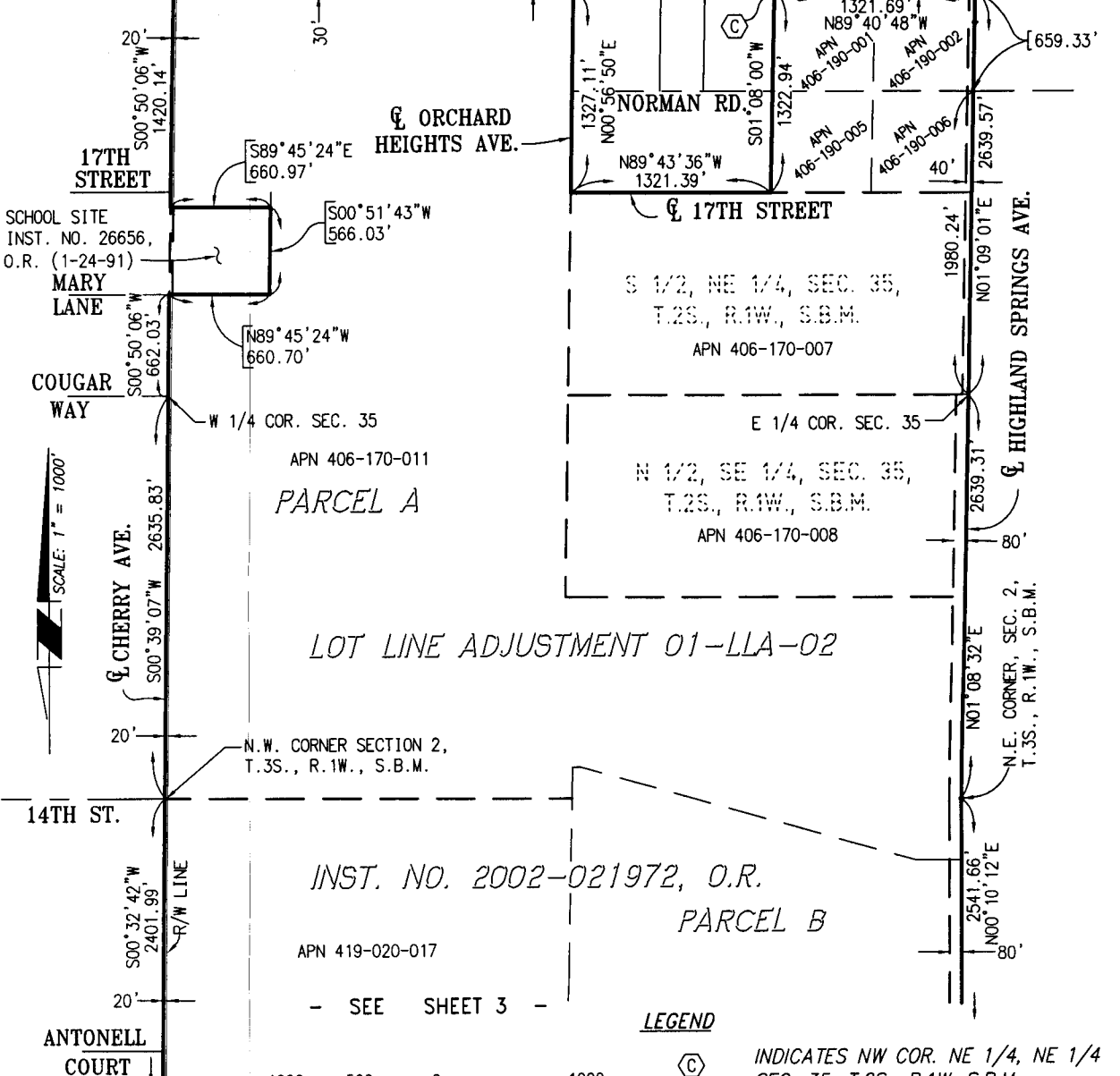
14725 ALTON PARKWAY  
FIVINE, CALIFORNIA 92618-2027  
949.472.3505 • FAX 949.472.8373 • www.RBF.com

J.N. 10-102112

P.O.B.

NW COR. SEC. 35, T.2S., R.1W. S.B.M.

NE COR. SEC. 35, T.2S., R.1W. S.B.M.



PARCEL A

PARCEL B

INST. NO. 2002-021972, O.R.

SEE SHEET 3

LEGEND



INDICATES NW COR. NE 1/4, NE 1/4 SEC. 35, T.2S., R.1W. S.B.M.

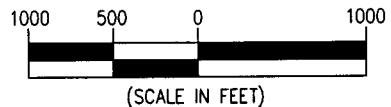


EXHIBIT "A-1"  
SUNDANCE DEVELOPMENT AGREEMENT

SHEET 2 OF 3 SHEETS

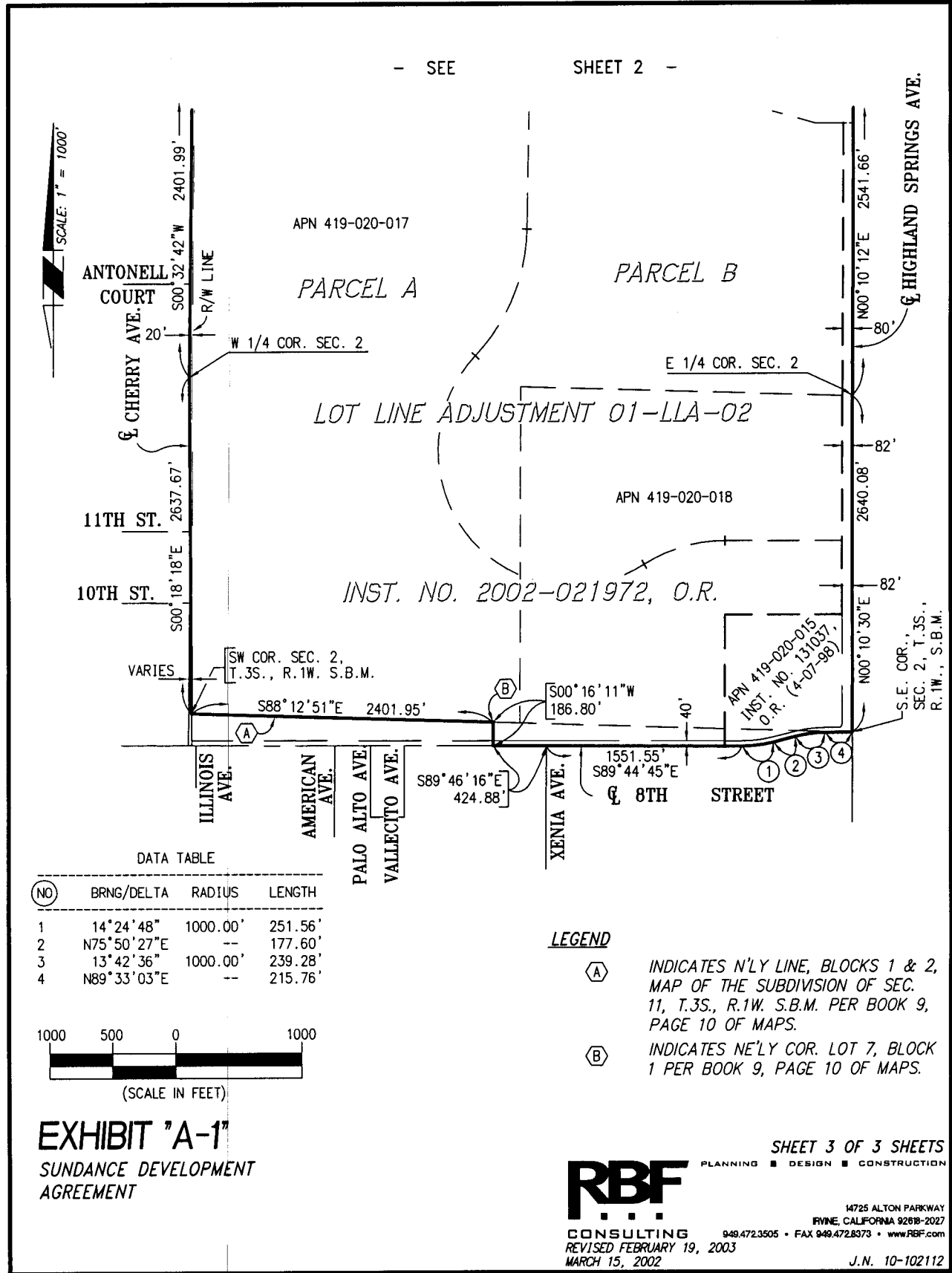
RBF CONSULTING

PLANNING ■ DESIGN ■ CONSTRUCTION

REVISED FEBRUARY 19, 2003  
MARCH 15, 2002

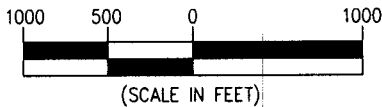
14725 ALTON PARKWAY  
RIVINE, CALIFORNIA 92518-2027  
949.472.3505 • FAX 949.472.8373 • www.RBF.com

J.N. 10-102112



DATA TABLE

(NO)	BRNG/DELTA	RADIUS	LENGTH
1	14° 24' 48"	1000.00'	251.56'
2	N75° 50' 27"E	--	177.60'
3	13° 42' 36"	1000.00'	239.28'
4	N89° 33' 03"E	--	215.76'



LEGEND

- (A) INDICATES N'LY LINE, BLOCKS 1 & 2, MAP OF THE SUBDIVISION OF SEC. 11, T.3S., R.1W. S.B.M. PER BOOK 9, PAGE 10 OF MAPS.
- (B) INDICATES NE'LY COR. LOT 7, BLOCK 1 PER BOOK 9, PAGE 10 OF MAPS.

**EXHIBIT "A-1"**  
 SUNDANCE DEVELOPMENT  
 AGREEMENT



CONSULTING  
 REVISED FEBRUARY 19, 2003  
 MARCH 15, 2002

SHEET 3 OF 3 SHEETS  
 PLANNING ■ DESIGN ■ CONSTRUCTION

14725 ALTON PARKWAY  
 IRVINE, CALIFORNIA 92618-2027  
 949.472.3505 • FAX 949.472.8373 • www.RBF.com

J.N. 10-102112

**EXHIBIT C**

**LIST OF PERMITS AND APPROVALS**

**Sundance Specific Plan  
Tentative Tract Map Nos. 31468, 31469, 31470 and 31893  
Addendum to the Sundance Specific Plan EIR**



174170

D

RECORDING REQUESTED BY, AND  
WHEN RECORDED, MAIL TO:

City Clerk  
City of Beaumont  
P. O. Box 158  
Beaumont, Ca 92223

RECEIVED FOR RECORD  
AT 8:30 O'CLOCK A.M. 

MAY 24 1991

Recorded in Official Records  
of Riverside County, California

 Recorder  
Fees \$ \_\_\_\_\_

(Space above for Recorder's Use)

DEVELOPMENT AGREEMENT  
BETWEEN  
THE CITY OF BEAUMONT  
AND  
HIGHLAND FARMS, ALEISIAN FARMS  
AND BANNING FARMS (DEUTSCH)  
(Pursuant to Government Code  
Sections 65864 - 65869.5)

TABLE OF CONTENTS

<u>DESCRIPTION</u>	<u>PAGE NO.</u>
1. Definitions.....	4
1.1 Agreement.....	4
1.2 Agreement Date.....	4
1.3 Build-Out Phasing Plan.....	4
1.4 City.....	5
1.5 Development Plan.....	5
1.6 Effective Date.....	5
1.7 Developer.....	5
1.8 Project.....	5
1.9 Property.....	6
2. Exhibits.....	6
3. Mutual Benefits.....	6
3.1 Benefits to City.....	6
3.2 Benefits to Developer.....	7
4. Interest of Developer.....	7
5. Binding Effect of Agreement.....	7
6. Project as a Private Undertaking.....	7
7. Term.....	7
8. Changes in Project.....	8
9. Hold Harmless.....	8
9.1 By Developer.....	8
9.2 By City.....	8
10. Vested Right.....	8
10.1 No Conflicting Enactments.....	9
10.2 Intent of Parties.....	9
11. General Development of the Project.....	9
11.1 Project.....	9
11.2 Phasing and Timing of Development.....	10
11.3 Effect of Agreement on Land Use Regulations.....	11
11.4 Administrative Changes and Amendments.....	11

11.5	Mello-Roos Community Facilities Districts; Other Assessment District or Financing Mechanisms.....	12
11.6	Water and Sewer Facilities.....	12
11.7	Public Services and Facilities.....	13
11.8	Cancellation of Williamson Act Agricultural Preserve and Land Conservation Agreement.....	13
11.9	Other Governmental or Quasi- Governmental Permits.....	13
11.10	Consistency Between This Agreement and Current Laws.....	14
11.11	Assessments and Fees.....	14
11.12	Subsequent Actions.....	14
12.	Rules, Regulations and Official Policies.....	14
12.1	New Rules.....	14
12.2	Subsequent Actions and Approvals.....	15
12.3	State and Federal Laws.....	15
13.	Amendment or Cancellation of Agreement.....	15
14.	Enforcement.....	15
15.	Periodic Review of Compliance with Agreement....	16
16.	Events of Default.....	16
16.1	Default by Developer.....	16
16.2	Default by City.....	16
16.3	Specific Performance Remedy.....	17
17.	Institution of Legal Action.....	18
18.	Waivers and Delays.....	18
18.1	Waiver.....	18
18.2	Third Parties.....	18
18.3	Force Majeure.....	18
19.	Notices.....	18
20.	Attorneys' Fees.....	19
21.	Transfers and Assignments.....	19
21.1	Right to Assign.....	19
21.2	Release Upon Transfer.....	19
22.	Cooperation in the Event of Legal Challenge.....	19

23.	Eminent Domain.....	20
24.	Authority to Execute.....	20
25.	Recordation.....	20
26.	Protection of Mortgage Holders.....	20
27.	Severability of Terms.....	20
28.	Subsequent Amendment to Authorizing Statute.....	20
29.	Interpretation and Governing Law.....	20
30.	Section Headings.....	20
31.	Incorporation of Recitals and Exhibits.....	21
32.	Rules and Construction and Miscellaneous Terms..	21
	32.1 Gender.....	21
	32.2 Time of Essence.....	21
	32.3 Cooperation.....	21

DEVELOPMENT AGREEMENT

(Pursuant To Government Code  
Sections 65864 -65869.5)

This DEVELOPMENT AGREEMENT ("Agreement") is entered into to be effective on April 25, 1991, between ALEISIAN FARMS, a California general partnership, HIGHLAND FARMS, a California general partnership and BANNING FARMS, a California general partnership (collectively the "Developer") and the CITY OF BEAUMONT, a Municipal corporation organized and existing under the laws of the State of California ("City"). Developer and City are sometimes collectively referred to herein as the "parties."

R E C I T A L S:

This Agreement is predicated upon the following facts:

A. These Recitals refer to and utilize certain capitalized terms which are defined in this Agreement. The parties intend to refer to those definitions in conjunction with the use thereof in these Recitals.

B. Government Code Sections 65864 - 65869.5 ("Development Agreement Law") authorize the City to enter into binding development agreements with persons having a legal or equitable interest in real property for the development of such property, all for the purpose of strengthening the public planning process, encouraging private participation and comprehensive planning and reducing the economic costs of such development.

C. This Agreement is adopted pursuant to Government Code Section 65865 et seq.

D. Developer is the owner of approximately 1,162 acres of land currently located within unincorporated Riverside County, California as more particularly described on Exhibit "A" and shown on Exhibit "B" ("Property"). The respective interests of Aleisian Farms, Highland Farms and Banning Farms in the Property are those as set forth on the title report attached as Exhibit "C". For purposes of information only, Developer owns an additional 1,552 acres of land located East of the Property of which 1,268 acres are located within the City of Banning, and all of which land Developer intends to develop in concert with the Property (the "Banning Property").

E. Developer intends to develop the Property as an integrated, internally oriented planned residential project in accordance with the Development Plan as hereinafter defined in

Section 1.5 (the "Project"). The Project is capital intensive, especially in its initial phases requiring major investment in public facility and on-site and off-site improvement prior to the construction and sale of housing in order to make the Project economically and fiscally feasible. The Project is fully compatible with the proposed development of the Banning Property.

F. The Property is currently located within the sphere of influence of but has not yet been annexed to the City. It is the present intent of the parties that annexation of the Property to the City will occur following approval by the City of the Development Plan defined in Section 1.5. Pursuant to Government Code Section 65865(b), this Agreement shall become operative on the effective date of the annexation, so long as the annexation is completed prior to December 31, 1992, failing which it shall expire on that date and be of no further force or effect.

G. City's General Plan designation for the Property is Residential Planned Unit Development (PUD), and the Specific Plan being adopted concurrently herewith as a part of the Development Plan as defined in Section 1.5 implements the City General Plan and its various component elements by providing specific land use and development standards. Developer and City desire to provide through this Agreement specific development criteria to be applicable to the Property upon its annexation to the City which will provide for maximum utilization of the Property in accordance with sound planning principals.

H. City has determined that the use and intensity of use provided in this Agreement is consistent with the City's General Plan applicable to the Property.

I. Development of the Property pursuant to the Development Plan as defined in Section 1.5, which is largely vacant area almost totally lacking in required infrastructure improvements, requires the construction of substantial reasonable public improvements early in the development and construction process. Certain development risks and uncertainties associated with the long term nature of the development, including the cost of the portion of those regional public improvements required to be installed at the inception of the development, could discourage and deter Developer and other owners in the vicinity from making the long term commitments necessary to fully develop the Property pursuant to the Development Plan. It is only the assurance of the ability to complete the private income producing components of the Development Plan in general that provides the inducement to Developer to agree to commit the land and financial resources required to commence and proceed with development. The parties

desire to enter into this Agreement in order to assure that the Property is developed as an integrated planned community in general, and that the uncertainties to such development over which the City has control are removed.

J. Developer has applied for, and City, concurrently with approval of this Agreement, has approved the Development Plan (as in Section 1.5) in order to protect the interests of its citizens and the quality of the community and environment through the specific plan process (Government Code Section 65450 et seq.) As part of that process of approving the Development Plan, City has undertaken, pursuant to the California Environmental Quality Act ("CEQA"), the required analysis of the environmental effects which would be caused by the Project. City has imposed a series of mitigation measures in connection with the development of the Project to eliminate or reduce to a level of insignificance many significant adverse impacts caused by the Project. As to those significant adverse impacts which cannot be eliminated or reduced to a level of insignificance, the City Council has adopted a statement of overriding considerations pursuant to CEQA setting forth why the beneficial aspects of the Project outweigh those significant adverse impacts which cannot be eliminated or reduced by mitigation measures. On January 14, 1991, the City Council of City adopted Resolution No. 1991-03, certifying the environmental impact report ("EIR") prepared for the Project as being complete and adequate and complying with CEQA. Pursuant to Government Code Section 65457 and Public Resources Code Section 21166 the City acknowledges that no subsequent or supplemental Environmental Impact Report shall be required by the City for the subsequent approvals implementing the development of the Property, whether ministerial or discretionary, unless:

(1) Changes are proposed by Developer which by law will require revisions to the EIR;  
or

(2) New information which was not known and could not have been known at the time the EIR was certified as complete becomes available; provided, however, that reanalysis of data already examined and reported in the EIR shall not be considered new information. The term "new information" does not mean discovery that probabilities of adverse (or beneficial) results considered in the approval of this Agreement, the Development Plan as defined in Section 1.5 or the EIR may prove incorrect, or that such probabilities are or are not becoming, or have or have not become realities, but instead required that the actual quantitative and qualitative

extent of the underlying issues was not considered and could not have been considered in the environmental analysis associated with the approval of this Agreement and the EIR.

K. The Development Plan implements the goals and policies of the City's General Plan described in the Specific Plan referred to in Section 1.5, below, and provides balanced and diversified land uses in order to maintain the overall quality of life and of the environment within City and to impose appropriate requirements with respect to land development and usage.

L. Developer has requested City to consider entering into a development agreement relating to the Project and proceedings have been taken in accordance with City's rules and regulations.

M. On March 25, 1991, the City Council of City adopted Ordinance No. 698, approving this Agreement with Developer.

N. City acknowledges that by electing to enter into contractual agreements such as this Agreement, the obligations of which shall survive beyond the term or terms of the present City Council members, such action will serve to bind the City and future City Councils to the obligations hereby undertaken. By obligating the City pursuant to this Agreement, the City Council has elected to exercise certain governmental and proprietary powers at the present time rather than deferring its action to some undetermined future date. The terms and conditions of this Agreement have undergone extensive review by the City and its City Council and have been found to be fair, just and reasonable, and the City has found and determined that the execution of this Agreement is in the best interest of the public health, safety and general welfare of City and its residents and that adopting this Agreement constitutes a present exercise of its police power.

The parties agree as follows:

1. Definitions.

1.1 "Agreement" is this Development Agreement.

1.2 "Agreement Date" is the date this Agreement is approved by the City Council.

1.3 "Build-Out Phasing Plan" means a plan to be prepared by Developer showing the intended build-out schedule of the Project. The Build-Out Phasing Plan as more particularly



described in Section 11.2 shall be advisory only and shall not be binding on Developer.

1.4 "City" is the City of Beaumont, California.

1.5 "Development Plan" is all of those ordinances, resolutions, codes (except as provided in Section 12.1(c)), rules, regulations and official policies of City governing the development and use of the Property as of the Agreement Date, including, without limitation, the permitted uses of the Property, the density and intensity of use, the maximum height and size of proposed buildings, the provisions for reservation or dedication of land for public purposes, and the design, improvement and construction standards and specifications applicable to the development of the Property, and all of those permits and approvals which are referenced on Exhibit "D" which have been issued or granted by City in connection with any of the foregoing. Specifically, but without limitation, such Development Plan includes the Deutsch Planned Community Specific Plan adopted by the City Council on January 14, 1991 by Resolution No. 1991-03 pursuant to Government Code Section 65450 et.seq. (hereinafter the "Specific Plan") allowing the construction of a maximum of 4,716 residential dwelling units ranging in average density from approximately four (4) d.u.'s/acre to approximately fifteen (15) d.u.'s/acre, a fifteen (15) acre community commercial site, five (5) elementary and one (1) junior high school site, a twenty-three (23) acre community park, a twenty-one (21) acre trail park adjacent to the San Diego Gas and Electric Easement, and, three (3) additional neighborhood parks totaling 21 acres adjacent to schools. The average density for the Specific Plan areas is approximately 4.1 d.u.'s/acre.

1.6 "Effective Date" is that date which is the later to occur of (a) the expiration of the time for filing a referendum petition relating to this Agreement if no such petition is filed within such period, (b) the certification of the results of a referendum election are declared approving this Agreement if a referendum petition is filed within the applicable period, or (c) the date that the annexation of the Property to this City is completed, provided that such annexation is completed prior to December 31, 1992.

1.7 "Developer" is Aleisian Farms, a California general partnership, Highland Farms, a California general partnership and Banning Farms, a California general partnership as their interests appear on the title report attached as Exhibit "C" and their respective successors in interest to all or any part of the Property.

1.8 "Project" is the proposed development of the Property included within the Development Plan and associated

amenities, including, without limitation, on-site and off-site improvements contemplated by the Development Plan, as the same may be further defined, enhanced or modified pursuant to the provisions of this Agreement.

1.9 "Property" is the real property on which the Project is, or will be, located as described on Exhibit "A" and shown on Exhibit "B."

2. Exhibits. The following documents are referred to in this Agreement, attached hereto and incorporated herein by this reference:

<u>Exhibit Designation</u>	<u>Description</u>
A	Legal Description of the Property
B	Map of Property
C	Title Report Showing Ownership Interests in the Property
D	Permits and Approvals Constituting Development Plan
E	Benefits to City
F	List of Fees and Assessments

3. Mutual Benefits. This Agreement is entered into for the purpose of carrying out the Development Plan for the Project in a manner that will insure certain anticipated benefits to both City, including, without limitation, residents of City, and Developer as set forth in this Section. City and Developer agree that, due to the size and duration of the Project, certain assurances on the part of each party as to the Project will be necessary to achieve those desired benefits.

3.1 Benefits to City. The benefits to City (including, without limitation, the residents of City) under

this Agreement include, but are not limited to those set forth in Exhibit "E."

3.2 Benefits to Developer. Developer has expended and will continue to expend substantial amounts of time and money on the planning and infrastructure construction of the Project. In addition, Developer will expend substantial amounts of time and money in constructing public improvements and facilities and in providing for public services in connection with the Project. Developer would not make such additional expenditures without this Agreement and such additional expenditures will be made in reliance upon this Agreement. The benefit to Developer under this Agreement consists of the assurance that Developer will preserve the right to develop the Property as planned and as set forth in the Development Plan.

4. Interest of Developer. Developer represents that Developer has a legal or equitable interest in the parcels comprising Property.

5. Binding Effect of Agreement. The terms and conditions of this Agreement shall be binding upon and inure to the benefit of the parties and their successors and assigns.

6. Project as a Private Undertaking. It is specifically understood and agreed by and between the parties hereto that the development of the Project is a private and not a public sector development, that neither party is acting as the agent of the other in any respect hereunder, and that each party is an independent contracting entity with respect to the terms, covenants and conditions contained in this Agreement. No partnership, joint venture or other association of any kind is formed by this Agreement. The only relationship between City and Developer is that of a government entity regulating the development of private property by the owner of such Property.

7. Term. The term of this Agreement shall commence upon the Effective Date and shall continue until all permits and approvals required to complete the development of the Project as contemplated by the Development Plan have been issued, provided that in no event shall such term exceed twenty-five (25) years following the Effective Date of this Agreement as to those lots or parcels of the Property under this Agreement, if any, for which a grading or building permit has either not been issued or has otherwise expired. Notwithstanding the foregoing, as to any lot or parcel on the Property not subject to the preceding sentence, the term of this Agreement and the Development Plan regulations and specifications thereunder shall be extended for a period of fifty (50) years commencing on the date that this Development Agreement would have otherwise expired.

8. Changes in Project. Developer shall not be entitled to any change, modification, revision or alteration in the Development Plan relating to the permitted uses of the Property, the density or intensity of use, the maximum height and size of proposed buildings or the provision for reservation or dedication of land for public purposes other than those allowable changes, modifications and alterations permitted under the Development Plan and in particular the Specific Plan, without review and approval by those agencies of City approving the Development Plan in the first instance. Subject to the foregoing provisions of this Section 8, City acknowledges that Developer may seek new entitlements to use and amendments to entitlements to use in connection with the development of the Project. The approval of any changes in the Project as set forth in this Section 8 shall be in the discretion of the City and shall be effectuated as set forth in Section 11.4 below.

9. Hold Harmless.

9.1 By Developer. Developer shall hold City, its officers, agents, employees, partners and representatives harmless from liability for damage or claims for damage for personal injury, including death and claims for property damage, which may arise from the activities of Developer or those of Developer's contractors, subcontractors, agents, employees or other persons acting on Developer's behalf which relate to the Project. Developer shall defend City and its officers, agents, employees, partners and representatives from actions for damages caused or alleged to have been caused by reason of Developer's activities in connection with the Project.

9.2 By City. City shall hold Developer, its officers, agents, employees, partners and representatives harmless from liability for damage or claims for damage for personal injury, including death and claims for property damage, which may arise from the activities of City or those of City's contractors, subcontractors, agents, employees or other persons acting on City's behalf which relate to the Project. City agrees to and shall defend Developer and its officers, agents, employees, partners and representatives from actions for damages caused or alleged to have been caused by reason of City's activities in connection with the Project.

10. Vested Right. By entering into this Agreement and relying thereon, Developer is obtaining a vested right to proceed with the Project in accordance with the Development Plan, but subject to any remaining discretionary approvals required in order to complete the Project as contemplated by the Development Plan (which discretion shall be exercised in accordance with the Development Plan). By entering into this Agreement and relying thereupon, City is securing certain public benefits which help to alleviate potential problems in City and enhance the public health, safety and welfare. City therefore agrees to the following:

10.1 No Conflicting Enactments. Neither the City Council of City nor any other agency of City shall enact an ordinance, policy, rule, regulation or other measure applicable to the Project which relates to the rate, timing or sequencing of the development or construction of all or any part of the Project or which is otherwise in conflict with this Agreement.

10.2 Intent of Parties. In addition to and not in limitation of the foregoing, it is the intent of Developer and City that no moratorium or other limitation (whether relating to the rate, timing or sequencing of the development or construction of all or any part of the Project and whether or not enacted by initiative or otherwise) except a moratorium imposed by City to implement State or Federal laws, statutes, regulations, policies or orders as provided in Section 12.3, affecting parcel or subdivision maps, building permits, site development permits, special use permits, conditional use permits, occupancy certificates or other entitlements to use or permits approved, issued or granted within City, or portions of City, shall apply to the Project to the extent such moratorium or other limitation is in conflict with this Agreement. Notwithstanding the foregoing, should an ordinance, general plan or zoning amendment, measure, moratorium, policy, rule, regulation or other limitation enacted by citizens of City through the initiative process be determined by a court of competent jurisdiction to invalidate or prevail over all or any part of this Agreement, Developer shall have no recourse against City pursuant to this Agreement, but shall retain all other rights, claims and causes of action at law or in equity which Developer may have independent of this Agreement. The foregoing shall not be deemed to limit the Developer's right to appeal any such determination of such ordinance, general plan or zoning amendment, measure, policy, rule, regulation, moratorium or other limitation which purports to invalidate or prevail over all or any part of this Agreement. City agrees to cooperate with owner in all reasonable manners in order to keep this Agreement in full force and effect.

11. General Development of the Project.

11.1 Project. While this Agreement is in effect, Developer shall have a vested right to develop the Project in accordance with the terms and conditions of this Agreement, and in accordance with, and to the extent of the Development Plan, but subject to any remaining discretionary approvals required in order to complete the Project as contemplated by the Development Plan (which discretion shall be exercised in accordance with the Development Plan) and City shall have the right to control the development of the Project in accordance with the terms and

conditions of this Agreement. Except as otherwise specified in this Agreement, the Development Plan shall control the overall design, development and construction of the Project and all on-site and off-site improvements and appurtenances in connection therewith, including, without limitation, all mitigation measures required in order to minimize or eliminate material adverse environmental impacts caused by the Project. The permitted uses of the Property, the density and intensity of use, the maximum height and size of proposed buildings, the provisions for reservation and dedication of land for public purposes and other terms and conditions of development applicable to the Property shall be those set forth in the Development Plan. As part of the tentative subdivision map review, the applicant shall submit architectural drawings showing building treatment, elevations, material samples, and landscaping as part of the review and approval process for the residential portions of the Project.

11.2 Phasing and Timing of Development. The parties acknowledge that although Developer currently anticipates that the Project will be phased and constructed in increments over an approximate twenty-five (25) year time frame in accordance with the Build-Out Phasing Plan, at the present time Developer cannot predict when or the order in which Project phases will be developed. Such decisions depend upon numerous factors which are not within the control of Developer, such as market orientation and demand, interest rates, competition and other similar factors. To the extent permitted by the Development Plan and this Agreement, Developer shall have the right to develop the Project in phases in such order and at such times as Developer deems appropriate within the exercise of its subjective business judgment, so long as the Project is constructed as an integrated master planned development as contemplated by the Development Plan and the City Manager determines that such phasing will not adversely impact the ability of the City to construct, enlarge, expand, modernize or otherwise modify infrastructure improvements if necessary to accommodate growth of the Beaumont community. City agrees that Developer shall be entitled to apply for and City shall process tentative maps, vesting tentative maps, parcel maps, final maps, site development permits, conditional use permits, building permits, occupancy certificates and other entitlements to use or permits as provided by the Specific Plan or other applicable City ordinances at any time, in as expeditious a manner as possible, provided that such application is made in accordance with the Development Plan.

11.3 Effect of Agreement on Land Use Regulations. The rules, regulations and official policies governing permitted uses of the Property, the density and intensity of use of the Property, the maximum height and size of proposed buildings and the design, improvement and construction standards and specifications applicable to development of the Property are those rules, regulations and official policies in force as of the Agreement Date, and those rules, regulations, and official policies which may hereinafter be adopted by the City to implement its Water Resources Management Plan which is currently being developed, or State or Federal laws, statutes, regulations, policies or orders as provided in Section 12.3. In connection with any approval which City is permitted or has the right to make under this Agreement relating to the Project, or otherwise under its rules, regulations and official policies, City shall exercise its discretion or take action in a manner which is as expeditious as possible and which complies and is consistent with the Development Plan and the standards, terms and conditions contained in this Agreement, and in a manner which will not interfere with the development of the Project for the uses and to the height, density and intensity specified in this Agreement or with the rate of development selected by Developer. City shall accept for processing and timely review and act on all applications for further land use entitlement approvals with respect to the Project called for or required under this Agreement in as expeditious a manner as is possible. Such application shall be processed in the normal manner for processing such matters.

11.4 Administrative Changes and Amendments. The parties acknowledge that refinements and further development of the Project may demonstrate that changes are appropriate with respect to the details and performance of the parties under this Agreement. The parties desire to retain a certain degree of flexibility with respect to the details of the Project development and with respect to those items covered in general terms under this Agreement. If and when the parties find that changes or adjustments are necessary or appropriate, they shall, unless otherwise required by law, effectuate such changes or adjustments through administrative amendments approved by the City Manager or designee, after execution, shall be attached hereto as an addenda and become a part hereof, and may be further changed and amended from time to time as necessary, with approval by City and Developer. Any such administrative changes or amendments shall not be deemed to be an amendment to this Agreement under Government Code Section 65868, and unless otherwise required by law, no such administrative amendments shall require prior notice or hearing. Notwithstanding the foregoing, the following matters shall not be considered administrative changes or amendments, but shall be considered substantive

amendments which shall be reviewed by the Planning Commission and approved by the City Council:

- (a) Alteration of the permitted uses of the Property;
- (b) Increase in the density or intensity of use or the number of lots;
- (c) Increase in the maximum height and size in permitted buildings;
- (d) Deletion of a requirement for the reservation or dedication of land for public purposes except for minor boundary adjustments approved by the Planning Director or designee; and
- (e) Any amendment or change requiring a subsequent or supplemental environmental impact report pursuant to Public Resources Code Section 21166.

11.5 Mello-Roos Communities Facilities Districts; Other Assessment Districts or Financing Mechanisms. Pursuant to Chapter 2.5 (commencing with section 53312) Part 1, Division 2, Title 5 of the Government Code of the State of California, commonly known as the "Mello-Roos Community Facilities Act of 1982," Owner may, at its sole election, petition the City Council of City to establish a Community Facilities District ("CFD") including the Property for the purpose of acquiring, constructing and financing through the sale of bonds of certain public facilities which are necessary to meet the increased demands placed on the City as a result of the development of the Property. Alternatively, or in addition thereto, Owner may request that the City initiate and complete proceedings under the Municipal Improvement Act of 1911, the Municipal Improvement Act of 1913, the Improvement Bond Act of 1915, the Landscaping Allotting Act of 1972, or any and all other available public financing mechanisms to provide public conduit financing for the construction of public improvements on the Property ("Alternative Financing Mechanisms"). If so requested by Owner, City shall cooperate with Owner and use its best efforts in taking all steps necessary to cause the CFD or Alternative Financing Mechanisms to issue bonds for such purposes. If the Property is included within a CFD with other surrounding properties, the special taxes or special assessments burdening the various properties so included shall be apportioned on a fair share basis related to the benefit derived by each of such properties.

11.6 Water and Sewer Facilities. Responsibilities of the Parties with respect to water and sewer facilities pertaining to the transmission of water for or sewage generated



by the Project or by surrounding properties in which Developer will be required to participate shall be determined and allocated on a fair share basis between Developer and the surrounding property owners using such facilities.

11.7 Public Services and Facilities. As provided by the Specific Plan, the Project provides for an integrated roadway system, and public facilities in addition to water and sewer facilities as discussed in Section 11.6 above, including parks, schools, storm drain, police protection and fire protection. The construction and installation of such facilities and infrastructure improvements and the phasing thereof shall be subject to City review and approval at the time that tentative tract maps are submitted for applicable areas of the Project. To the extent that Developer, at City's request, constructs, installs or otherwise provides financing for public facilities or other infrastructure improvements not required to serve the Project and benefiting lands within the City outside the Project area of the Property, City shall adopt such ordinances as are necessary to create a benefit district by which a fee, assessment or charge will be imposed upon such other properties and reimbursed to Developer for the fair share of the benefits conferred upon such lands other than the Property by such public facilities or infrastructure improvements. In order to insure that the Project will function harmoniously with the City's transportation and circulation plan, City shall undertake the upgrade and completion of street networks to planned standards to accommodate increased demands generated by the Project on other areas of the City in accordance with and under the schedule provided by the City's Master Plan of Circulation.

11.8 Cancellation of Williamson Act Agricultural Preserve and Land Conservation Agreement. Immediately following the Effective Date, City shall, as expeditiously as possible, commence hearings pursuant to the Williamson Act, Government Code Section 51200, et seq. for the cancellation of the January 1, 1973 Land Conservation Contract and January 1, 1982 Land Conservation Contract entered into between the predecessor in interest to Developer and the County of Riverside pertaining to the Property. Developer shall be responsible for paying all fees and costs, including legal fees, incurred by City in processing the cancellation of the Land Conservation Contracts.

11.9 Other Governmental or Quasi-Governmental Permits. Developer shall apply for such other permits and approvals as may be required by other governmental or quasi-governmental agencies having jurisdiction over the Project (such as public utilities or utility districts, or other federal or

state agencies) as may be required for the development of, or provision of services to the Project under the Development Plan. City shall cooperate with and assist Developer in obtaining such permits and approvals, and, where necessary in making application for such approvals or permits.

11.10 Consistency Between This Agreement and Current Laws. City represents that there are no rules, regulations, ordinances or official policies of City enforced as of the date of execution of this Agreement that would interfere with the completion or use of the Project according to the Development Plan.

11.11 Assessments and Fees. City shall not, without the prior written consent of Developer, impose any assessment or fee applicable to the development of the Project or any portion thereof, or impose any fees as a condition to the implementation of the Project or any portion thereof, except those existing and proposed assessments and fees set forth on Exhibit "F" which include but are not limited to infrastructure fees for sewer, water, reclaimed water, fire mitigation, police mitigation, transportation-circulation, park mitigation, public facilities fees and signalization fees. Notwithstanding the foregoing, fees payable to City shall be at rates applicable on the date the fee is due and payable.

11.12 Subsequent Actions. City shall timely process, in as expeditious a manner as is possible for processing such matters, any necessary entitlements to use, including vesting tentative tract maps, tentative tract maps, parcel maps, final maps, site development permits, special use permits, conditional use permits, or other discretionary approvals or entitlements to use contemplated by the Development Plan, and any grading, construction or other permits filed by Developer in accordance with the substantive development standards set forth in the Development Plan.

12. Rules, Regulations and Official Policies.

12.1 New Rules. This agreement shall not prevent City from applying the following new rules, regulations and policies:

(a) Processing fees and charges imposed by City to cover the estimated actual costs to City of processing applications for development approvals, for monitoring compliance with any development approvals, or for monitoring compliance with environmental impact mitigation measures.

(b) Procedural regulations relating to hearing bodies, petitions, applications, notices, findings, records,

hearings, reports, recommendations, appeals and any other matter of procedure.

(c) Regulations governing construction standards and specifications including, without limitation, the City's Building Code, Plumbing Code, Mechanical Code, Electrical Code and Fire Code provided that such construction standards and specifications are applied on a City-wide basis.

(d) Regulations which are not in conflict with the Development Plan or this Agreement.

(e) Regulations which are in conflict with the Development Plan or this Agreement if such regulations have been consented to in writing by Developer.

12.2 Subsequent Actions and Approvals. In accordance with Government Code Section 65866, this Agreement shall not prevent City in subsequent actions applicable to the Property from applying new rules, regulations and policies which do not conflict with those existing rules, regulations and policies set forth in the Development Plan, nor shall this Agreement prevent City from denying or conditionally approving any subsequent development project application on the basis of such existing or new rules, regulations or policies.

12.3 State and Federal Laws. In the event that State or Federal laws or regulations enacted after this Agreement is executed prevent or preclude compliance with one or more of the provisions of this Agreement, such provisions of this Agreement shall be modified or suspended as may be necessary to comply with such State or Federal laws or regulations; provided, however, that this Agreement shall remain in full force and effect to the extent it is not inconsistent with such laws or regulations and to the extent such laws or regulations do not render such remaining provisions impractical to enforce.

13. Amendment or Cancellation of Agreement. This Agreement may be amended or cancelled in whole or in part only by mutual consent of the parties in the manner provided for in Government Code Section 65868.

14. Enforcement. Unless amended or cancelled as provided in Section 13 above, or modified or suspended pursuant to Government Code Section 65869.5, this Agreement is enforceable by either party hereto notwithstanding any change in any applicable general or specific plan, zoning, subdivision or building regulation or other applicable law or regulation adopted by City (or by the voters of City unless found by a court of competent

and final jurisdiction to prevail over this Agreement) which alters or amends the Development Plan or the rate, timing or sequencing of any development.

15. Periodic Review of Compliance With Agreement. City and Developer shall review this Agreement at least once every twelve (12) months from the date this Agreement is executed. During each periodic review, each party is required to demonstrate good faith compliance with the terms of this Agreement. Each party agrees to furnish such reasonable evidence of good faith compliance as the other party in the exercise of its reasonable discretion, may require. Such periodic review shall be conducted administratively by the City Manager and any appropriate department heads designated by the City Manager to perform such periodic review. The City Manager shall report the results of such periodic review to the City Council within thirty (30) days after the conclusion thereof. No public hearing shall be held by the City Manager, Planning Commission or City Council with regard to such periodic review; provided, however, that if the City Manager during such periodic review preliminarily finds that Developer is not in good faith compliance with this Agreement, Developer shall have the right to appeal such finding to the City Council. The City Council on appeal shall not hold a public hearing to review a finding that Developer is not in good faith compliance with this Agreement unless so requested by Developer in writing at the time of the submission of such appeal. City shall notify Developer in writing of the date for review at least thirty (30) days prior thereto.

16. Events of Default.

16.1 Default by Developer. If the City Council determines on the basis of substantial evidence upon appeal of the City Manager's decision pursuant to Section 15 hereof that Developer has not complied in good faith with the terms and conditions of this Agreement, it shall, by written notice to Developer, specify the manner in which Developer has failed to so comply and state the steps Developer must take to bring itself into compliance. If, within sixty (60) days after the effective date of notice from City specifying the manner in which Developer has failed to so comply, Developer does not commence all steps reasonably necessary to bring itself into compliance as required and thereafter diligently pursue such steps to completion, then Developer shall be deemed to be in default under the terms of this Agreement and City may terminate this Agreement.

16.2 Default by City. If Developer determines on the basis of substantial evidence that City has not complied in good faith with the terms and conditions of this Agreement, Developer shall, by written notice to City, specify the manner in which City has failed to so comply and state the steps City

must take to bring itself into compliance. If, within sixty (60) days after the effective date of notice from Developer specifying the manner in which City has failed to so comply, City does not commence all steps reasonably necessary to bring itself into compliance as required and thereafter diligently pursue such steps to completion, then City shall be deemed to be in default under the terms of this Agreement and Developer may terminate this Agreement or seek specific performance as set forth in Section 16.3.

16.3 Specific Performance Remedy. Due to the size, nature and scope of the Project, it will not be practical or possible to restore the Property to its natural condition once implementation of this Agreement has begun. After such implementation, Developer may be foreclosed from other choices it may have had to utilize the Property and provide for other benefits. Developer has invested significant time and resources and performed extensive planning and processing of the Project in agreeing to the terms of this Agreement and will be investing even more substantial time and resources in implementing the Project in reliance upon the terms of this Agreement, and it is not possible to determine the sum of money which would adequately compensate Developer for such efforts. For the above reasons, City and Developer agree that damages would not be an adequate remedy if City fails to carry out its obligations under this Agreement. Therefore, specific performance of this Agreement is the only remedy which would compensate Developer if City fails to carry out its obligations under this Agreement, and City hereby agrees that Developer shall be entitled to specific performance in the event of a default by City hereunder. Notwithstanding the foregoing, nothing in this Agreement is intended to deprive Developer from recovering appropriate damages in the event that the terms of this Agreement are breached. City and Developer acknowledge that if Developer fails to carry out its obligations under this Agreement, City shall have the right to refuse to issue any permits or other approvals to which Developer would not otherwise have been entitled pursuant to this Agreement. Therefore, City's remedy of terminating this Agreement shall be sufficient in most circumstances if Developer fails to carry out its obligations hereunder. Notwithstanding the foregoing, if City issues a permit or other approval pursuant to this Agreement in reliance upon a specified condition being satisfied by Developer in the future, and if Developer then fails to satisfy such condition, City shall be entitled to specific performance for the sole purpose of causing Developer to satisfy such condition. The City's right to specific performance shall be limited to those circumstances set forth above, and City shall have no right to seek specific performance to cause Developer to otherwise proceed with the development of the Project in any manner.

17. Institution of Legal Action. In addition to any other rights or remedies, either party may institute legal action to cure, correct or remedy any default, to enforce any covenants or agreements herein, to enjoin any threatened or attempted violation hereof, to recover damages for any default, or to obtain any other remedies consistent with the purpose of this Agreement. Any such legal action shall be brought in the Superior Court for Riverside, California.

18. Waivers and Delays.

18.1 Waiver. Failure by a party to insist upon the strict performance of any of the provisions of this Agreement by the other party, and failure by a party to exercise its rights upon a default by the other party hereto, shall not constitute a waiver of such party's right to demand strict compliance by such other party in the future.

18.2 Third Parties. Nonperformance shall not be excused because of a failure of a third person except as provided in Section 18.3 below.

18.3 Force Majeure. Neither party shall be deemed to be in default for failure or delay in performance of any of its obligations under this Agreement if caused by floods, earthquakes, other Acts of God, fires, wars, riots or similar hostilities, strikes, other labor difficulties, government regulations or other causes beyond either of the parties' control. If any such event shall occur, the term of this Agreement and the time for performance by Developer of any of its obligations hereunder or pursuant to the Development Plan shall be extended by the period of time that such events prevent construction of the Project.

19. Notices. All notices required or provided for under this Agreement shall be in writing and delivered in person and deposited in the United States mail, postage prepaid and addressed as follows:

TO CITY:

City of Beaumont  
550 East 6th Street  
P.O. Drawer 158  
Beaumont, California 92223  
Attn: City Manager

TO DEVELOPER:

c/o The Deutsch Corporation  
2444 Wilshire Boulevard  
Santa Monica, California 90403  
Attn: Mr. Bill Holler

Either party may change the address stated herein by giving notice, in writing, to the other party and thereafter notices shall be addressed and submitted to the new address.

20. Attorneys' Fees. If legal action is brought by either party against the other for breach of this Agreement, or to compel performance under this Agreement, the prevailing party shall be entitled to an award of reasonable attorneys' fees and costs.

21. Transfers and Assignments.

21.1 Right to Assign. Developer shall have the right to sell, assign or transfer this Agreement, and any and all of its rights, duties and obligations hereunder, to any person or entity at any time during the term of this Agreement, provided, however, in no event shall the rights, duties and obligations conferred upon Developer pursuant to this Agreement be at any time so transferred or assigned except through a transfer of an interest of Developer in the Property, a portion thereof (including a village or individual tract), or parcel or lot so transferred. In the event of any such assignment, either the transferee or Developer shall be liable for the performance of all obligations of Developer. Such transferee or Developer shall notify City in writing of the transfer of such obligations.

21.2 Release Upon Transfer. Upon the sale, transfer or assignment of Developer's rights and interests under this Agreement as permitted pursuant to Section 21.1, Developer shall be released from its obligations under this Agreement and all of owner's obligations pursuant to the Development Plan, or other agreements assumed by transferee with respect to the Property, or portion thereof, so transferred provided that (a) Developer is not then in default under the Agreement, (b) Developer or transferee has provided the City notice of such transfer and (c) the transferee executes and delivers to City a written agreement in which (i) the name and address of the transferee is set forth and (ii) the transferee expressly and unconditionally assumes all of the obligations of Developer under this Agreement with respect to the Property, or a portion thereof, so transferred.

22. Cooperation in the Event of Legal Challenge. In the event of any legal action instituted by a third party or other governmental entity or official challenging the validity of any provision of this Agreement, the parties hereby agree to cooperate in defending such action. Each party shall pay its own expenses in connection with such defense. In the event of any litigation challenging the effectiveness of this Agreement, or any portion hereof, this Agreement shall remain in full force

and effect while such litigation, including any appellate review, is pending.

23. Eminent Domain. No provision of this Agreement shall be construed to limit or restrict the exercise by City of its power of eminent domain.

24. Authority to Execute. The person or persons executing this Agreement on behalf of Developer warrant and represent that they have the authority to execute this Agreement on behalf of their corporation, partnership or business entity and warrant and represent that they have the authority to bind Developer to the performance of its obligations hereunder.

25. Recordation. This Agreement and any amendment or cancellation hereto shall be recorded in the Official Records of the County of San Bernardino, by the City Clerk within the period required by Section 65868.5 of the Government Code.

26. Protection of Mortgage Holders. Nothing contained herein shall limit or interfere with the lien of mortgage holders having a mortgage made in good faith and for value on any portion of the Property. "Mortgage holder" includes the beneficiary under a deed of trust, and "mortgage" includes the deed of trust.

27. Severability of Terms. If any term, provision, covenant or condition of this Agreement shall be determined invalid, void or unenforceable, the remainder of this Agreement shall not be affected thereby to the extent such remaining provisions are not rendered impractical to enforce.

28. Subsequent Amendment to Authorizing Statute. This Agreement has been entered into in reliance upon the provisions of the Development Agreement Law in effect as of the Agreement Date. Accordingly, subject to Section 12.3 above, to the extent a subsequent amendment to the Development Agreement Law would affect the provisions of this Agreement, such amendment shall not be applicable to the Agreement unless necessary for this Agreement to be enforceable or unless this Agreement is modified pursuant to the provisions set forth in the Agreement and Government Code Section 65868 in effect on the Agreement Date.

29. Interpretation and Governing Law. This Agreement and any dispute arising hereunder shall be governed and interpreted in accordance with the laws of the State of California.

30. Section Headings. All section headings and subheadings are inserted for convenience only and shall not affect any construction or interpretation of this Agreement.



31. Incorporation of Recitals and Exhibits. Recitals A through N and attached Exhibits "A" through "G" are hereby incorporated herein by this reference as though set forth in full.

32. Rules of Construction and Miscellaneous Terms.

32.1 Gender. The singular includes the plural; the masculine gender includes the feminine; "shall" is mandatory, "may" is permissive.

32.2 Time of Essence. Time is of the essence regarding each provision of this Agreement in which time is an element.

32.3 Cooperation. Each party covenants to take such reasonable actions and execute all documents that may be necessary to achieve the purposes and objectives of this Agreement.

The parties have executed this Development Agreement on the date and year first written above.

Dated: 4/25, 1991

CITY OF BEAUMONT, a municipal corporation of the State of California

By: Ann Connors  
Mayor

"City"

SIGNED AND CERTIFIED THAT A COPY OF THIS DOCUMENT HAS BEEN DELIVERED TO THE MAYOR OF THE CITY COUNCIL

By: Robert Bounds  
City Clerk

APPROVED AS TO FORM:

By: George Phelan  
City Attorney



[SIGNATURES CONTINUE ON FOLLOWING PAGES]

ALEISIAN FARMS, a California  
General Partnership

Dated: 4/9, 1991

By: *Carl Deutsch*  
Carl Deutsch  
General Partner

Dated: 4/9, 1991

By: *David Deutsch, att in fact*  
David Deutsch  
General Partner

By: Victoria Leslie Deutsch Trust  
Created Pursuant to a  
Declaration of Trust Dated  
December 19, 1976

General Partner

Dated: 4/9, 1991

By: *Alex Deutsch*  
Alex Deutsch  
Trustee

By: Alexis Lee Deutsch Trust  
Created Pursuant to a  
Declaration of Trust Dated  
December 19, 1976

General Partner

Dated: 4/9, 1991

By: *Alex Deutsch*  
Alex Deutsch  
Trustee

By: Gina Elizabeth Deutsch Trust  
Created Pursuant to a  
Declaration of Trust Dated  
December 19, 1976

General Partner

Dated: 4/9, 1991

By: Alex Deutsch  
Alex Deutsch  
Trustee

By: Gina Elizabeth Deutsch 76 Trust  
Created Pursuant to a  
Declaration of Trust Dated  
December 19, 1976

General Partner

Dated: April 9, 1991

By: Lester Deutsch  
Lester Deutsch  
Trustee

By: Estate of Walter Scholtz

General Partner

Dated: 4/4, 1991

By: Sylvia Scholtz  
Sylvia Scholtz  
Executrix

HIGHLAND FARMS, a California  
General Partnership

BY: THE DEUTSCH COMPANY, a  
California corporation,

General Partner

Dated: 4/9, 1991

By: Alex Deutsch  
Its: Chairman

Dated: 4/9, 1991

By: Alex Deutsch  
Alex Deutsch  
General Partner

BANNING FARMS, a California  
General Partnership

BY: THE DEUTSCH COMPANY, a  
California corporation,

General Partner

Dated: April 9, 1991

By: Alex Deutsch

Its: Chairman

Dated: 4/9, 1991

By: Alex Deutsch  
Alex Deutsch  
General Partner

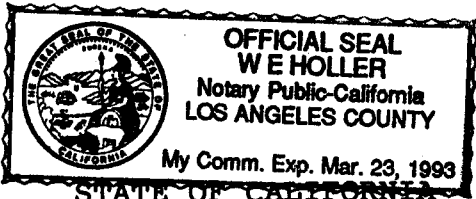
STATE OF CALIFORNIA

COUNTY OF LA

)  
) ss.

On 4/9, 1991, before me, WE HOLLER, personally appeared, CARL DEUTSCH personally known to me or proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.



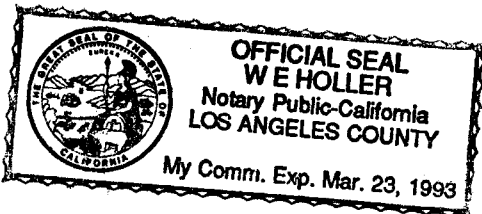
WE Holler  
Notary Public in and for said State

STATE OF CALIFORNIA  
COUNTY OF LA

)  
) ss.

On 4/9, 1991, before me, WE HOLLER, personally appeared DAVID DEUTSCH personally known to me or proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

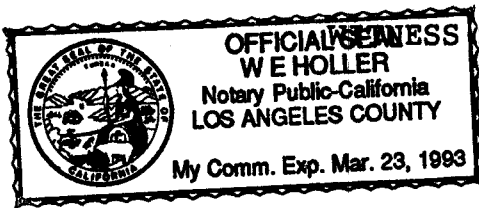
WITNESS my hand and official seal.



WE Holler  
Notary Public in and for said State

STATE OF CALIFORNIA )  
 )  
COUNTY OF CA ) ss.

On 4/9, 1991, before me, WE HOLLER, personally appeared ALEX DEUTSCH, TRUSTEE FOR VICTORIA LESLIE DEUTSCH TRUST, Created Pursuant to a Declaration of Trust Dated December 19, 1976, personally known to me or proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.



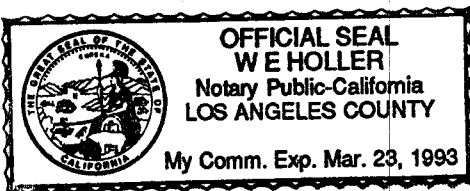
my hand and official seal.

WE HOLLER  
Notary Public in and for said State

STATE OF CALIFORNIA )  
 )  
COUNTY OF CA ) ss.

On 4/9, 1991, before me, WE HOLLER, personally appeared ALEX DEUTSCH, TRUSTEE FOR ALEXIS LEE DEUTSCH TRUST, Created Pursuant to a Declaration of Trust Dated December 19, 1976, personally known to me or proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

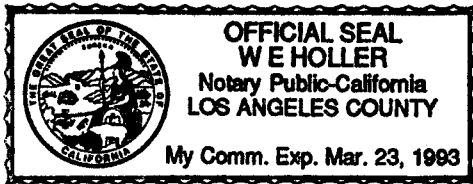


WE HOLLER  
Notary Public in and for said State

STATE OF CALIFORNIA )  
COUNTY OF LA ) ss.

On 4/9, 1991, before me, W E Holler, personally appeared ALEX DEUTSCH, TRUSTEE FOR GINA ELIZABETH DEUTSCH TRUST, Created Pursuant to a Declaration of Trust Dated December 19, 1976, personally known to me or proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

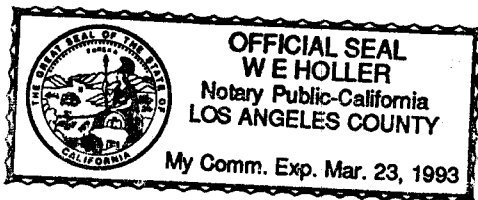


W E Holler  
Notary Public in and for said State

STATE OF CALIFORNIA )  
COUNTY OF LA ) ss.

On 4/9, 1991, before me, W E Holler, personally appeared LESTER DEUTSCH, TRUSTEE FOR GINA ELIZABETH DEUTSCH TRUST, Created Pursuant to a Declaration of Trust Dated December 19, 1976, personally known to me or proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.



W E Holler  
Notary Public in and for said State

STATE OF Washington CALIFORNIA )  
COUNTY OF Whatecom ) ss.

On April 4<sup>th</sup>, 1991, before me, Robin Montague,  
personally appeared SYLVIA SCHOLTZ, EXECUTRIX FOR ESTATE OF  
WALTER SCHOLTZ, personally known to me or proved to me on the  
basis of satisfactory evidence to be the person whose name is  
subscribed to the within instrument and acknowledged to me that  
he executed the same in his authorized capacity, and that by his  
signature on the instrument the person, or the entity upon  
behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

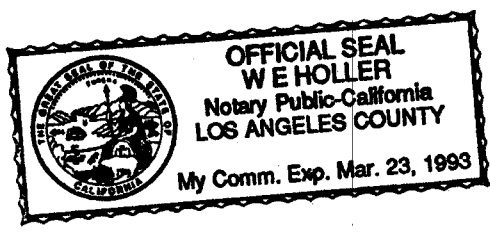
Robin Montague  
Notary Public in and for said State  
my commission expires 6-27-94

STATE OF CALIFORNIA )  
COUNTY OF LA ) ss.

On 4/9, 1991, before me, We Holler,  
personally appeared ALEX DEUTSCH, A GENERAL PARTNER OF HIGHLAND  
FARMS, a California General Partnership, personally known to me  
or proved to me on the basis of satisfactory evidence to be the  
person whose name is subscribed to the within instrument and  
acknowledged to me that he executed the same in his authorized  
capacity, and that by his signature on the instrument the  
person, or the entity upon behalf of which the person acted,  
executed the instrument.

WITNESS my hand and official seal.

We Holler  
Notary Public in and for said State

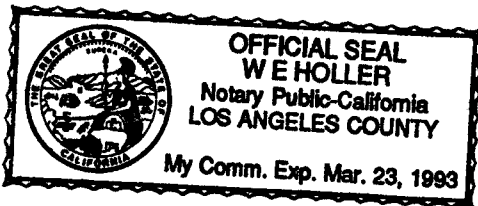




STATE OF CALIFORNIA )  
 )  
COUNTY OF LA ) ss.

On 4/9, 1991, before me, W E Holler,  
personally appeared ALEX DEUTSCH, Chairman OF THE DEUTSCH  
COMPANY, a California Corporation, personally known to me or  
proved to me on the basis of satisfactory evidence to be the  
person whose name is subscribed to the within instrument and  
acknowledged to me that he executed the same in his authorized  
capacity, and that by his signature on the instrument the  
person, or the entity upon behalf of which the person acted,  
executed the instrument.

WITNESS my hand and official seal.

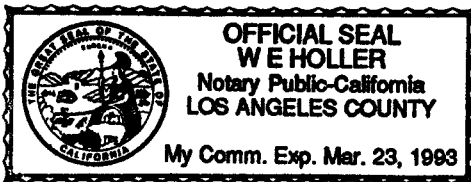


W E Holler  
Notary Public in and for said State

STATE OF CALIFORNIA )  
 )  
COUNTY OF LA ) ss.

On 4/9, 1991, before me, W E Holler,  
personally appeared ALEX DEUTSCH, A GENERAL PARTNER OF BANNING  
FARMS, a California General Partnership, personally known to me  
or proved to me on the basis of satisfactory evidence to be the  
person whose name is subscribed to the within instrument and  
acknowledged to me that he executed the same in his authorized  
capacity, and that by his signature on the instrument the  
person, or the entity upon behalf of which the person acted,  
executed the instrument.

WITNESS my hand and official seal.



W E Holler  
Notary Public in and for said State

STATE OF CALIFORNIA

COUNTY OF LA

)  
) ss.  
)

On 4/9, 1991, before me, We Holler  
personally appeared ALEX DEUTSCH, Chairman OF THE DEUTSCH  
COMPANY, a California Corporation, personally known to me or  
proved to me on the basis of satisfactory evidence to be the  
person whose name is subscribed to the within instrument and  
acknowledged to me that he executed the same in his authorized  
capacity, and that by his signature on the instrument the  
person, or the entity upon behalf of which the person acted,  
executed the instrument.

WITNESS my hand and official seal.

We Holler  
Notary Public in and for said State

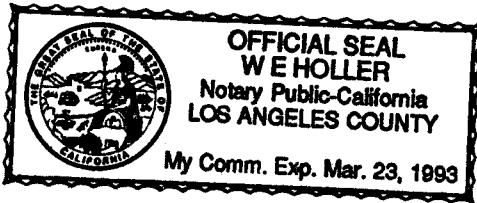


EXHIBIT "A"

LEGAL DESCRIPTION OF PROPERTY

EXHIBIT A  
-----

PARCEL 1:

Section 35, Township 2 South, Range 1 West, San Bernardino Base and Meridian, in the County of Riverside, State of California.

EXCEPT the North one-half of the Northeast One Quarter thereof;

Section 2, Township 3 South, Range 1 West, San Bernardino Base and Meridian.

EXCEPT the Southeast One Quarter thereof.

Said land is also known as follows:

Lots 1 to 32, inclusive, and Lots 41 to 112, inclusive, of Orchard Heights Tract, in the County of Riverside, State of California, as shown by map on file in Book 10 Page 2 of Maps, Riverside County Records;

EXCEPT from Lots 1, 2 and 3 the Northerly 30 feet thereof granted to the County of Riverside, to be used as a public highway by deed recorded June 10, 1926 in Book 675 Page 467 of Deeds, Riverside County Records;

ALSO EXCEPT from Lot 4 an easement over the Northerly 10 feet thereof for public highway.

ALSO EXCEPT from said land all of those portions lying within the public roads and highways adjoining said land known as Brookside Avenue, Cherry Avenue, Orchard Heights Avenue, Seventeenth Street, Eighth Street and Highland Springs Avenue.

PARCEL 2:

The Southeast One Quarter of Section 2, Township 3 South, Range 1 West, San Bernardino Base and Meridian.

EXCEPT therefrom the following described land, as conveyed to Trangniew, Inc., by instrument recorded May 01, 1972 as Instrument No. 55762, and more particularly described as follows:

Commencing at the Southeast corner of said Section 2, said point being marked by a brass stamped "Section Corner Sections 1, 2, 11 and 12";

Thence South 89 degrees 32 minutes 20 seconds West along the realigned centerline of Eighth Street (80 feet wide) as shown on Deed Plat No. 746-888 on file in the office of the county surveyor of Riverside County, California, a distance of 101.29 feet;

Thence at right angles North 00 degrees 27 minutes 40 seconds West 40.00 feet to the true point of beginning.

EXHIBIT A  
-----

Thence continuing North 00 degrees 27 minutes 40 seconds West 4.00 feet to a point on a curve;

Thence curving to the left from an initial tangent that bears North 89 degrees 32 minutes 20 seconds East with a radius of 20.00 feet through a central angle of 89 degrees 21 minutes 34 seconds, an arc distance of 31.19 feet to a point on a line parallel with and 82.00 feet Westerly, measured at right angles from the Easterly line of said Section 2;

Thence at right angles North 89 degrees 49 minutes 18 seconds West 928.44 feet;

Thence at right angles South 00 degrees 10 minutes 42 seconds West parallel with the East line of said Section 2, 991.14 feet to a point on the North right of way line of Eighth Street, as shown by map of subdivision of Section 11, as per plat recorded in Book 9 of Maps, Page 10, Records of San Bernardino County;

Thence South 89 degrees 44 minutes 30 seconds East along the North right of way line of said Eighth Street, 136.96 feet to a tangent curve, as established by said realignment of Eighth Street;

Thence curving to the left with a radius of 960.00 feet through a central angle of 14 degrees 24 minutes 50 seconds an arc distance of 241.51 feet;

Thence North 75 degrees 50 minutes 40 seconds East 177.79 feet to a tangent curve;

Thence curving to the right with a radius of 1040.00 feet through a central angle of 13 degrees 41 minutes 40 seconds, a arc distance of 248.57 feet;

Thence North 89 degrees 32 minutes 20 seconds East 114.62 feet to the point of beginning.

ALSO EXCEPT from said land all of those portions lying within the public roads and highways adjoining said land known as Eighth Street and Highland Springs Avenue.

PARCEL 3:

Those portions lying within Section 11, Township 3 South, Range 1 West, San Bernardino Base and Meridian, more particularly described as follows:

Lots 1, 2, 3, 4, 5, 6 and 7 in Block 1 of subdivision of Section 11, Township 3 South, Range 1 West, San Bernardino Base and Meridian, as shown by map on file in Book 9 Page 10 of Maps, Riverside County Records.

EXHIBIT A  
-----

EXCEPT therefrom the following described land as conveyed to Trangniew, Inc., by instrument recorded May 01, 1972 as Instrument No. 55762, and more particularly described as follows:

Commencing at the Southeast corner of said Section 2, said point being marked by a brass disk stamped "Section Corner Sections 1, 2, 11 and 12";

Thence South 89 degrees 32 minutes 20 seconds West along the realigned centerline of Eighth Street (80 feet wide) as shown by Deed Plat No. 746-888 on file in the Office of the County Surveyor of Riverside County, California, a distance of 101.29 feet;

Thence at right angles North 00 degrees 27 minutes 40 seconds West 40.00 feet to the true point of beginning;

Thence continuing North 00 degrees 27 minutes 40 seconds West 4.00 feet to a point on a curve;

Thence curving to the left from an initial tangent that bears North 89 degrees 32 minutes 20 seconds East with a radius of 20.00 feet through a central angle of 89 degrees 21 minutes 38 seconds, an arc distance of 31.19 feet to a point on a line parallel with and 82.00 feet Westerly, measured at right angles from the Easterly line of said Section 2;

Thence North 0 degrees 10 minutes 42 seconds East along said parallel line, 859.84 feet;

Thence at right angles North 89 degrees 49 minutes 18 seconds West 928.44 feet;

Thence at right angles South 00 degrees 10 minutes 42 seconds West parallel with the East line of said Section 2; 991.14 feet to a point on the North right of way line of Eighth Street, as shown by map of subdivision of Section 11, as per plat recorded in Book 9 of Maps, Page 10, Records of Riverside County;

Thence South 89 degrees 44 minutes 30 seconds East along the North right of way line of said Eighth Street, 136.96 feet to a tangent curve, as established by said realignment of Eighth Street;

Thence curving to the left with a radius of 960.00 feet through a central angle of 14 degrees 24 minutes 50 seconds an arc distance of 241.51 feet;

Thence North 75 degrees 50 minutes 40 seconds East 177.79 feet to a tangent curve;

Thence curving to the right with a radius of 1040.00 feet through a central angle of 13 degrees 41 minutes 40 seconds, an arc

Preliminary Report

Order No. 4104930127-492

GATEWAY TITLE COMPANY

Title officer: Dwight Helmer

Policy(ies) contemplated:  
Preliminary Title Report

-----  
THE DEUTSCH COMPANY  
STE. 600  
2444 WILSHIRE BLVD.  
SANTA MONICA, CA 90403

Our No.: 4104930127-492

Your Ref: BANNING

ATTN: BILL HOLLER

Date : March 11, 1991 at 7:30 A.M.

SCHEDULE A

The estate or interest in the land described or referred to in this schedule covered by this report is:

a fee

Title to the said estate or interest at the date hereof is vested in:

Aleisian Farms, a Partnership composed of Walter Scholtz, Mark Scholtz, Alex Deutsch, Lester Deutsch, Carl Deutsch, Ray Tissue, Ben Weingart, Robert Cumins, Philip E. Holzman, Edward Jones, and Philip E. Holzman as trustee for David Deutsch;

Highland Farms, a California General Partnership, as their interest appear of record, as to all of those portions described in Exhibit "A" herein excepting therefrom the South one half of the Northeast one Quarter of said Section 35; subject to the spousal interest of Betty U. Deutsch, as to the North one half of the Southeast one quarter of said Section 35;

Banning Farms, a California General Partnership, as to the South one half of the Northeast one Quarter of said Section 35.

The land referred to in this report is situated in the State of California, County of Riverside, and is described as follows:

DESCRIPTION CONTAINED IN "EXHIBIT A"  
attached hereto and made a part hereof.

EXHIBIT A  
-----

PARCEL 1:

Section 35, Township 2 South, Range 1 West, San Bernardino Base and Meridian, in the County of Riverside, State of California.

EXCEPT the North one-half of the Northeast One Quarter thereof;

Section 2, Township 3 South, Range 1 West, San Bernardino Base and Meridian.

EXCEPT the Southeast One Quarter thereof.

Said land is also known as follows:

Lots 1 to 32, inclusive, and Lots 41 to 112, inclusive, of Orchard Heights Tract, in the County of Riverside, State of California, as shown by map on file in Book 10 Page 2 of Maps, Riverside County Records;

EXCEPT from Lots 1, 2 and 3 the Northerly 30 feet thereof granted to the County of Riverside, to be used as a public highway by deed recorded June 10, 1926 in Book 675 Page 467 of Deeds, Riverside County Records;

ALSO EXCEPT from Lot 4 an easement over the Northerly 10 feet thereof for public highway.

ALSO EXCEPT from said land all of those portions lying within the public roads and highways adjoining said land known as Brookside Avenue, Cherry Avenue, Orchard Heights Avenue, Seventeenth Street, Eighth Street and Highland Springs Avenue.

PARCEL 2:

The Southeast One Quarter of Section 2, Township 3 South, Range 1 West, San Bernardino Base and Meridian.

EXCEPT therefrom the following described land, as conveyed to Trangniew, Inc., by instrument recorded May 01, 1972 as Instrument No. 55762, and more particularly described as follows:

Commencing at the Southeast corner of said Section 2, said point being marked by a brass stamped "Section Corner Sections 1, 2, 11 and 12";

Thence South 89 degrees 32 minutes 20 seconds West along the realigned centerline of Eighth Street (80 feet wide) as shown on Deed Plat No. 746-888 on file in the office of the county surveyor of Riverside County, California, a distance of 101.29 feet;

Thence at right angles North 00 degrees 27 minutes 40 seconds West 40.00 feet to the true point of beginning.



EXHIBIT A

Thence continuing North 00 degrees 27 minutes 40 seconds West 4.00 feet to a point on a curve;

Thence curving to the left from an initial tangent that bears North 89 degrees 32 minutes 20 seconds East with a radius of 20.00 feet through a central angle of 89 degrees 21 minutes 34 seconds, an arc distance of 31.19 feet to a point on a line parallel with and 82.00 feet Westerly, measured at right angles from the Easterly line of said Section 2;

Thence at right angles North 89 degrees 49 minutes 18 seconds West 928.44 feet;

Thence at right angles South 00 degrees 10 minutes 42 seconds West parallel with the East line of said Section 2, 991.14 feet to a point on the North right of way line of Eighth Street, as shown by map of subdivision of Section 11, as per plat recorded in Book 9 of Maps, Page 10, Records of San Bernardino County;

Thence South 89 degrees 44 minutes 30 seconds East along the North right of way line of said Eighth Street, 136.96 feet to a tangent curve, as established by said realignment of Eighth Street;

Thence curving to the left with a radius of 960.00 feet through a central angle of 14 degrees 24 minutes 50 seconds an arc distance of 241.51 feet;

Thence North 75 degrees 50 minutes 40 seconds East 177.79 feet to a tangent curve;

Thence curving to the right with a radius of 1040.00 feet through a central angle of 13 degrees 41 minutes 40 seconds, a arc distance of 248.57 feet;

Thence North 89 degrees 32 minutes 20 seconds East 114.62 feet to the point of beginning.

ALSO EXCEPT from said land all of those portions lying within the public roads and highways adjoining said land known as Eighth Street and Highland Springs Avenue.

PARCEL 3:

Those portions lying within Section 11, Township 3 South, Range 1 West, San Bernardino Base and Meridian, more particularly described as follows:

Lots 1, 2, 3, 4, 5, 6 and 7 in Block 1 of subdivision of Section 11, Township 3 South, Range 1 West, San Bernardino Base and Meridian, as shown by map on file in Book 9 Page 10 of Maps, Riverside County Records.

EXHIBIT A  
-----

EXCEPT therefrom the following described land as conveyed to Trangniew, Inc., by instrument recorded May 01, 1972 as Instrument No. 55762, and more particularly described as follows:

Commencing at the Southeast corner of said Section 2, said point being marked by a brass disk stamped "Section Corner Sections 1, 2, 11 and 12";

Thence South 89 degrees 32 minutes 20 seconds West along the realigned centerline of Eighth Street (80 feet wide) as shown by Deed Plat No. 746-888 on file in the Office of the County Surveyor of Riverside County, California, a distance of 101.29 feet;

Thence at right angles North 00 degrees 27 minutes 40 seconds West 40.00 feet to the true point of beginning;

Thence continuing North 00 degrees 27 minutes 40 seconds West 4.00 feet to a point on a curve;

Thence curving to the left from an initial tangent that bears North 89 degrees 32 minutes 20 seconds East with a radius of 20.00 feet through a central angle of 89 degrees 21 minutes 38 seconds, an arc distance of 31.19 feet to a point on a line parallel with and 82.00 feet Westerly, measured at right angles from the Easterly line of said Section 2;

Thence North 0 degrees 10 minutes 42 seconds East along said parallel line, 859.84 feet;

Thence at right angles North 89 degrees 49 minutes 18 seconds West 928.44 feet;

Thence at right angles South 00 degrees 10 minutes 42 seconds West parallel with the East line of said Section 2; 991.14 feet to a point on the North right of way line of Eighth Street, as shown by map of subdivision of Section 11, as per plat recorded in Book 9 of Maps, Page 10, Records of Riverside County;

Thence South 89 degrees 44 minutes 30 seconds East along the North right of way line of said Eighth Street, 136.96 feet to a tangent curve, as established by said realignment of Eighth Street;

Thence curving to the left with a radius of 960.00 feet through a central angle of 14 degrees 24 minutes 50 seconds an arc distance of 241.51 feet;

Thence North 75 degrees 50 minutes 40 seconds East 177.79 feet to a tangent curve;

Thence curving to the right with a radius of 1040.00 feet through a central angle of 13 degrees 41 minutes 40 seconds, an arc

Gateway Order No.: 4104930127-492

Reference No.: BANNING

**EXHIBIT A**  
-----

distance of 248.57 feet;

Thence North 89 degrees 32 minutes 20 seconds East 114.62 feet to the point of beginning.

Also except from said land all of those portions lying within the public roads and highways adjoining said land known as Eighth Street and Highland Springs Avenue.

SCHEDULE B

Preliminary Report

GATEWAY TITLE COMPANY

Order No. 4104930127-492

At the date hereof Exceptions to coverage in addition to the printed exceptions and exclusions contained in said policy form would be as follows:

1. Property taxes, including any assessments collected with taxes, to be levied for the fiscal year 1991-1992, which are a lien not yet payable.
2. Property taxes, including any personal property taxes, and any assessments collected with taxes, for the fiscal year 1990-1991:

First installment	Amount:	\$1,705.85
	Penalty:	
	Current status:	Paid

Second installment	Amount:	\$1,705.85
	Penalty:	
	Current status:	Paid

Homeowners exemption: --NONE--  
Code area: 056-004  
Assessors Parcel No.: 406-170-005-7

The above matter affects The West 1/2 of the South 1/2 of the Southeast 1/4 of Section 35

3. Property taxes, including any personal property taxes, and any assessments collected with taxes, for the fiscal year 1990-1991:

First installment	Amount:	\$350.95
	Penalty:	
	Current status:	Paid

Second installment	Amount:	\$350.95
	Penalty:	
	Current status:	Paid

Homeowners exemption: --NONE--  
Code area: 056-004  
Assessors Parcel No.: 406-170-007-9

The above matter affects The South 1/2 of the Northeast 1/2 of Section 35

SCHEDULE B

Preliminary Report

GATEWAY TITLE COMPANY

Order No. 4104930127-492

4. Property taxes, including any personal property taxes, and any assessments collected with taxes, for the fiscal year 1990-1991:

First installment      Amount:                      \$342.92  
                                 Penalty:  
                                 Current status:              Paid

Second installment    Amount:                      \$342.92  
                                 Penalty:  
                                 Current status:              Paid

Homeowners exemption: --NONE--  
                                 Code area:      056-004  
Assessors Parcel No.: 406-170-008-0

The above matter affects The North 1/2 of the Southeast 1/4 of Section 35

5. Property taxes, including any personal property taxes, and any assessments collected with taxes, for the fiscal year 1990-1991:

First installment      Amount:                      \$4,590.25  
                                 Penalty:  
                                 Current status:              Paid

Second installment    Amount:                      \$4,590.25  
                                 Penalty:  
                                 Current status:              Paid

Homeowners exemption: --NONE--  
                                 Code area:      056-004  
Assessors Parcel No.: 419-020-017-8

The above matter affects The West 1/2 and the Northeast 1/4 of Section 2

6. Property taxes, including any personal property taxes, and any assessments collected with taxes, for the fiscal year 1990-1991:

First installment      Amount:                      \$1,533.81  
                                 Penalty:  
                                 Current status:              Paid

Second installment    Amount:                      \$1,533.81  
                                 Penalty:  
                                 Current status:              Paid

Homeowners exemption: --NONE--  
                                 Code area:      056-004  
Assessors Parcel No.: 419-020-018-9

SCHEDULE B

Preliminary Report

GATEWAY TITLE COMPANY

Order No. 4104930127-492

The above matter affects The above item affects: Parcels 2 and 3 herein described in Exhibit "A"

7. The lien of supplemental taxes, if any, assessed according to provisions of the statutes of 1983 of the State of California.
8. An easement in favor of the public for any public roads now existing on said property.
9. An easement, affecting lots 44, 48, 52, 56, 60, 64, 72, 80, 88 and 96 in Parcel 1 for road 20 feet wide off and along the East side of Section 35, Township 2 South, Range 1 West, and Section 2, Township 3 South, Range 1 West, San Bernardino Base and Meridian, granted to the County of Riverside by deed recorded March 21, 1900 in Book 147 Page 3 of Deeds, Riverside County Records.
10. A right of way, affecting a portion of Parcel 1 herein described, for pipe line over lots 1 to 64, inclusive, lots 69 to 72, inclusive, lots 77 to 82, inclusive, lots 85 to 90, inclusive, lots 93 to 96, inclusive, as reserved in the deed from the Riverside Abstract Company, recorded April 01, 1913 in Book 371 Page 177 of Deeds.
11. The right of the public to the use of streets as shown on the map of Orchard Heights Tract, as shown by map on file in Book 10 Page 2 of Maps, Riverside County Records.  
  
Said rights affect a portion of Parcel 1 subject to the effect of a revocation of dedication recorded November 24, 1947 in Book 872 Page 561 of Official Records purporting to revoke any and all dedications of the following streets: Lots H, G, F, E, D, C, B, A, J, K, L, M, N and more commonly known as 9th, 11th, 12th, 13th, 14th, 15th, 16th and that portion of 17th Street, which is delineated on the map of Orchard Heights Tract.
12. An easement for utilities, affecting Parcel 1, granted to Southern Sierras Power Company, as referred to in United States Patent recorded December 01, 1919 in Book 8 Page 40 of Patents, Riverside County Records, to which record reference is hereby made for further particulars.
13. An easement, affecting Parcel 2 for public highway and public utility purposes over the Easterly rectangular 40 feet of the herein described property, as granted to the County of Riverside by Deed recorded December 15, 1936 in Book 305 Page 464 of Official Records.

SCHEDULE B

Preliminary Report

GATEWAY TITLE COMPANY

Order No. 4104930127-492

14. An easement affecting Parcel 1, for public highways and public utility purposes over the Easterly 20 feet of Lots 52, 56, 60, 64, 72, 80, 88 and 96 herein described, granted to the County of Riverside by Deed recorded March 24, 1937 in Book 317 Page 331 of Official Records.
15. An easement affecting a portion of Parcel 1, for public highway and flood control purposes over a portion of Lot 1 herein described, granted to the County of Riverside by deed recorded October 17, 1939 in Book 435 Page 376 of Official Records, described as follows:

Beginning at the Northwesterly corner of said Lot 1;

Thence South along the Westerly line of said Lot, 10 feet for the point of beginning;

Thence South along the Westerly line of said Lot, 10 feet for the point of beginning;

Thence South along the Westerly line of said Lot, 33 feet;

Thence in a Northeasterly direction to a point which is 40 feet Easterly of the point of beginning and 10 feet Southerly of the Northerly line of said Lot 1;

Thence Westerly, 40 feet to the point of beginning.

16. An easement, affecting a portion of Parcel 1, for storm drain, 30 feet wide, over Lots 110 and 111 herein described, granted to the County of Riverside by Deed recorded October 27, 1943 in Book 604 Page 154 of Official Records. The center line of said easement is described as follows:

Beginning at a point on the South line of Orchard Heights Tract, as shown by map on file in Book 10 Page 2 of Maps, Riverside County Records, from which point the Southwest corner of Section 2, Township 3 South, Range 1 West bears North 88 degrees 38 minutes West, 1731.42 feet;

Thence Westerly along a curve, concave to the South having a central angle of 22 degrees 20 minutes and a radius of 200 feet;

Thence along said curve 77.96 feet, the radial line at the beginning of said curve bears South 23 degrees 52 minutes West;

Thence North 88 degrees 38 minutes West, 682.0 feet along a line parallel to and 15 feet Northerly measured at right angles from the Southerly line of said Lots 110 and 111. The right of way lines of the Easterly end of this description are to be prolonged or shortened so that they will end on the Southerly line of said Lot 111. The title to said right of way is now vested of record in Riverside County Flood Control and Water Conservation District.

SCHEDULE B

Preliminary Report

GATEWAY TITLE COMPANY

Order No. 4104930127-492

17. Permanent and exclusive easements and rights of way, affecting a portion of Parcel 1, in, under, over and across Lots 25 to 28, inclusive, Lots 29 to 32, inclusive, Lots 61 to 64, inclusive, and Lots 70 to 72, inclusive herein described, granted to the Southern California Edison Company, Ltd., by Deed recorded November 10, 1945 in Book 704 Page 453 of Official Records. Said easement is described as follows:

A strip of land 300 feet wide, the Southerly and Northerly boundary lines of which are parallel with and respectively 100 feet Southerly and 200 feet Northerly from a line described as follows:

Beginning at a point in the center line of Glen Eyrie Street, as now established, 80 feet wide, along the East line of said Lot 72, which point is South 0 degrees 07 minutes 12 seconds East, 249.35 feet, measured along said center line from the intersection of said center line with the Easterly prolongation of the center line of Lot "L" (14th Street) as shown on the map of Orchard Heights Tract;

Thence from said point of beginning North 89 degrees 58 minutes 32 seconds West, 283.92 feet;

Thence North 74 degrees 39 minutes 55 seconds West, 2578.60 feet;

Thence North 82 degrees 48 minutes 25 seconds West 2501.58 feet, more or less, to a point in the West line of Lot "P" as shown on said map, said West line being also the East line of the Southeast Quarter of Section 34, Township 2 South, Range 1 West, San Bernardino Base and Meridian, said last mentioned point being North 00 degrees 20 minutes 55 seconds East, 751.37 feet, measured along said East line from a inch iron pipe in concrete set for the Southeast corner of said Section 34, said last measured point being South 00 degrees 20 minutes 55 seconds West 1883.43 feet, more or less, for a concrete pipe set for the East Quarter corner of said Section 34.

18. A right of way, affecting a portion of Parcel 1, for pipe line, 16.50 feet wide, for transportation of gas, over, under and along a portion of Lots 29, 65 to 68, inclusive, 75 to 80, inclusive, 87, 88, Lot "P" (Cherry Avenue), Lot "R" (Orchard Heights Avenue), Lot "D" (14th Street), Lot "H" (13th Street), and Glen Eyrie Street, map of Orchard Heights Tract herein described, granted to Southern California Gas Company, a corporation and Southern Counties Gas Company of California by Deed filed for record under Torrens Title as Instrument No. 846 on September 5, 1950, last certificate no. 403. The center line of said right of way is described as follows:

Beginning at the Northwest corner of Section 2, Township 3 South, Range 1 West, San Bernardino Base and Meridian;

Thence North 0 degrees 20 minutes 55 seconds East, along the Westerly line of Section 35, Township 2 South, Range 1 West, San Bernardino Base and Meridian, 40 feet to the point of beginning;



SCHEDULE B

Preliminary Report

GATEWAY TITLE COMPANY

Order No. 4104930127-492

Thence North 89 degrees 54 minutes 26 seconds East, 77.28 feet;

Thence South 47 degrees 13 minutes 49 seconds East, 152.06 feet;

Thence South 75 degrees 42 minutes 34 seconds East, 5232.05 feet to a point in the Easterly line of said Section 2. The side lines of said right of way shall be prolonged or shortened so as to terminate in said Westerly line of Section 35 and said Easterly line of Section 2.

19. An easement, affecting a portion of Parcel 1, for Flood Control and Water Conservation purposes, 30 feet wide, over Lots 109, 110 and 111 herein described, granted to the Riverside County Flood Control and Water Conservation District, by deed recorded August 18, 1954 in Book 1620 Page 573 of Official Records. The center line of said right of way is described as follows:

Beginning at a point on the South line of the said Orchard Tract, from which point the Southwest corner of Section 2, Township 3 South, Range 1 West, San Bernardino Base and Meridian, as shown by said map bears North 88 degrees 38 minutes West, 1731.42 feet;

Thence Westerly along a curve concave to the South, having a central angle of 22 degrees 20 minutes and a radius of 200 feet;

Thence along said curve, 77.96 feet; the radial line at the beginning of said curve bears South 23 degrees 42 minutes West;

Thence North 86 degrees 38 minutes West, 1523.13 feet;

Thence along the arc of a 150 foot radius curve, concave to the North, through an angle of 49 degrees 48 minutes feet, a distance of 130.38 feet to the Westerly line of Lot 109. The side lines of said strip of land are to be shortened or extended so as to end on the West line of Lot 109 and the South line of Lot 111.

20. A petition filed April 14, 1960 in the office of the county clerk of Riverside County, Case No. 71851, Superior Court, wherein it is sought to exclude Parcels 1, 2 and 5 herein described, from subdivision, under the provisions of the Subdivision Land Exclusion Law (Business and Professions Code, Sections 11700-11709), application thereof for said petition being made by Aleisian Farms, a Partnership.

An order of exclusion recorded June 09, 1960 as Instrument No. 51499 in Book 2710 at page 462 of Official Records; the exclusion map recorded June 09, 1960 as Instrument No. 51500 in Book 2711 at page 84 of Official Records.

SCHEDULE B

Preliminary Report

GATEWAY TITLE COMPANY

Order No. 4104930127-492

21. A pending court action as disclosed by a recorded notice.

Plaintiff: California Electric Power Company, a corporation  
Defendant: Aleisian Farms, A Partnership, et. al.  
County: Riverside  
Court: Superior Court  
Case No.: 22698  
Nature of Action: To acquire various rights of way and easements  
Recorded: August 30, 1960 as Instrument No. 76497

22. Easement, and incidents thereto,

In Favor of: Riverside County Flood Control and Water  
Conservation District  
Recorded, Official Records: December 6, 1972  
Series/Instrument No.: 161550  
Purpose: For the construction, operation and maintenance  
of drainage facilities  
Affects: Portions of said land

Reference is hereby made to said instrument for further particulars

23. The terms, conditions and restrictions set forth in that certain Land  
Conservation Contract

Dated: January 1, 1973  
Executed by: Aleisian Farms a General Partnership and the  
County of Riverside  
Recorded: January 30, 1973 as Instrument No. 12634

24. The terms conditions and restrictions set forth in that certain Land  
Conservation Contract

Dated: January 1, 1973  
Executed by: Aleisian Farms a General Partnership and The  
County of Riverside  
Recorded: January 30, 1973 as Instrument No. 12635

Notice of non-renewal of said contract was recorded October 28, 1981  
as Instrument No. 203479.

SCHEDULE B

Preliminary Report

GATEWAY TITLE COMPANY

Order No. 4104930127-492

25. The terms, conditions and restrictions set forth in that certain Land Conservation Contract

Dated: January 1, 1973  
Executed by: Tragniew Inc. a California corporation and The County of Riverside  
Recorded: April 23, 1973 as Instrument No. 51451

Notice of Non-Renewal of said contract was recorded

October 28, 1981 as Instrument No. 203480

26. The terms conditions and restrictions set forth in that certain Land Conservation Contract

Dated: January 1, 1982  
Executed by: Aleisian Farms and The County of Riverside  
Recorded: March 01, 1982 as Instrument No. 34806

27. The fact that said land is included within a project area of the Redevelopment Agency shown below, and that proceedings for the redevelopment of said project have been instituted under the redevelopment law (such redevelopment to proceed only after the adoption of the redevelopment plan) as disclosed by a document.

Redevelopment Agency: Beaumont Project Area  
Recorded: December 16, 1982 as Instrument No. 217749,  
Official Records.

The above matter affects a portion of the land described herein and other land.

28. We will require a STATEMENT OF INFORMATION from ALL PARTIES INCLUDING GENERAL PARTNERS OF ALL THE VARIOUS PARTNERSHIPS in order to complete this report, based on the effect of documents, proceedings, liens, decrees, or other matters which do not specifically describe said land, but which, if any do exist, may affect the title or impose liens or encumbrances thereon. (TO BE SUBMITTED A MINIMUM OF SEVEN DAYS PRIOR TO THE CLOSE OF SAID TRANSACTION).

**SCHEDULE B**

**Preliminary Report**

**GATEWAY TITLE COMPANY**

**Order No. 4104930127-492**

29. If title is to be insured from the Partnerships then the General Partners, comprised of Trusts, Gateway will require a copy of the trust instrument creating such trust, and all amendments thereto, together with a written verification by all present trustees that the copy is a true and correct copy of the trust, as it may have been amended, that it is in full force and effect and that it has not been revoked or terminated.
30. The requirement that a statement of partnership be recorded for the vestee named below, as provided in Section 15010.5 California Corporations Code.  
Vestee: Banning Farms

**NOTE:** The charge for a policy of title insurance, if issued through this title order, will be based on the basic (not short-term) title insurance rate.

SCHEDULE B

Preliminary Report

GATEWAY TITLE COMPANY

Order No. 4104930127-492

NOTE: "Any funds to be disbursed by Gateway Title Company will be disbursed in compliance with Section 12413.1 of the California Insurance Code. A cashier's, teller's or certified check will have next day availability after deposit. All other local checks will have two (2) day availability after deposit. Non-local checks will have five (5) day availability after deposit. Funds received too late in the day for same day deposit will require one (1) additional day before they are available for disbursement.

THE DEPOSIT OF A CASHIER'S, TELLER'S OR CERTIFIED CHECK, OR ELECTRONIC TRANSFER OF FUNDS WILL EXPEDITE THE DISBURSEMENT OF FUNDS AND THE CLOSE OF THIS TRANSACTION."

WIRING INSTRUCTIONS FOR GATEWAY TITLE COMPANY:

Bank: WELLS FARGO BANK  
2323 North Broadway  
Santa Ana, California 92706

Credit: Gateway Title Company  
Sub-Escrow Account  
No. 4602-092827

ABA No.: 121000248

Very important: Please reference our TITLE ORDER NUMBER and or TITLE OFFICER'S NAME.

Please notify your title officer in advance of your intention to wire funds so we may alert our respective departments. Any additional information concerning wire transfers can be obtained from your title officer.

DH:dm:lmw  
Plats enclosed

406-17

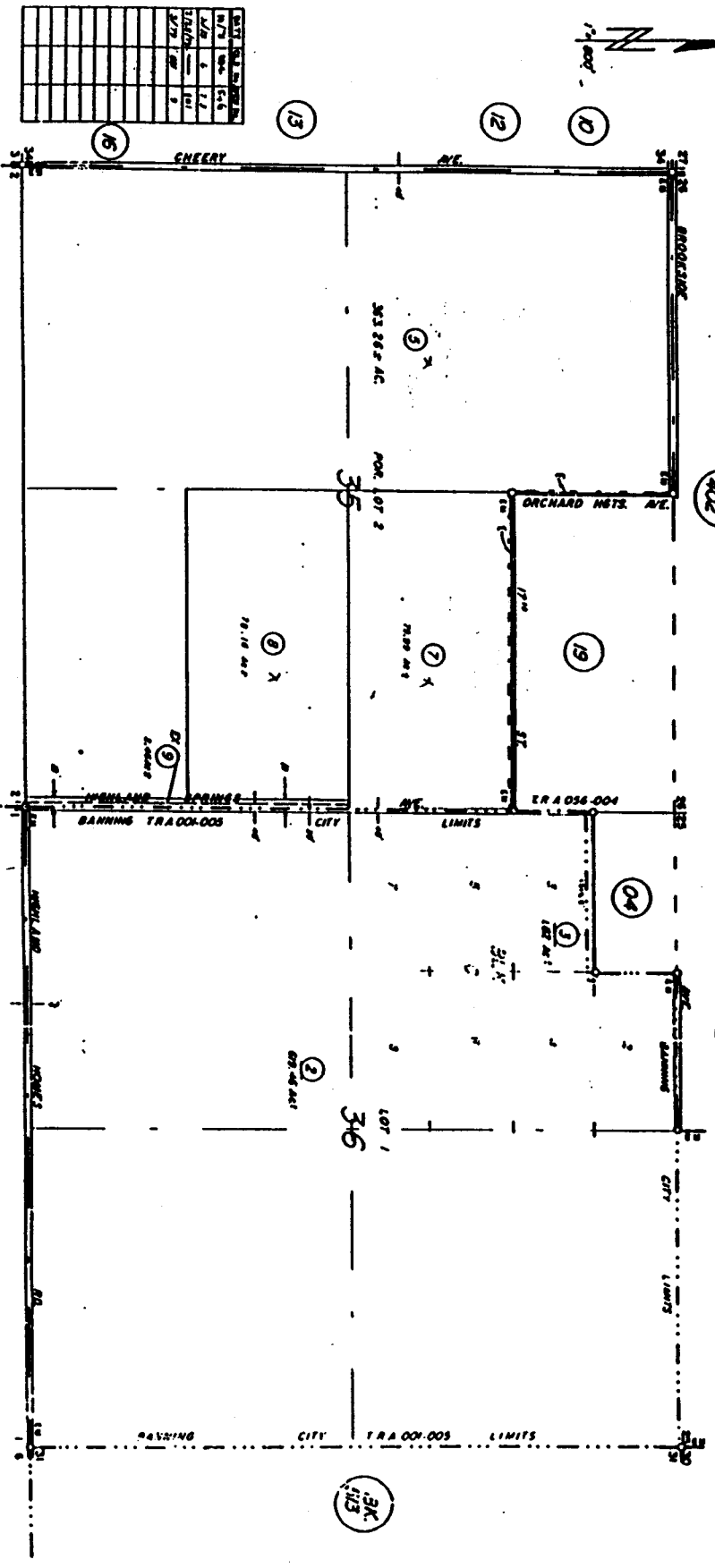
T.C.A. 056-004  
001-005

POR. SEC. 35 & 36, T. 2 S., R. 1 W.

NB 6/33 INSTR. # 5800 6/9/60 EXCLUSION MAP  
DATA: 00 W/2 CORNER 071, TRACT  
00 W/20 HIGHLAND STREET

MAR. 1970

ASSESSOR'S MAP BK. 406 PG. 17  
RIVERSIDE COUNTY, CALIF.



BK. 402

BK. 419

BK. 413

15-27-2  
419-02

T.C.A. 036-004  
001-001  
001-005

SEC. 182, T.3S,R.1W.

THIS MAP IS FOR  
ASSESSMENT PURPOSES ONLY

TRACT	AREA	ACRES	OWNER
1	1.00	1.00	...
2	1.00	1.00	...
3	1.00	1.00	...
4	1.00	1.00	...
5	1.00	1.00	...
6	1.00	1.00	...
7	1.00	1.00	...
8	1.00	1.00	...
9	1.00	1.00	...
10	1.00	1.00	...
11	1.00	1.00	...
12	1.00	1.00	...
13	1.00	1.00	...
14	1.00	1.00	...
15	1.00	1.00	...
16	1.00	1.00	...
17	1.00	1.00	...
18	1.00	1.00	...
19	1.00	1.00	...
20	1.00	1.00	...
21	1.00	1.00	...
22	1.00	1.00	...

MB 6/33 INSTR. 51500 5/60 EXCLUSION MAP  
 DATED 05/28/93, 02/03-07, 08-09  
 MB 5/16/93 SUR. OF SEC. 11  
 MB 5/28/93-01  
 COUNTY SURVEY 35-C, 746 888  
 05/14/93-32  
 G.L.O. PLAT 880  
 COUNTY SURVEY 88-4

ASSESSOR'S MAP BK. 419 PG. 02  
 INVERSIDE COUNTY, CALIF.

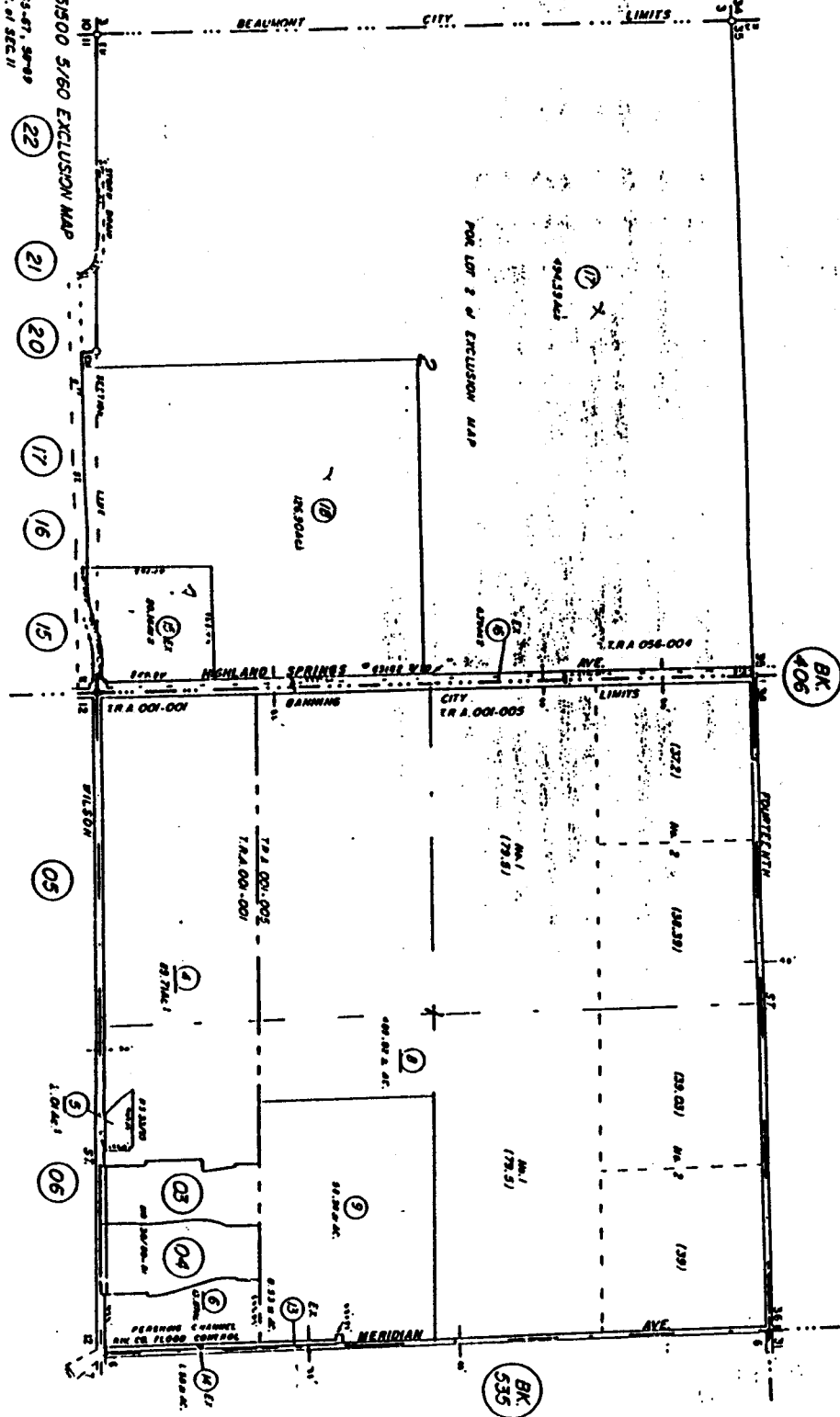


EXHIBIT "D"

PERMITS AND APPROVALS CONSTITUTING

DEVELOPMENT PLAN

1. Deutsch Planned Community Specific Plan  
approved by the City Council on January 14,  
1991 by Resolution No. 1991-03.



EXHIBIT "E"

BENEFITS TO CITY

1. The proposed project is consistent and compatible with other existing and proposed uses in the vicinity of the project and community in general.

2. The proposed project will contribute to roadway improvements consistent with the City's updated Master Circulation Plan.

3. The proposed project will be developed on agricultural land which has been denied a permit to farm from the Office of the Agricultural Commissioner due to insufficient moisture content in the soil.

4. The project will be designed and landscaped so as to provide an aesthetically pleasing environment compatible with surrounding land uses.

5. The overall planning of the project is comprehensive and interrelated, not planned in a piecemeal fashion.

6. The proposed project will result in revenues to public agencies through increased property tax from development of the site.

7. The proposed project will result in revenues to public agencies through increased property tax from development of the site.

8. The proposed project will increase sales tax revenue for the City of Beaumont through retail sales.

9. The proposed project will provide public facilities to include parks and a library facility to the City of Beaumont.

10. The intensity of the project is appropriate for the location and is consistent with the City of Beaumont General Plan.

11. The proposed project provides for alternative transportation opportunities through the implementation of bicycle and pedestrian facilities.

12. The proposed project represents a reasonable mix of uses for the site all factors considered.

EXHIBIT "F"

LIST OF FEES AND ASSESSMENTS

- |                     |   |  |
|---------------------|---|--|
| APPLICATIONS        | - | Agricultural Preserve  |
|                     | - | Architectural Plan   |
|                     | - | Development Agreement  |
|                     | - | Landscape Concept Plans  |
|                     | - | Sign Permits   |
|                     | - | Tentative Parcel or Tract Map  |
|                     | - | Plan Check Parcel or Tract Map   |
|                     | - | Improvement Construction Plan Checking                                   |
|                     | - | Inspection of Improvement Construction                                   |
|                     | - | Final Survey Staking Guarantee   |
|                     | - | Plan Checks per Building Code  |
|                     | - | Building Permits per Building Code                                       |
|                     | - | Amendments to any of the above or prior approved applications            |
| INFRASTRUCTURE FEES | - | Sewer  |
|                     | - | Water  |
|                     | - | Reclaimed Water  |
|                     | - | Drainage   |
| MITIGATIONS         | - | Transportation - Circulation   |
|                     | - | Police   |
|                     | - | Fire   |
|                     | - | Park   |
|                     | - | Signalization  |
|                     | - | Public Facilities  |
| FEES                | - | Development Agreement Annual Review Fee                                  |
|                     | - | CHARGED BY OTHER AGENCIES WHICH ARE REQUIRED TO BE COLLECTED BY THE CITY |

Gateway Order No.: 410-4930127-492

Reference No.: BANNING

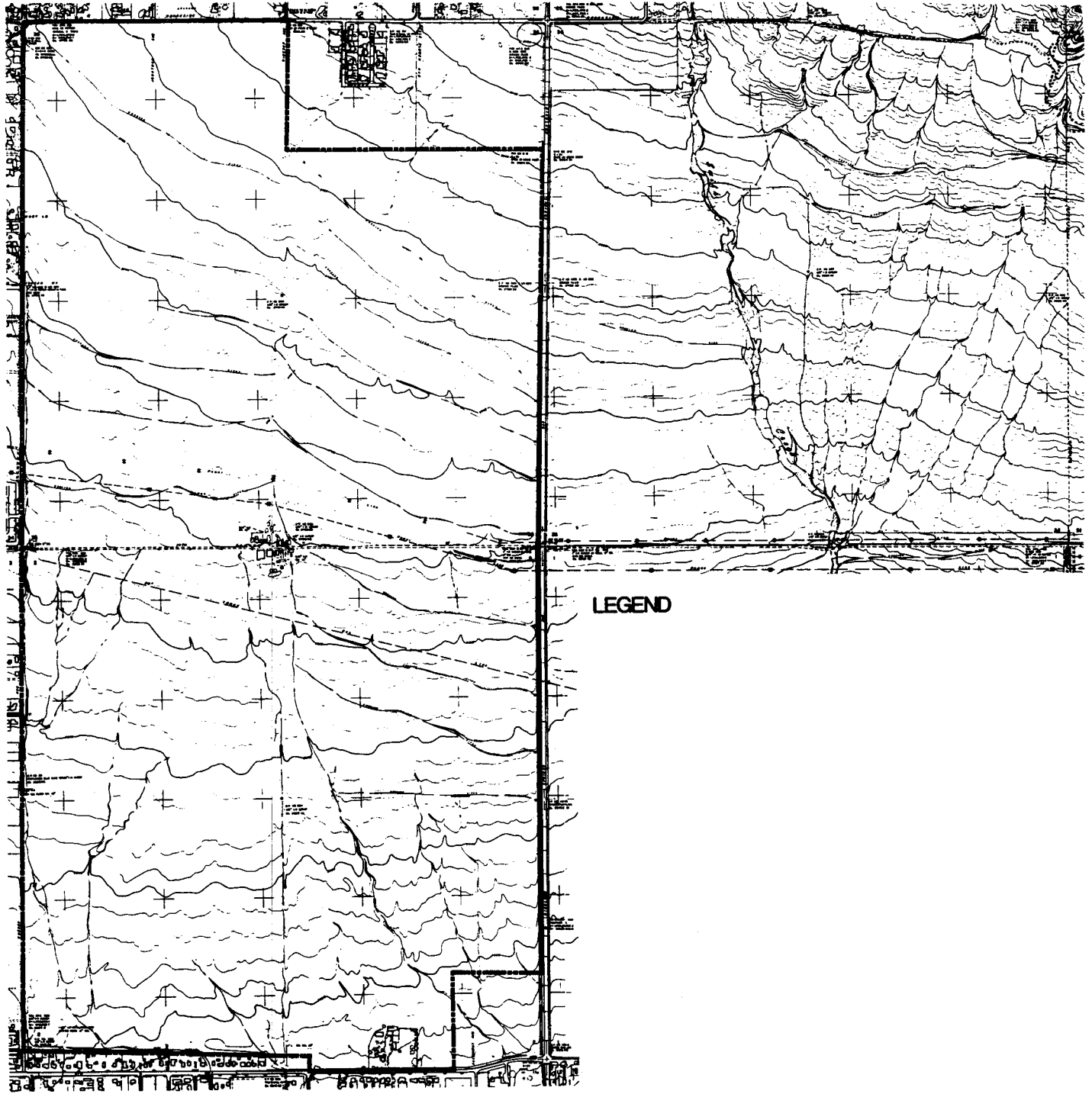
EXHIBIT A

distance of 248.57 feet;

Thence North 89 degrees 32 minutes 20 seconds East 114.62 feet to the point of beginning.

Also except from said land all of those portions lying within the public roads and highways adjoining said land known as Eighth Street and Highland Springs Avenue.

EXHIBIT "B"  
MAP OF PROPERTY



**DEUTSCH PROPERTY  
SPECIFIC PLAN  
BEAUMONT, CALIFORNIA**



EXHIBIT "C"

TITLE REPORT SHOWING OWNERSHIP INTERESTS IN THE PROPERTY



174170

RECORDING REQUESTED BY, AND  
WHEN RECORDED, MAIL TO:

City Clerk  
City of Beaumont  
P. O. Box 158  
Beaumont, Ca 92223

RECEIVED FOR RECORD  
AT 8:30 O'CLOCK A.M.

MAY 24 1991

Recorded in Official Records  
of Riverside County, California

*William Stanley* Recorder  
Fees \$ \_\_\_\_\_

(Space above for Recorder's Use)

DEVELOPMENT AGREEMENT  
BETWEEN  
THE CITY OF BEAUMONT  
AND  
HIGHLAND FARMS, ALEISIAN FARMS  
AND BANNING FARMS (DEUTSCH)  
(Pursuant to Government Code  
Sections 65864 - 65869.5)



TABLE OF CONTENTS

<u>DESCRIPTION</u>	<u>PAGE NO.</u>
1. Definitions.....	4
1.1 Agreement.....	4
1.2 Agreement Date.....	4
1.3 Build-Out Phasing Plan.....	4
1.4 City.....	5
1.5 Development Plan.....	5
1.6 Effective Date.....	5
1.7 Developer.....	5
1.8 Project.....	5
1.9 Property.....	6
2. Exhibits.....	6
3. Mutual Benefits.....	6
3.1 Benefits to City.....	6
3.2 Benefits to Developer.....	7
4. Interest of Developer.....	7
5. Binding Effect of Agreement.....	7
6. Project as a Private Undertaking.....	7
7. Term.....	7
8. Changes in Project.....	8
9. Hold Harmless.....	8
9.1 By Developer.....	8
9.2 By City.....	8
10. Vested Right.....	8
10.1 No Conflicting Enactments.....	9
10.2 Intent of Parties.....	9
11. General Development of the Project.....	9
11.1 Project.....	9
11.2 Phasing and Timing of Development.....	10
11.3 Effect of Agreement on Land Use Regulations.....	11
11.4 Administrative Changes and Amendments.....	11

11.5	Mello-Roos Community Facilities Districts; Other Assessment District or Financing Mechanisms.....	12
11.6	Water and Sewer Facilities.....	12
11.7	Public Services and Facilities.....	13
11.8	Cancellation of Williamson Act Agricultural Preserve and Land Conservation Agreement.....	13
11.9	Other Governmental or Quasi- Governmental Permits.....	13
11.10	Consistency Between This Agreement and Current Laws.....	14
11.11	Assessments and Fees.....	14
11.12	Subsequent Actions.....	14
12.	Rules, Regulations and Official Policies.....	14
12.1	New Rules.....	14
12.2	Subsequent Actions and Approvals.....	15
12.3	State and Federal Laws.....	15
13.	Amendment or Cancellation of Agreement.....	15
14.	Enforcement.....	15
15.	Periodic Review of Compliance with Agreement....	16
16.	Events of Default.....	16
16.1	Default by Developer.....	16
16.2	Default by City.....	16
16.3	Specific Performance Remedy.....	17
17.	Institution of Legal Action.....	18
18.	Waivers and Delays.....	18
18.1	Waiver.....	18
18.2	Third Parties.....	18
18.3	Force Majeure.....	18
19.	Notices.....	18
20.	Attorneys' Fees.....	19
21.	Transfers and Assignments.....	19
21.1	Right to Assign.....	19
21.2	Release Upon Transfer.....	19
22.	Cooperation in the Event of Legal Challenge....	19

23.	Eminent Domain.....	20
24.	Authority to Execute.....	20
25.	Recordation.....	20
26.	Protection of Mortgage Holders.....	20
27.	Severability of Terms.....	20
28.	Subsequent Amendment to Authorizing Statute.....	20
29.	Interpretation and Governing Law.....	20
30.	Section Headings.....	20
31.	Incorporation of Recitals and Exhibits.....	21
32.	Rules and Construction and Miscellaneous Terms..	21
	32.1 Gender.....	21
	32.2 Time of Essence.....	21
	32.3 Cooperation.....	21

DEVELOPMENT AGREEMENT

(Pursuant To Government Code  
Sections 65864 -65869.5)

This DEVELOPMENT AGREEMENT ("Agreement") is entered into to be effective on April 25, 1991, between ALEISIAN FARMS, a California general partnership, HIGHLAND FARMS, a California general partnership and BANNING FARMS, a California general partnership (collectively the "Developer") and the CITY OF BEAUMONT, a Municipal corporation organized and existing under the laws of the State of California ("City"). Developer and City are sometimes collectively referred to herein as the "parties."

R E C I T A L S:

This Agreement is predicated upon the following facts:

A. These Recitals refer to and utilize certain capitalized terms which are defined in this Agreement. The parties intend to refer to those definitions in conjunction with the use thereof in these Recitals.

B. Government Code Sections 65864 - 65869.5 ("Development Agreement Law") authorize the City to enter into binding development agreements with persons having a legal or equitable interest in real property for the development of such property, all for the purpose of strengthening the public planning process, encouraging private participation and comprehensive planning and reducing the economic costs of such development.

C. This Agreement is adopted pursuant to Government Code Section 65865 et seq.

D. Developer is the owner of approximately 1,162 acres of land currently located within unincorporated Riverside County, California as more particularly described on Exhibit "A" and shown on Exhibit "B" ("Property"). The respective interests of Aleisian Farms, Highland Farms and Banning Farms in the Property are those as set forth on the title report attached as Exhibit "C". For purposes of information only, Developer owns an additional 1,552 acres of land located East of the Property of which 1,268 acres are located within the City of Banning, and all of which land Developer intends to develop in concert with the Property (the "Banning Property").

E. Developer intends to develop the Property as an integrated, internally oriented planned residential project in accordance with the Development Plan as hereinafter defined in

Section 1.5 (the "Project"). The Project is capital intensive, especially in its initial phases requiring major investment in public facility and on-site and off-site improvement prior to the construction and sale of housing in order to make the Project economically and fiscally feasible. The Project is fully compatible with the proposed development of the Banning Property.

F. The Property is currently located within the sphere of influence of but has not yet been annexed to the City. It is the present intent of the parties that annexation of the Property to the City will occur following approval by the City of the Development Plan defined in Section 1.5. Pursuant to Government Code Section 65865(b), this Agreement shall become operative on the effective date of the annexation, so long as the annexation is completed prior to December 31, 1992, failing which it shall expire on that date and be of no further force or effect.

G. City's General Plan designation for the Property is Residential Planned Unit Development (PUD), and the Specific Plan being adopted concurrently herewith as a part of the Development Plan as defined in Section 1.5 implements the City General Plan and its various component elements by providing specific land use and development standards. Developer and City desire to provide through this Agreement specific development criteria to be applicable to the Property upon its annexation to the City which will provide for maximum utilization of the Property in accordance with sound planning principals.

H. City has determined that the use and intensity of use provided in this Agreement is consistent with the City's General Plan applicable to the Property.

I. Development of the Property pursuant to the Development Plan as defined in Section 1.5, which is largely vacant area almost totally lacking in required infrastructure improvements, requires the construction of substantial reasonable public improvements early in the development and construction process. Certain development risks and uncertainties associated with the long term nature of the development, including the cost of the portion of those regional public improvements required to be installed at the inception of the development, could discourage and deter Developer and other owners in the vicinity from making the long term commitments necessary to fully develop the Property pursuant to the Development Plan. It is only the assurance of the ability to complete the private income producing components of the Development Plan in general that provides the inducement to Developer to agree to commit the land and financial resources required to commence and proceed with development. The parties

desire to enter into this Agreement in order to assure that the Property is developed as an integrated planned community in general, and that the uncertainties to such development over which the City has control are removed.

J. Developer has applied for, and City, concurrently with approval of this Agreement, has approved the Development Plan (as in Section 1.5) in order to protect the interests of its citizens and the quality of the community and environment through the specific plan process (Government Code Section 65450 et seq.) As part of that process of approving the Development Plan, City has undertaken, pursuant to the California Environmental Quality Act ("CEQA"), the required analysis of the environmental effects which would be caused by the Project. City has imposed a series of mitigation measures in connection with the development of the Project to eliminate or reduce to a level of insignificance many significant adverse impacts caused by the Project. As to those significant adverse impacts which cannot be eliminated or reduced to a level of insignificance, the City Council has adopted a statement of overriding considerations pursuant to CEQA setting forth why the beneficial aspects of the Project outweigh those significant adverse impacts which cannot be eliminated or reduced by mitigation measures. On January 14, 1991, the City Council of City adopted Resolution No. 1991-03, certifying the environmental impact report ("EIR") prepared for the Project as being complete and adequate and complying with CEQA. Pursuant to Government Code Section 65457 and Public Resources Code Section 21166 the City acknowledges that no subsequent or supplemental Environmental Impact Report shall be required by the City for the subsequent approvals implementing the development of the Property, whether ministerial or discretionary, unless:

(1) Changes are proposed by Developer which by law will require revisions to the EIR; or

(2) New information which was not known and could not have been known at the time the EIR was certified as complete becomes available; provided, however, that reanalysis of data already examined and reported in the EIR shall not be considered new information. The term "new information" does not mean discovery that probabilities of adverse (or beneficial) results considered in the approval of this Agreement, the Development Plan as defined in Section 1.5 or the EIR may prove incorrect, or that such probabilities are or are not becoming, or have or have not become realities, but instead required that the actual quantitative and qualitative

extent of the underlying issues was not considered and could not have been considered in the environmental analysis associated with the approval of this Agreement and the EIR.

K. The Development Plan implements the goals and policies of the City's General Plan described in the Specific Plan referred to in Section 1.5, below, and provides balanced and diversified land uses in order to maintain the overall quality of life and of the environment within City and to impose appropriate requirements with respect to land development and usage.

L. Developer has requested City to consider entering into a development agreement relating to the Project and proceedings have been taken in accordance with City's rules and regulations.

M. On March 25, 1994, the City Council of City adopted Ordinance No. 698, approving this Agreement with Developer.

N. City acknowledges that by electing to enter into contractual agreements such as this Agreement, the obligations of which shall survive beyond the term or terms of the present City Council members, such action will serve to bind the City and future City Councils to the obligations hereby undertaken. By obligating the City pursuant to this Agreement, the City Council has elected to exercise certain governmental and proprietary powers at the present time rather than deferring its action to some undetermined future date. The terms and conditions of this Agreement have undergone extensive review by the City and its City Council and have been found to be fair, just and reasonable, and the City has found and determined that the execution of this Agreement is in the best interest of the public health, safety and general welfare of City and its residents and that adopting this Agreement constitutes a present exercise of its police power.

The parties agree as follows:

1. Definitions.

1.1 "Agreement" is this Development Agreement.

1.2 "Agreement Date" is the date this Agreement is approved by the City Council.

1.3 "Build-Out Phasing Plan" means a plan to be prepared by Developer showing the intended build-out schedule of the Project. The Build-Out Phasing Plan as more particularly

described in Section 11.2 shall be advisory only and shall not be binding on Developer.

1.4 "City" is the City of Beaumont, California.

1.5 "Development Plan" is all of those ordinances, resolutions, codes (except as provided in Section 12.1(c)), rules, regulations and official policies of City governing the development and use of the Property as of the Agreement Date, including, without limitation, the permitted uses of the Property, the density and intensity of use, the maximum height and size of proposed buildings, the provisions for reservation or dedication of land for public purposes, and the design, improvement and construction standards and specifications applicable to the development of the Property, and all of those permits and approvals which are referenced on Exhibit "D" which have been issued or granted by City in connection with any of the foregoing. Specifically, but without limitation, such Development Plan includes the Deutsch Planned Community Specific Plan adopted by the City Council on January 14, 1991 by Resolution No. 1991-03 pursuant to Government Code Section 65450 et.seq. (hereinafter the "Specific Plan") allowing the construction of a maximum of 4,716 residential dwelling units ranging in average density from approximately four (4) d.u.'s/acre to approximately fifteen (15) d.u.'s/acre, a fifteen (15) acre community commercial site, five (5) elementary and one (1) junior high school site, a twenty-three (23) acre community park, a twenty-one (21) acre trail park adjacent to the San Diego Gas and Electric Easement, and, three (3) additional neighborhood parks totaling 21 acres adjacent to schools. The average density for the Specific Plan areas is approximately 4.1 d.u.'s/acre.

1.6 "Effective Date" is that date which is the later to occur of (a) the expiration of the time for filing a referendum petition relating to this Agreement if no such petition is filed within such period, (b) the certification of the results of a referendum election are declared approving this Agreement if a referendum petition is filed within the applicable period, or (c) the date that the annexation of the Property to this City is completed, provided that such annexation is completed prior to December 31, 1992.

1.7 "Developer" is Aleisian Farms, a California general partnership, Highland Farms, a California general partnership and Banning Farms, a California general partnership as their interests appear on the title report attached as Exhibit "C" and their respective successors in interest to all or any part of the Property.

1.8 "Project" is the proposed development of the Property included within the Development Plan and associated



amenities, including, without limitation, on-site and off-site improvements contemplated by the Development Plan, as the same may be further defined, enhanced or modified pursuant to the provisions of this Agreement.

1.9 "Property" is the real property on which the Project is, or will be, located as described on Exhibit "A" and shown on Exhibit "B."

2. Exhibits. The following documents are referred to in this Agreement, attached hereto and incorporated herein by this reference:

<u>Exhibit Designation</u>	<u>Description</u>
A	Legal Description of the Property
B	Map of Property
C	Title Report Showing Ownership Interests in the Property
D	Permits and Approvals Constituting Development Plan
E	Benefits to City
F	List of Fees and Assessments

3. Mutual Benefits. This Agreement is entered into for the purpose of carrying out the Development Plan for the Project in a manner that will insure certain anticipated benefits to both City, including, without limitation, residents of City, and Developer as set forth in this Section. City and Developer agree that, due to the size and duration of the Project, certain assurances on the part of each party as to the Project will be necessary to achieve those desired benefits.

3.1 Benefits to City. The benefits to City (including, without limitation, the residents of City) under

this Agreement include, but are not limited to those set forth in Exhibit "E."

3.2 Benefits to Developer. Developer has expended and will continue to expend substantial amounts of time and money on the planning and infrastructure construction of the Project. In addition, Developer will expend substantial amounts of time and money in constructing public improvements and facilities and in providing for public services in connection with the Project. Developer would not make such additional expenditures without this Agreement and such additional expenditures will be made in reliance upon this Agreement. The benefit to Developer under this Agreement consists of the assurance that Developer will preserve the right to develop the Property as planned and as set forth in the Development Plan.

4. Interest of Developer. Developer represents that Developer has a legal or equitable interest in the parcels comprising Property.

5. Binding Effect of Agreement. The terms and conditions of this Agreement shall be binding upon and inure to the benefit of the parties and their successors and assigns.

6. Project as a Private Undertaking. It is specifically understood and agreed by and between the parties hereto that the development of the Project is a private and not a public sector development, that neither party is acting as the agent of the other in any respect hereunder, and that each party is an independent contracting entity with respect to the terms, covenants and conditions contained in this Agreement. No partnership, joint venture or other association of any kind is formed by this Agreement. The only relationship between City and Developer is that of a government entity regulating the development of private property by the owner of such Property.

7. Term. The term of this Agreement shall commence upon the Effective Date and shall continue until all permits and approvals required to complete the development of the Project as contemplated by the Development Plan have been issued, provided that in no event shall such term exceed twenty-five (25) years following the Effective Date of this Agreement as to those lots or parcels of the Property under this Agreement, if any, for which a grading or building permit has either not been issued or has otherwise expired. Notwithstanding the foregoing, as to any lot or parcel on the Property not subject to the preceding sentence, the term of this Agreement and the Development Plan regulations and specifications thereunder shall be extended for a period of fifty (50) years commencing on the date that this Development Agreement would have otherwise expired.

8. Changes in Project. Developer shall not be entitled to any change, modification, revision or alteration in the Development Plan relating to the permitted uses of the Property, the density or intensity of use, the maximum height and size of proposed buildings or the provision for reservation or dedication of land for public purposes other than those allowable changes, modifications and alterations permitted under the Development Plan and in particular the Specific Plan, without review and approval by those agencies of City approving the Development Plan in the first instance. Subject to the foregoing provisions of this Section 8, City acknowledges that Developer may seek new entitlements to use and amendments to entitlements to use in connection with the development of the Project. The approval of any changes in the Project as set forth in this Section 8 shall be in the discretion of the City and shall be effectuated as set forth in Section 11.4 below.

9. Hold Harmless.

9.1 By Developer. Developer shall hold City, its officers, agents, employees, partners and representatives harmless from liability for damage or claims for damage for personal injury, including death and claims for property damage, which may arise from the activities of Developer or those of Developer's contractors, subcontractors, agents, employees or other persons acting on Developer's behalf which relate to the Project. Developer shall defend City and its officers, agents, employees, partners and representatives from actions for damages caused or alleged to have been caused by reason of Developer's activities in connection with the Project.

9.2 By City. City shall hold Developer, its officers, agents, employees, partners and representatives harmless from liability for damage or claims for damage for personal injury, including death and claims for property damage, which may arise from the activities of City or those of City's contractors, subcontractors, agents, employees or other persons acting on City's behalf which relate to the Project. City agrees to and shall defend Developer and its officers, agents, employees, partners and representatives from actions for damages caused or alleged to have been caused by reason of City's activities in connection with the Project.

10. Vested Right. By entering into this Agreement and relying thereon, Developer is obtaining a vested right to proceed with the Project in accordance with the Development Plan, but subject to any remaining discretionary approvals required in order to complete the Project as contemplated by the Development Plan (which discretion shall be exercised in accordance with the Development Plan). By entering into this Agreement and relying thereupon, City is securing certain public benefits which help to alleviate potential problems in City and enhance the public health, safety and welfare. City therefore agrees to the following:

10.1 No Conflicting Enactments. Neither the City Council of City nor any other agency of City shall enact an ordinance, policy, rule, regulation or other measure applicable to the Project which relates to the rate, timing or sequencing of the development or construction of all or any part of the Project or which is otherwise in conflict with this Agreement.

10.2 Intent of Parties. In addition to and not in limitation of the foregoing, it is the intent of Developer and City that no moratorium or other limitation (whether relating to the rate, timing or sequencing of the development or construction of all or any part of the Project and whether or not enacted by initiative or otherwise) except a moratorium imposed by City to implement State or Federal laws, statutes, regulations, policies or orders as provided in Section 12.3, affecting parcel or subdivision maps, building permits, site development permits, special use permits, conditional use permits, occupancy certificates or other entitlements to use or permits approved, issued or granted within City, or portions of City, shall apply to the Project to the extent such moratorium or other limitation is in conflict with this Agreement. Notwithstanding the foregoing, should an ordinance, general plan or zoning amendment, measure, moratorium, policy, rule, regulation or other limitation enacted by citizens of City through the initiative process be determined by a court of competent jurisdiction to invalidate or prevail over all or any part of this Agreement, Developer shall have no recourse against City pursuant to this Agreement, but shall retain all other rights, claims and causes of action at law or in equity which Developer may have independent of this Agreement. The foregoing shall not be deemed to limit the Developer's right to appeal any such determination of such ordinance, general plan or zoning amendment, measure, policy, rule, regulation, moratorium or other limitation which purports to invalidate or prevail over all or any part of this Agreement. City agrees to cooperate with owner in all reasonable manners in order to keep this Agreement in full force and effect.

11. General Development of the Project.

11.1 Project. While this Agreement is in effect, Developer shall have a vested right to develop the Project in accordance with the terms and conditions of this Agreement, and in accordance with, and to the extent of the Development Plan, but subject to any remaining discretionary approvals required in order to complete the Project as contemplated by the Development Plan (which discretion shall be exercised in accordance with the Development Plan) and City shall have the right to control the development of the Project in accordance with the terms and

conditions of this Agreement. Except as otherwise specified in this Agreement, the Development Plan shall control the overall design, development and construction of the Project and all on-site and off-site improvements and appurtenances in connection therewith, including, without limitation, all mitigation measures required in order to minimize or eliminate material adverse environmental impacts caused by the Project. The permitted uses of the Property, the density and intensity of use, the maximum height and size of proposed buildings, the provisions for reservation and dedication of land for public purposes and other terms and conditions of development applicable to the Property shall be those set forth in the Development Plan. As part of the tentative subdivision map review, the applicant shall submit architectural drawings showing building treatment, elevations, material samples, and landscaping as part of the review and approval process for the residential portions of the Project.

11.2 Phasing and Timing of Development. The parties acknowledge that although Developer currently anticipates that the Project will be phased and constructed in increments over an approximate twenty-five (25) year time frame in accordance with the Build-Out Phasing Plan, at the present time Developer cannot predict when or the order in which Project phases will be developed. Such decisions depend upon numerous factors which are not within the control of Developer, such as market orientation and demand, interest rates, competition and other similar factors. To the extent permitted by the Development Plan and this Agreement, Developer shall have the right to develop the Project in phases in such order and at such times as Developer deems appropriate within the exercise of its subjective business judgment, so long as the Project is constructed as an integrated master planned development as contemplated by the Development Plan and the City Manager determines that such phasing will not adversely impact the ability of the City to construct, enlarge, expand, modernize or otherwise modify infrastructure improvements if necessary to accommodate growth of the Beaumont community. City agrees that Developer shall be entitled to apply for and City shall process tentative maps, vesting tentative maps, parcel maps, final maps, site development permits, conditional use permits, building permits, occupancy certificates and other entitlements to use or permits as provided by the Specific Plan or other applicable City ordinances at any time, in as expeditious a manner as possible, provided that such application is made in accordance with the Development Plan.

11.3 Effect of Agreement on Land Use Regulations.  
The rules, regulations and official policies governing permitted uses of the Property, the density and intensity of use of the Property, the maximum height and size of proposed buildings and the design, improvement and construction standards and specifications applicable to development of the Property are those rules, regulations and official policies in force as of the Agreement Date, and those rules, regulations, and official policies which may hereinafter be adopted by the City to implement its Water Resources Management Plan which is currently being developed, or State or Federal laws, statutes, regulations, policies or orders as provided in Section 12.3. In connection with any approval which City is permitted or has the right to make under this Agreement relating to the Project, or otherwise under its rules, regulations and official policies, City shall exercise its discretion or take action in a manner which is as expeditious as possible and which complies and is consistent with the Development Plan and the standards, terms and conditions contained in this Agreement, and in a manner which will not interfere with the development of the Project for the uses and to the height, density and intensity specified in this Agreement or with the rate of development selected by Developer. City shall accept for processing and timely review and act on all applications for further land use entitlement approvals with respect to the Project called for or required under this Agreement in as expeditious a manner as is possible. Such application shall be processed in the normal manner for processing such matters.

11.4 Administrative Changes and Amendments. The parties acknowledge that refinements and further development of the Project may demonstrate that changes are appropriate with respect to the details and performance of the parties under this Agreement. The parties desire to retain a certain degree of flexibility with respect to the details of the Project development and with respect to those items covered in general terms under this Agreement. If and when the parties find that changes or adjustments are necessary or appropriate, they shall, unless otherwise required by law, effectuate such changes or adjustments through administrative amendments approved by the City Manager or designee, after execution, shall be attached hereto as an addenda and become a part hereof, and may be further changed and amended from time to time as necessary, with approval by City and Developer. Any such administrative changes or amendments shall not be deemed to be an amendment to this Agreement under Government Code Section 65868, and unless otherwise required by law, no such administrative amendments shall require prior notice or hearing. Notwithstanding the foregoing, the following matters shall not be considered administrative changes or amendments, but shall be considered substantive

amendments which shall be reviewed by the Planning Commission and approved by the City Council:

- (a) Alteration of the permitted uses of the Property;
- (b) Increase in the density or intensity of use or the number of lots;
- (c) Increase in the maximum height and size in permitted buildings;
- (d) Deletion of a requirement for the reservation or dedication of land for public purposes except for minor boundary adjustments approved by the Planning Director or designee; and
- (e) Any amendment or change requiring a subsequent or supplemental environmental impact report pursuant to Public Resources Code Section 21166.

11.5 Mello-Roos Communities Facilities Districts; Other Assessment Districts or Financing Mechanisms. Pursuant to Chapter 2.5 (commencing with section 53312) Part 1, Division 2, Title 5 of the Government Code of the State of California, commonly known as the "Mello-Roos Community Facilities Act of 1982," Owner may, at its sole election, petition the City Council of City to establish a Community Facilities District ("CFD") including the Property for the purpose of acquiring, constructing and financing through the sale of bonds of certain public facilities which are necessary to meet the increased demands placed on the City as a result of the development of the Property. Alternatively, or in addition thereto, Owner may request that the City initiate and complete proceedings under the Municipal Improvement Act of 1911, the Municipal Improvement Act of 1913, the Improvement Bond Act of 1915, the Landscaping Allotting Act of 1972, or any and all other available public financing mechanisms to provide public conduit financing for the construction of public improvements on the Property ("Alternative Financing Mechanisms"). If so requested by Owner, City shall cooperate with Owner and use its best efforts in taking all steps necessary to cause the CFD or Alternative Financing Mechanisms to issue bonds for such purposes. If the Property is included within a CFD with other surrounding properties, the special taxes or special assessments burdening the various properties so included shall be apportioned on a fair share basis related to the benefit derived by each of such properties.

11.6 Water and Sewer Facilities. Responsibilities of the Parties with respect to water and sewer facilities pertaining to the transmission of water for or sewage generated

by the Project or by surrounding properties in which Developer will be required to participate shall be determined and allocated on a fair share basis between Developer and the surrounding property owners using such facilities.

11.7 Public Services and Facilities. As provided by the Specific Plan, the Project provides for an integrated roadway system, and public facilities in addition to water and sewer facilities as discussed in Section 11.6 above, including parks, schools, storm drain, police protection and fire protection. The construction and installation of such facilities and infrastructure improvements and the phasing thereof shall be subject to City review and approval at the time that tentative tract maps are submitted for applicable areas of the Project. To the extent that Developer, at City's request, constructs, installs or otherwise provides financing for public facilities or other infrastructure improvements not required to serve the Project and benefiting lands within the City outside the Project area of the Property, City shall adopt such ordinances as are necessary to create a benefit district by which a fee, assessment or charge will be imposed upon such other properties and reimbursed to Developer for the fair share of the benefits conferred upon such lands other than the Property by such public facilities or infrastructure improvements. In order to insure that the Project will function harmoniously with the City's transportation and circulation plan, City shall undertake the upgrade and completion of street networks to planned standards to accommodate increased demands generated by the Project on other areas of the City in accordance with and under the schedule provided by the City's Master Plan of Circulation.

11.8 Cancellation of Williamson Act Agricultural Preserve and Land Conservation Agreement. Immediately following the Effective Date, City shall, as expeditiously as possible, commence hearings pursuant to the Williamson Act, Government Code Section 51200, et seq. for the cancellation of the January 1, 1973 Land Conservation Contract and January 1, 1982 Land Conservation Contract entered into between the predecessor in interest to Developer and the County of Riverside pertaining to the Property. Developer shall be responsible for paying all fees and costs, including legal fees, incurred by City in processing the cancellation of the Land Conservation Contracts.

11.9 Other Governmental or Quasi-Governmental Permits. Developer shall apply for such other permits and approvals as may be required by other governmental or quasi-governmental agencies having jurisdiction over the Project (such as public utilities or utility districts, or other federal or



state agencies) as may be required for the development of, or provision of services to the Project under the Development Plan. City shall cooperate with and assist Developer in obtaining such permits and approvals, and, where necessary in making application for such approvals or permits.

11.10 Consistency Between This Agreement and Current Laws. City represents that there are no rules, regulations, ordinances or official policies of City enforced as of the date of execution of this Agreement that would interfere with the completion or use of the Project according to the Development Plan.

11.11 Assessments and Fees. City shall not, without the prior written consent of Developer, impose any assessment or fee applicable to the development of the Project or any portion thereof, or impose any fees as a condition to the implementation of the Project or any portion thereof, except those existing and proposed assessments and fees set forth on Exhibit "F" which include but are not limited to infrastructure fees for sewer, water, reclaimed water, fire mitigation, police mitigation, transportation-circulation, park mitigation, public facilities fees and signalization fees. Notwithstanding the foregoing, fees payable to City shall be at rates applicable on the date the fee is due and payable.

11.12 Subsequent Actions. City shall timely process, in as expeditious a manner as is possible for processing such matters, any necessary entitlements to use, including vesting tentative tract maps, tentative tract maps, parcel maps, final maps, site development permits, special use permits, conditional use permits, or other discretionary approvals or entitlements to use contemplated by the Development Plan, and any grading, construction or other permits filed by Developer in accordance with the substantive development standards set forth in the Development Plan.

12. Rules, Regulations and Official Policies.

12.1 New Rules. This agreement shall not prevent City from applying the following new rules, regulations and policies:

(a) Processing fees and charges imposed by City to cover the estimated actual costs to City of processing applications for development approvals, for monitoring compliance with any development approvals, or for monitoring compliance with environmental impact mitigation measures.

(b) Procedural regulations relating to hearing bodies, petitions, applications, notices, findings, records,

hearings, reports, recommendations, appeals and any other matter of procedure.

(c) Regulations governing construction standards and specifications including, without limitation, the City's Building Code, Plumbing Code, Mechanical Code, Electrical Code and Fire Code provided that such construction standards and specifications are applied on a City-wide basis.

(d) Regulations which are not in conflict with the Development Plan or this Agreement.

(e) Regulations which are in conflict with the Development Plan or this Agreement if such regulations have been consented to in writing by Developer.

12.2 Subsequent Actions and Approvals. In accordance with Government Code Section 65866, this Agreement shall not prevent City in subsequent actions applicable to the Property from applying new rules, regulations and policies which do not conflict with those existing rules, regulations and policies set forth in the Development Plan, nor shall this Agreement prevent City from denying or conditionally approving any subsequent development project application on the basis of such existing or new rules, regulations or policies.

12.3 State and Federal Laws. In the event that State or Federal laws or regulations enacted after this Agreement is executed prevent or preclude compliance with one or more of the provisions of this Agreement, such provisions of this Agreement shall be modified or suspended as may be necessary to comply with such State or Federal laws or regulations; provided, however, that this Agreement shall remain in full force and effect to the extent it is not inconsistent with such laws or regulations and to the extent such laws or regulations do not render such remaining provisions impractical to enforce.

13. Amendment or Cancellation of Agreement. This Agreement may be amended or cancelled in whole or in part only by mutual consent of the parties in the manner provided for in Government Code Section 65868.

14. Enforcement. Unless amended or cancelled as provided in Section 13 above, or modified or suspended pursuant to Government Code Section 65869.5, this Agreement is enforceable by either party hereto notwithstanding any change in any applicable general or specific plan, zoning, subdivision or building regulation or other applicable law or regulation adopted by City (or by the voters of City unless found by a court of competent

and final jurisdiction to prevail over this Agreement) which alters or amends the Development Plan or the rate, timing or sequencing of any development.

15. Periodic Review of Compliance With Agreement. City and Developer shall review this Agreement at least once every twelve (12) months from the date this Agreement is executed. During each periodic review, each party is required to demonstrate good faith compliance with the terms of this Agreement. Each party agrees to furnish such reasonable evidence of good faith compliance as the other party in the exercise of its reasonable discretion, may require. Such periodic review shall be conducted administratively by the City Manager and any appropriate department heads designated by the City Manager to perform such periodic review. The City Manager shall report the results of such periodic review to the City Council within thirty (30) days after the conclusion thereof. No public hearing shall be held by the City Manager, Planning Commission or City Council with regard to such periodic review; provided, however, that if the City Manager during such periodic review preliminarily finds that Developer is not in good faith compliance with this Agreement, Developer shall have the right to appeal such finding to the City Council. The City Council on appeal shall not hold a public hearing to review a finding that Developer is not in good faith compliance with this Agreement unless so requested by Developer in writing at the time of the submission of such appeal. City shall notify Developer in writing of the date for review at least thirty (30) days prior thereto.

16. Events of Default.

16.1 Default by Developer. If the City Council determines on the basis of substantial evidence upon appeal of the City Manager's decision pursuant to Section 15 hereof that Developer has not complied in good faith with the terms and conditions of this Agreement, it shall, by written notice to Developer, specify the manner in which Developer has failed to so comply and state the steps Developer must take to bring itself into compliance. If, within sixty (60) days after the effective date of notice from City specifying the manner in which Developer has failed to so comply, Developer does not commence all steps reasonably necessary to bring itself into compliance as required and thereafter diligently pursue such steps to completion, then Developer shall be deemed to be in default under the terms of this Agreement and City may terminate this Agreement.

16.2 Default by City. If Developer determines on the basis of substantial evidence that City has not complied in good faith with the terms and conditions of this Agreement, Developer shall, by written notice to City, specify the manner in which City has failed to so comply and state the steps City

must take to bring itself into compliance. If, within sixty (60) days after the effective date of notice from Developer specifying the manner in which City has failed to so comply, City does not commence all steps reasonably necessary to bring itself into compliance as required and thereafter diligently pursue such steps to completion, then City shall be deemed to be in default under the terms of this Agreement and Developer may terminate this Agreement or seek specific performance as set forth in Section 16.3.

16.3 Specific Performance Remedy. Due to the size, nature and scope of the Project, it will not be practical or possible to restore the Property to its natural condition once implementation of this Agreement has begun. After such implementation, Developer may be foreclosed from other choices it may have had to utilize the Property and provide for other benefits. Developer has invested significant time and resources and performed extensive planning and processing of the Project in agreeing to the terms of this Agreement and will be investing even more substantial time and resources in implementing the Project in reliance upon the terms of this Agreement, and it is not possible to determine the sum of money which would adequately compensate Developer for such efforts. For the above reasons, City and Developer agree that damages would not be an adequate remedy if City fails to carry out its obligations under this Agreement. Therefore, specific performance of this Agreement is the only remedy which would compensate Developer if City fails to carry out its obligations under this Agreement, and City hereby agrees that Developer shall be entitled to specific performance in the event of a default by City hereunder. Notwithstanding the foregoing, nothing in this Agreement is intended to deprive Developer from recovering appropriate damages in the event that the terms of this Agreement are breached. City and Developer acknowledge that if Developer fails to carry out its obligations under this Agreement, City shall have the right to refuse to issue any permits or other approvals to which Developer would not otherwise have been entitled pursuant to this Agreement. Therefore, City's remedy of terminating this Agreement shall be sufficient in most circumstances if Developer fails to carry out its obligations hereunder. Notwithstanding the foregoing, if City issues a permit or other approval pursuant to this Agreement in reliance upon a specified condition being satisfied by Developer in the future, and if Developer then fails to satisfy such condition, City shall be entitled to specific performance for the sole purpose of causing Developer to satisfy such condition. The City's right to specific performance shall be limited to those circumstances set forth above, and City shall have no right to seek specific performance to cause Developer to otherwise proceed with the development of the Project in any manner.

17. Institution of Legal Action. In addition to any other rights or remedies, either party may institute legal action to cure, correct or remedy any default, to enforce any covenants or agreements herein, to enjoin any threatened or attempted violation hereof, to recover damages for any default, or to obtain any other remedies consistent with the purpose of this Agreement. Any such legal action shall be brought in the Superior Court for Riverside, California.

18. Waivers and Delays.

18.1 Waiver. Failure by a party to insist upon the strict performance of any of the provisions of this Agreement by the other party, and failure by a party to exercise its rights upon a default by the other party hereto, shall not constitute a waiver of such party's right to demand strict compliance by such other party in the future.

18.2 Third Parties. Nonperformance shall not be excused because of a failure of a third person except as provided in Section 18.3 below.

18.3 Force Majeure. Neither party shall be deemed to be in default for failure or delay in performance of any of its obligations under this Agreement if caused by floods, earthquakes, other Acts of God, fires, wars, riots or similar hostilities, strikes, other labor difficulties, government regulations or other causes beyond either of the parties' control. If any such event shall occur, the term of this Agreement and the time for performance by Developer of any of its obligations hereunder or pursuant to the Development Plan shall be extended by the period of time that such events prevent construction of the Project.

19. Notices. All notices required or provided for under this Agreement shall be in writing and delivered in person and deposited in the United States mail, postage prepaid and addressed as follows:

TO CITY:

City of Beaumont  
550 East 6th Street  
P.O. Drawer 158  
Beaumont, California 92223  
Attn: City Manager

TO DEVELOPER:

c/o The Deutsch Corporation  
2444 Wilshire Boulevard  
Santa Monica, California 90403  
Attn: Mr. Bill Holler

Either party may change the address stated herein by giving notice, in writing, to the other party and thereafter notices shall be addressed and submitted to the new address.

20. Attorneys' Fees. If legal action is brought by either party against the other for breach of this Agreement, or to compel performance under this Agreement, the prevailing party shall be entitled to an award of reasonable attorneys' fees and costs.

21. Transfers and Assignments.

21.1 Right to Assign. Developer shall have the right to sell, assign or transfer this Agreement, and any and all of its rights, duties and obligations hereunder, to any person or entity at any time during the term of this Agreement, provided, however, in no event shall the rights, duties and obligations conferred upon Developer pursuant to this Agreement be at any time so transferred or assigned except through a transfer of an interest of Developer in the Property, a portion thereof (including a village or individual tract), or parcel or lot so transferred. In the event of any such assignment, either the transferee or Developer shall be liable for the performance of all obligations of Developer. Such transferee or Developer shall notify City in writing of the transfer of such obligations.

21.2 Release Upon Transfer. Upon the sale, transfer or assignment of Developer's rights and interests under this Agreement as permitted pursuant to Section 21.1, Developer shall be released from its obligations under this Agreement and all of owner's obligations pursuant to the Development Plan, or other agreements assumed by transferee with respect to the Property, or portion thereof, so transferred provided that (a) Developer is not then in default under the Agreement, (b) Developer or transferee has provided the City notice of such transfer and (c) the transferee executes and delivers to City a written agreement in which (i) the name and address of the transferee is set forth and (ii) the transferee expressly and unconditionally assumes all of the obligations of Developer under this Agreement with respect to the Property, or a portion thereof, so transferred.

22. Cooperation in the Event of Legal Challenge. In the event of any legal action instituted by a third party or other governmental entity or official challenging the validity of any provision of this Agreement, the parties hereby agree to cooperate in defending such action. Each party shall pay its own expenses in connection with such defense. In the event of any litigation challenging the effectiveness of this Agreement, or any portion hereof, this Agreement shall remain in full force

and effect while such litigation, including any appellate review, is pending.

23. Eminent Domain. No provision of this Agreement shall be construed to limit or restrict the exercise by City of its power of eminent domain.

24. Authority to Execute. The person or persons executing this Agreement on behalf of Developer warrant and represent that they have the authority to execute this Agreement on behalf of their corporation, partnership or business entity and warrant and represent that they have the authority to bind Developer to the performance of its obligations hereunder.

25. Recordation. This Agreement and any amendment or cancellation hereto shall be recorded in the Official Records of the County of San Bernardino, by the City Clerk within the period required by Section 65868.5 of the Government Code.

26. Protection of Mortgage Holders. Nothing contained herein shall limit or interfere with the lien of mortgage holders having a mortgage made in good faith and for value on any portion of the Property. "Mortgage holder" includes the beneficiary under a deed of trust, and "mortgage" includes the deed of trust.

27. Severability of Terms. If any term, provision, covenant or condition of this Agreement shall be determined invalid, void or unenforceable, the remainder of this Agreement shall not be affected thereby to the extent such remaining provisions are not rendered impractical to enforce.

28. Subsequent Amendment to Authorizing Statute. This Agreement has been entered into in reliance upon the provisions of the Development Agreement Law in effect as of the Agreement Date. Accordingly, subject to Section 12.3 above, to the extent a subsequent amendment to the Development Agreement Law would affect the provisions of this Agreement, such amendment shall not be applicable to the Agreement unless necessary for this Agreement to be enforceable or unless this Agreement is modified pursuant to the provisions set forth in the Agreement and Government Code Section 65868 in effect on the Agreement Date.

29. Interpretation and Governing Law. This Agreement and any dispute arising hereunder shall be governed and interpreted in accordance with the laws of the State of California.

30. Section Headings. All section headings and subheadings are inserted for convenience only and shall not affect any construction or interpretation of this Agreement.

31. Incorporation of Recitals and Exhibits. Recitals A through N and attached Exhibits "A" through "G" are hereby incorporated herein by this reference as though set forth in full.

32. Rules of Construction and Miscellaneous Terms.

32.1 Gender. The singular includes the plural; the masculine gender includes the feminine; "shall" is mandatory, "may" is permissive.

32.2 Time of Essence. Time is of the essence regarding each provision of this Agreement in which time is an element.

32.3 Cooperation. Each party covenants to take such reasonable actions and execute all documents that may be necessary to achieve the purposes and objectives of this Agreement.

The parties have executed this Development Agreement on the date and year first written above.

Dated: 4/25, 1991

CITY OF BEAUMONT, a municipal corporation of the State of California

By: Ann Connors  
Mayor

"City"

SIGNED AND CERTIFIED THAT A COPY OF THIS DOCUMENT HAS BEEN DELIVERED TO THE MAYOR OF THE CITY COUNCIL

By: Robert J. Bourne  
City Clerk



APPROVED AS TO FORM:

By: George P. Kelly  
City Attorney

[SIGNATURES CONTINUE ON FOLLOWING PAGES]



ALEISIAN FARMS, a California  
General Partnership

Dated: 4/9, 1991

By: Carl Deutsch  
Carl Deutsch  
General Partner

Dated: 4/9, 1991

By: Alex Deutsch, all in fact  
David Deutsch  
General Partner

By: Victoria Leslie Deutsch Trust  
Created Pursuant to a  
Declaration of Trust Dated  
December 19, 1976

General Partner

Dated: 4/9, 1991

By: Alex Deutsch  
Alex Deutsch  
Trustee

By: Alexis Lee Deutsch Trust  
Created Pursuant to a  
Declaration of Trust Dated  
December 19, 1976

General Partner

Dated: 4/9, 1991

By: Alex Deutsch  
Alex Deutsch  
Trustee

By: Gina Elizabeth Deutsch Trust  
Created Pursuant to a  
Declaration of Trust Dated  
December 19, 1976

General Partner

Dated: 4/9, 1991

By: Alex Deutsch  
Alex Deutsch  
Trustee

By: Gina Elizabeth Deutsch 76 Trust  
Created Pursuant to a  
Declaration of Trust Dated  
December 19, 1976

General Partner

Dated: April 9, 1991

By: Lester Deutsch  
Lester Deutsch  
Trustee

By: Estate of Walter Scholtz

General Partner

Dated: 4/4, 1991

By: Sylvia Scholtz  
Sylvia Scholtz  
Executrix

HIGHLAND FARMS, a California  
General Partnership

BY: THE DEUTSCH COMPANY, a  
California corporation,

General Partner

Dated: April 9, 1991

By: Alex Deutsch  
Its: Chairman

Dated: 4/9, 1991

By: Alex Deutsch  
Alex Deutsch  
General Partner

BANNING FARMS, a California  
General Partnership

BY: THE DEUTSCH COMPANY, a  
California corporation,

General Partner

Dated: 4/9, 1991

By: Alex Deutsch

Its: Chairman

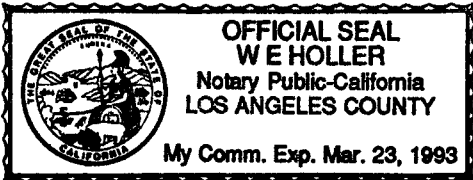
Dated: 4/9, 1991

By: Alex Deutsch  
Alex Deutsch  
General Partner

STATE OF CALIFORNIA )  
COUNTY OF LA ) ss.

On 4/9, 1991, before me, We Holler, personally appeared, CARL DEUTSCH personally known to me or proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

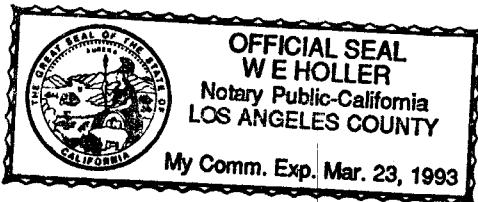


We Holler  
Notary Public in and for said State

STATE OF CALIFORNIA )  
COUNTY OF LA ) ss.

On 4/9, 1991, before me, We Holler, personally appeared DAVID DEUTSCH personally known to me or proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

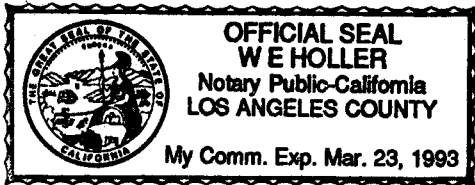


We Holler  
Notary Public in and for said State

STATE OF CALIFORNIA )  
COUNTY OF LA ) ss.

On 4/9, 1991, before me, WE HOLLER, personally appeared ALEX DEUTSCH, TRUSTEE FOR VICTORIA LESLIE DEUTSCH TRUST, Created Pursuant to a Declaration of Trust Dated December 19, 1976, personally known to me or proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

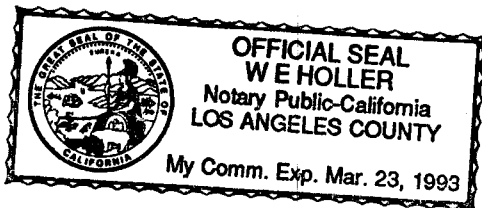


WE Holler  
Notary Public in and for said State

STATE OF CALIFORNIA )  
COUNTY OF LA ) ss.

On 4/9, 1991, before me, WE HOLLER, personally appeared ALEX DEUTSCH, TRUSTEE FOR ALEXIS LEE DEUTSCH TRUST, Created Pursuant to a Declaration of Trust Dated December 19, 1976, personally known to me or proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

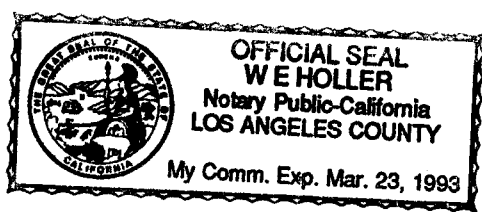


WE Holler  
Notary Public in and for said State

STATE OF CALIFORNIA )  
COUNTY OF CA ) ss.

On 4/9, 1991, before me, We Holler, personally appeared ALEX DEUTSCH, TRUSTEE FOR GINA ELIZABETH DEUTSCH TRUST, Created Pursuant to a Declaration of Trust Dated December 19, 1976, personally known to me or proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

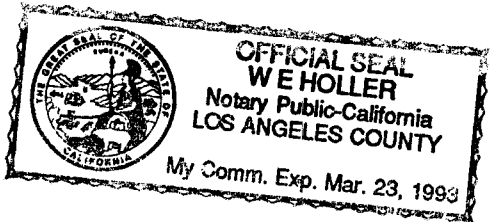


We Holler  
Notary Public in and for said State

STATE OF CALIFORNIA )  
COUNTY OF CA ) ss.

On 4/9, 1991, before me, We Holler, personally appeared LESTER DEUTSCH, TRUSTEE FOR GINA ELIZABETH DEUTSCH TRUST, Created Pursuant to a Declaration of Trust Dated December 19, 1976, personally known to me or proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.



We Holler  
Notary Public in and for said State

Washington  
STATE OF CALIFORNIA )  
COUNTY OF Whatecom ) ss.

On April 4th, 1991, before me, Robin Montague, personally appeared SYLVIA SCHOLTZ, EXECUTRIX FOR ESTATE OF WALTER SCHOLTZ, personally known to me or proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

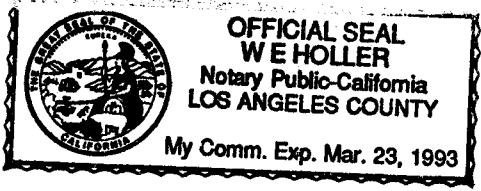
Robin Montague  
Notary Public in and for said State  
My commission expires 6-27-94

STATE OF CALIFORNIA )  
COUNTY OF LA ) ss.

On 4/9, 1991, before me, WE Holler, personally appeared ALEX DEUTSCH, A GENERAL PARTNER OF HIGHLAND FARMS, a California General Partnership, personally known to me or proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

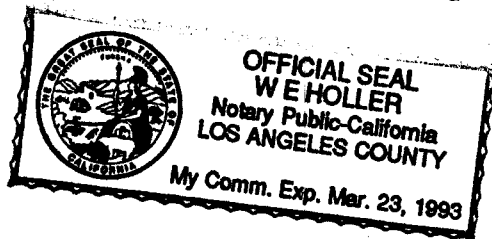
WE Holler  
Notary Public in and for said State



STATE OF CALIFORNIA )  
COUNTY OF LA ) ss.

On 4/9, 1991, before me, We Holler, personally appeared ALEX DEUTSCH, Chairman OF THE DEUTSCH COMPANY, a California Corporation, personally known to me or proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

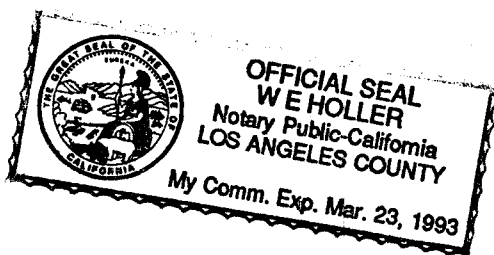


We Holler  
Notary Public in and for said State

STATE OF CALIFORNIA )  
COUNTY OF LA ) ss.

On 4/9, 1991, before me, We Holler, personally appeared ALEX DEUTSCH, A GENERAL PARTNER OF BANNING FARMS, a California General Partnership, personally known to me or proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.



We Holler  
Notary Public in and for said State



STATE OF CALIFORNIA

COUNTY OF LA

)  
) ss.  
)

On 4/9, 1991, before me, WE HOLLER, personally appeared ALEX DEUTSCH, Chairman OF THE DEUTSCH COMPANY, a California Corporation, personally known to me or proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

WE HOLLER  
Notary Public in and for said State

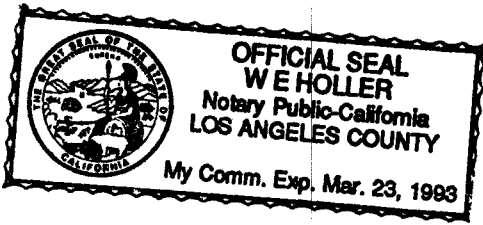


EXHIBIT "A"

LEGAL DESCRIPTION OF PROPERTY

EXHIBIT A

PARCEL 1:

Section 35, Township 2 South, Range 1 West, San Bernardino Base and Meridian, in the County of Riverside, State of California.

EXCEPT the North one-half of the Northeast One Quarter thereof;

Section 2, Township 3 South, Range 1 West, San Bernardino Base and Meridian.

EXCEPT the Southeast One Quarter thereof.

Said land is also known as follows:

Lots 1 to 32, inclusive, and Lots 41 to 112, inclusive, of Orchard Heights Tract, in the County of Riverside, State of California, as shown by map on file in Book 10 Page 2 of Maps, Riverside County Records;

EXCEPT from Lots 1, 2 and 3 the Northerly 30 feet thereof granted to the County of Riverside, to be used as a public highway by deed recorded June 10, 1926 in Book 675 Page 467 of Deeds, Riverside County Records;

ALSO EXCEPT from Lot 4 an easement over the Northerly 10 feet thereof for public highway.

ALSO EXCEPT from said land all of those portions lying within the public roads and highways adjoining said land known as Brookside Avenue, Cherry Avenue, Orchard Heights Avenue, Seventeenth Street, Eighth Street and Highland Springs Avenue.

PARCEL 2:

The Southeast One Quarter of Section 2, Township 3 South, Range 1 West, San Bernardino Base and Meridian.

EXCEPT therefrom the following described land, as conveyed to Trangniew, Inc., by instrument recorded May 01, 1972 as Instrument No. 55762, and more particularly described as follows:

Commencing at the Southeast corner of said Section 2, said point being marked by a brass stamped "Section Corner Sections 1, 2, 11 and 12";

Thence South 89 degrees 32 minutes 20 seconds West along the realigned centerline of Eighth Street (80 feet wide) as shown on Deed Plat No. 746-888 on file in the office of the county surveyor of Riverside County, California, a distance of 101.29 feet;

Thence at right angles North 00 degrees 27 minutes 40 seconds West 40.00 feet to the true point of beginning.

EXHIBIT A  
-----

Thence continuing North 00 degrees 27 minutes 40 seconds West 4.00 feet to a point on a curve;

Thence curving to the left from an initial tangent that bears North 89 degrees 32 minutes 20 seconds East with a radius of 20.00 feet through a central angle of 89 degrees 21 minutes 34 seconds, an arc distance of 31.19 feet to a point on a line parallel with and 82.00 feet Westerly, measured at right angles from the Easterly line of said Section 2;

Thence at right angles North 89 degrees 49 minutes 18 seconds West 928.44 feet;

Thence at right angles South 00 degrees 10 minutes 42 seconds West parallel with the East line of said Section 2, 991.14 feet to a point on the North right of way line of Eighth Street, as shown by map of subdivision of Section 11, as per plat recorded in Book 9 of Maps, Page 10, Records of San Bernardino County;

Thence South 89 degrees 44 minutes 30 seconds East along the North right of way line of said Eighth Street, 136.96 feet to a tangent curve, as established by said realignment of Eighth Street;

Thence curving to the left with a radius of 960.00 feet through a central angle of 14 degrees 24 minutes 50 seconds an arc distance of 241.51 feet;

Thence North 75 degrees 50 minutes 40 seconds East 177.79 feet to a tangent curve;

Thence curving to the right with a radius of 1040.00 feet through a central angle of 13 degrees 41 minutes 40 seconds, a arc distance of 248.57 feet;

Thence North 89 degrees 32 minutes 20 seconds East 114.62 feet to the point of beginning.

ALSO EXCEPT from said land all of those portions lying within the public roads and highways adjoining said land known as Eighth Street and Highland Springs Avenue.

PARCEL 3:

Those portions lying within Section 11, Township 3 South, Range 1 West, San Bernardino Base and Meridian, more particularly described as follows:

Lots 1, 2, 3, 4, 5, 6 and 7 in Block 1 of subdivision of Section 11, Township 3 South, Range 1 West, San Bernardino Base and Meridian, as shown by map on file in Book 9 Page 10 of Maps, Riverside County Records.

EXHIBIT A  
-----

EXCEPT therefrom the following described land as conveyed to Trangniew, Inc., by instrument recorded May 01, 1972 as Instrument No. 55762, and more particularly described as follows:

Commencing at the Southeast corner of said Section 2, said point being marked by a brass disk stamped "Section Corner Sections 1, 2, 11 and 12";

Thence South 89 degrees 32 minutes 20 seconds West along the realigned centerline of Eighth Street (80 feet wide) as shown by Deed Plat No. 746-888 on file in the Office of the County Surveyor of Riverside County, California, a distance of 101.29 feet;

Thence at right angles North 00 degrees 27 minutes 40 seconds West 40.00 feet to the true point of beginning;

Thence continuing North 00 degrees 27 minutes 40 seconds West 4.00 feet to a point on a curve;

Thence curving to the left from an initial tangent that bears North 89 degrees 32 minutes 20 seconds East with a radius of 20.00 feet through a central angle of 89 degrees 21 minutes 38 seconds, an arc distance of 31.19 feet to a point on a line parallel with and 82.00 feet Westerly, measured at right angles from the Easterly line of said Section 2;

Thence North 0 degrees 10 minutes 42 seconds East along said parallel line, 859.84 feet;

Thence at right angles North 89 degrees 49 minutes 18 seconds West 928.44 feet;

Thence at right angles South 00 degrees 10 minutes 42 seconds West parallel with the East line of said Section 2; 991.14 feet to a point on the North right of way line of Eighth Street, as shown by map of subdivision of Section 11, as per plat recorded in Book 9 of Maps, Page 10, Records of Riverside County;

Thence South 89 degrees 44 minutes 30 seconds East along the North right of way line of said Eighth Street, 136.96 feet to a tangent curve, as established by said realignment of Eighth Street;

Thence curving to the left with a radius of 960.00 feet through a central angle of 14 degrees 24 minutes 50 seconds an arc distance of 241.51 feet;

Thence North 75 degrees 50 minutes 40 seconds East 177.79 feet to a tangent curve;

Thence curving to the right with a radius of 1040.00 feet through a central angle of 13 degrees 41 minutes 40 seconds, an arc

Gateway Order No.: 410-4930127-492

Reference No.: BANNING

EXHIBIT A  
-----

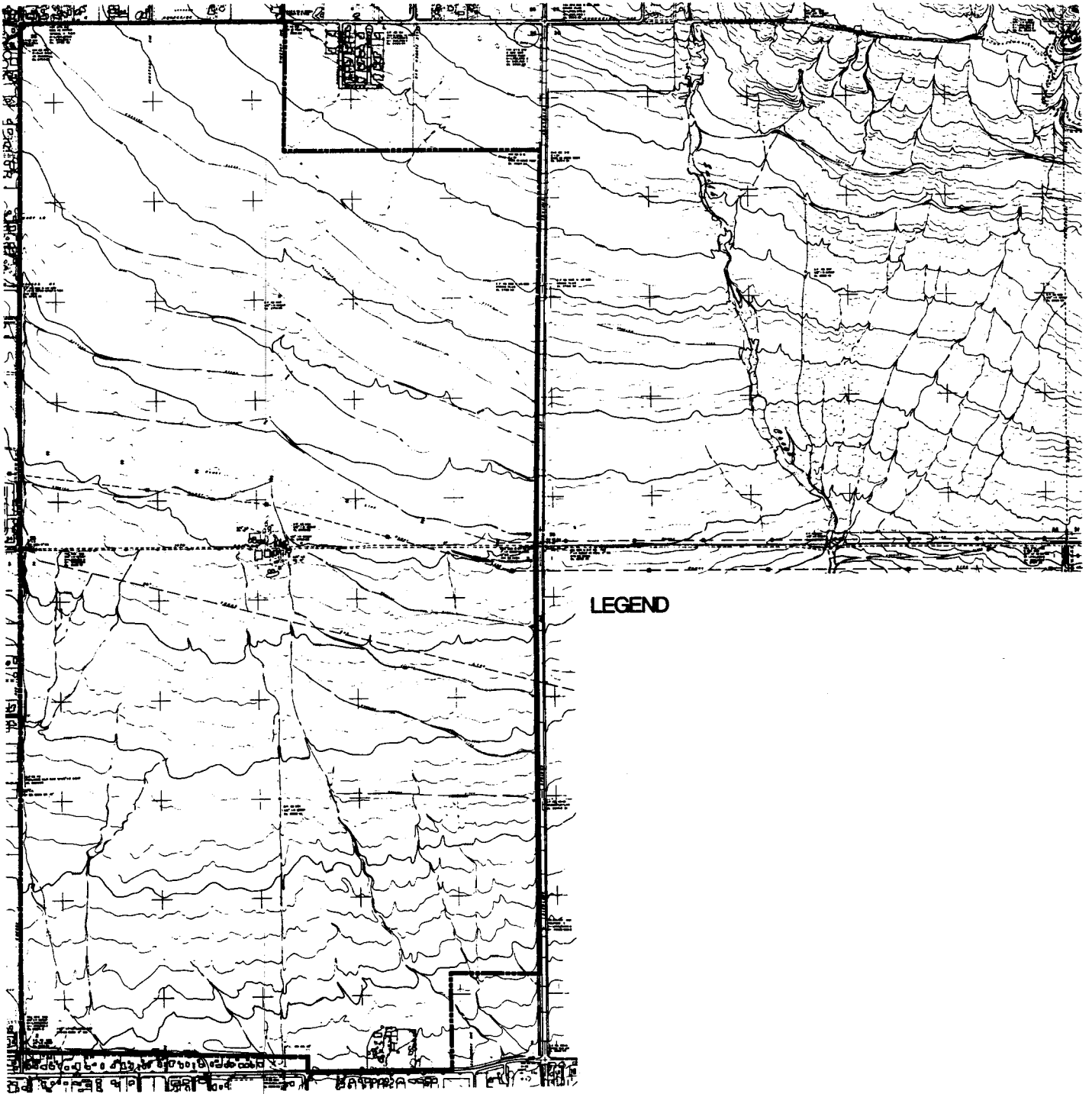
distance of 248.57 feet;

Thence North 89 degrees 32 minutes 20 seconds East 114.62 feet to the point of beginning.

Also except from said land all of those portions lying within the public roads and highways adjoining said land known as Eighth Street and Highland Springs Avenue.

EXHIBIT "B"

MAP OF PROPERTY



**DEUTSCH PROPERTY  
SPECIFIC PLAN  
BEAUMONT, CALIFORNIA**





EXHIBIT "C"

TITLE REPORT SHOWING OWNERSHIP INTERESTS IN THE PROPERTY

Preliminary Report

Order No. 4104930127-492

GATEWAY TITLE COMPANY

Title officer: Dwight Helmer

Policy(ies) contemplated:  
Preliminary Title Report

-----  
THE DEUTSCH COMPANY  
STE. 600  
2444 WILSHIRE BLVD.  
SANTA MONICA, CA 90403

Our No.: 4104930127-492

Your Ref: BANNING

ATTN: BILL HOLLER

Date : March 11, 1991 at 7:30 A.M.

SCHEDULE A

The estate or interest in the land described or referred to in this schedule covered by this report is:

a fee

Title to the said estate or interest at the date hereof is vested in:

Aleisian Farms, a Partnership composed of Walter Scholtz, Mark Scholtz, Alex Deutsch, Lester Deutsch, Carl Deutsch, Ray Tissue, Ben Weingart, Robert Cumins, Philip E. Holzman, Edward Jones, and Philip E. Holzman as trustee for David Deutsch;

Highland Farms, a California General Partnership, as their interest appear of record, as to all of those portions described in Exhibit "A" herein excepting therefrom the South one half of the Northeast one Quarter of said Section 35; subject to the spousal interest of Betty U. Deutsch, as to the North one half of the Southeast one quarter of said Section 35;

Banning Farms, a California General Partnership, as to the South one half of the Northeast one Quarter of said Section 35.

The land referred to in this report is situated in the State of California, County of Riverside, and is described as follows:

DESCRIPTION CONTAINED IN "EXHIBIT A"  
attached hereto and made a part hereof.

EXHIBIT A  
-----

PARCEL 1:

Section 35, Township 2 South, Range 1 West, San Bernardino Base and Meridian, in the County of Riverside, State of California.

EXCEPT the North one-half of the Northeast One Quarter thereof;

Section 2, Township 3 South, Range 1 West, San Bernardino Base and Meridian.

EXCEPT the Southeast One Quarter thereof.

Said land is also known as follows:

Lots 1 to 32, inclusive, and Lots 41 to 112, inclusive, of Orchard Heights Tract, in the County of Riverside, State of California, as shown by map on file in Book 10 Page 2 of Maps, Riverside County Records;

EXCEPT from Lots 1, 2 and 3 the Northerly 30 feet thereof granted to the County of Riverside, to be used as a public highway by deed recorded June 10, 1926 in Book 675 Page 467 of Deeds, Riverside County Records;

ALSO EXCEPT from Lot 4 an easement over the Northerly 10 feet thereof for public highway.

ALSO EXCEPT from said land all of those portions lying within the public roads and highways adjoining said land known as Brookside Avenue, Cherry Avenue, Orchard Heights Avenue, Seventeenth Street, Eighth Street and Highland Springs Avenue.

PARCEL 2:

The Southeast One Quarter of Section 2, Township 3 South, Range 1 West, San Bernardino Base and Meridian.

EXCEPT therefrom the following described land, as conveyed to Trangniew, Inc., by instrument recorded May 01, 1972 as Instrument No. 55762, and more particularly described as follows:

Commencing at the Southeast corner of said Section 2, said point being marked by a brass stamped "Section Corner Sections 1, 2, 11 and 12";

Thence South 89 degrees 32 minutes 20 seconds West along the realigned centerline of Eighth Street (80 feet wide) as shown on Deed Plat No. 746-888 on file in the office of the county surveyor of Riverside County, California, a distance of 101.29 feet;

Thence at right angles North 00 degrees 27 minutes 40 seconds West 40.00 feet to the true point of beginning.

-----

EXHIBIT A  
-----

Thence continuing North 00 degrees 27 minutes 40 seconds West 4.00 feet to a point on a curve;

Thence curving to the left from an initial tangent that bears North 89 degrees 32 minutes 20 seconds East with a radius of 20.00 feet through a central angle of 89 degrees 21 minutes 34 seconds, an arc distance of 31.19 feet to a point on a line parallel with and 82.00 feet Westerly, measured at right angles from the Easterly line of said Section 2;

Thence at right angles North 89 degrees 49 minutes 18 seconds West 928.44 feet;

Thence at right angles South 00 degrees 10 minutes 42 seconds West parallel with the East line of said Section 2, 991.14 feet to a point on the North right of way line of Eighth Street, as shown by map of subdivision of Section 11, as per plat recorded in Book 9 of Maps, Page 10, Records of San Bernardino County;

Thence South 89 degrees 44 minutes 30 seconds East along the North right of way line of said Eighth Street, 136.96 feet to a tangent curve, as established by said realignment of Eighth Street;

Thence curving to the left with a radius of 960.00 feet through a central angle of 14 degrees 24 minutes 50 seconds an arc distance of 241.51 feet;

Thence North 75 degrees 50 minutes 40 seconds East 177.79 feet to a tangent curve;

Thence curving to the right with a radius of 1040.00 feet through a central angle of 13 degrees 41 minutes 40 seconds, a arc distance of 248.57 feet;

Thence North 89 degrees 32 minutes 20 seconds East 114.62 feet to the point of beginning.

ALSO EXCEPT from said land all of those portions lying within the public roads and highways adjoining said land known as Eighth Street and Highland Springs Avenue.

PARCEL 3:

Those portions lying within Section 11, Township 3 South, Range 1 West, San Bernardino Base and Meridian, more particularly described as follows:

Lots 1, 2, 3, 4, 5, 6 and 7 in Block 1 of subdivision of Section 11, Township 3 South, Range 1 West, San Bernardino Base and Meridian, as shown by map on file in Book 9 Page 10 of Maps, Riverside County Records.

EXHIBIT A  
-----

EXCEPT therefrom the following described land as conveyed to Trangniew, Inc., by instrument recorded May 01, 1972 as Instrument No. 55762, and more particularly described as follows:

Commencing at the Southeast corner of said Section 2, said point being marked by a brass disk stamped "Section Corner Sections 1, 2, 11 and 12";

Thence South 89 degrees 32 minutes 20 seconds West along the realigned centerline of Eighth Street (80 feet wide) as shown by Deed Plat No. 746-888 on file in the Office of the County Surveyor of Riverside County, California, a distance of 101.29 feet;

Thence at right angles North 00 degrees 27 minutes 40 seconds West 40.00 feet to the true point of beginning;

Thence continuing North 00 degrees 27 minutes 40 seconds West 4.00 feet to a point on a curve;

Thence curving to the left from an initial tangent that bears North 89 degrees 32 minutes 20 seconds East with a radius of 20.00 feet through a central angle of 89 degrees 21 minutes 38 seconds, an arc distance of 31.19 feet to a point on a line parallel with and 82.00 feet Westerly, measured at right angles from the Easterly line of said Section 2;

Thence North 0 degrees 10 minutes 42 seconds East along said parallel line, 859.84 feet;

Thence at right angles North 89 degrees 49 minutes 18 seconds West 928.44 feet;

Thence at right angles South 00 degrees 10 minutes 42 seconds West parallel with the East line of said Section 2; 991.14 feet to a point on the North right of way line of Eighth Street, as shown by map of subdivision of Section 11, as per plat recorded in Book 9 of Maps, Page 10, Records of Riverside County;

Thence South 89 degrees 44 minutes 30 seconds East along the North right of way line of said Eighth Street, 136.96 feet to a tangent curve, as established by said realignment of Eighth Street;

Thence curving to the left with a radius of 960.00 feet through a central angle of 14 degrees 24 minutes 50 seconds an arc distance of 241.51 feet;

Thence North 75 degrees 50 minutes 40 seconds East 177.79 feet to a tangent curve;

Thence curving to the right with a radius of 1040.00 feet through a central angle of 13 degrees 41 minutes 40 seconds, an arc

-----

Gateway Order No.: 4104930127-492

Reference No.: BANNING

**EXHIBIT A**  
-----

distance of 248.57 feet;

Thence North 89 degrees 32 minutes 20 seconds East 114.62 feet to the point of beginning.

Also except from said land all of those portions lying within the public roads and highways adjoining said land known as Eighth Street and Highland Springs Avenue.

SCHEDULE B

Preliminary Report

GATEWAY TITLE COMPANY

Order No. 4104930127-492

At the date hereof Exceptions to coverage in addition to the printed exceptions and exclusions contained in said policy form would be as follows:

1. Property taxes, including any assessments collected with taxes, to be levied for the fiscal year 1991-1992, which are a lien not yet payable.
2. Property taxes, including any personal property taxes, and any assessments collected with taxes, for the fiscal year 1990-1991:

First installment	Amount:	\$1,705.85
	Penalty:	
	Current status:	Paid

Second installment	Amount:	\$1,705.85
	Penalty:	
	Current status:	Paid

Homeowners exemption: --NONE--  
Code area: 056-004  
Assessors Parcel No.: 406-170-005-7

The above matter affects The West 1/2 of the South 1/2 of the Southeast 1/4 of Section 35

3. Property taxes, including any personal property taxes, and any assessments collected with taxes, for the fiscal year 1990-1991:

First installment	Amount:	\$350.95
	Penalty:	
	Current status:	Paid

Second installment	Amount:	\$350.95
	Penalty:	
	Current status:	Paid

Homeowners exemption: --NONE--  
Code area: 056-004  
Assessors Parcel No.: 406-170-007-9

The above matter affects The South 1/2 of the Northeast 1/2 of Section 35

SCHEDULE B

Preliminary Report

GATEWAY TITLE COMPANY

Order No. 4104930127-492

4. Property taxes, including any personal property taxes, and any assessments collected with taxes, for the fiscal year 1990-1991:

First installment	Amount:	\$342.92
	Penalty:	
	Current status:	Paid
Second installment	Amount:	\$342.92
	Penalty:	
	Current status:	Paid

Homeowners exemption: --NONE--  
Code area: 056-004  
Assessors Parcel No.: 406-170-008-0

The above matter affects The North 1/2 of the Southeast 1/4 of Section 35

5. Property taxes, including any personal property taxes, and any assessments collected with taxes, for the fiscal year 1990-1991:

First installment	Amount:	\$4,590.25
	Penalty:	
	Current status:	Paid
Second installment	Amount:	\$4,590.25
	Penalty:	
	Current status:	Paid

Homeowners exemption: --NONE--  
Code area: 056-004  
Assessors Parcel No.: 419-020-017-8

The above matter affects The West 1/2 and the Northeast 1/4 of Section 2

6. Property taxes, including any personal property taxes, and any assessments collected with taxes, for the fiscal year 1990-1991:

First installment	Amount:	\$1,533.81
	Penalty:	
	Current status:	Paid
Second installment	Amount:	\$1,533.81
	Penalty:	
	Current status:	Paid

Homeowners exemption: --NONE--  
Code area: 056-004  
Assessors Parcel No.: 419-020-018-9



SCHEDULE B

Preliminary Report

GATEWAY TITLE COMPANY

Order No. 4104930127-492

The above matter affects The above item affects: Parcels 2 and 3 herein described in Exhibit "A"

7. The lien of supplemental taxes, if any, assessed according to provisions of the statutes of 1983 of the State of California.
8. An easement in favor of the public for any public roads now existing on said property.
9. An easement, affecting lots 44, 48, 52, 56, 60, 64, 72, 80, 88 and 96 in Parcel 1 for road 20 feet wide off and along the East side of Section 35, Township 2 South, Range 1 West, and Section 2, Township 3 South, Range 1 West, San Bernardino Base and Meridian, granted to the County of Riverside by deed recorded March 21, 1900 in Book 147 Page 3 of Deeds, Riverside County Records.
10. A right of way, affecting a portion of Parcel 1 herein described, for pipe line over lots 1 to 64, inclusive, lots 69 to 72, inclusive, lots 77 to 82, inclusive, lots 85 to 90, inclusive, lots 93 to 96, inclusive, as reserved in the deed from the Riverside Abstract Company, recorded April 01, 1913 in Book 371 Page 177 of Deeds.
11. The right of the public to the use of streets as shown on the map of Orchard Heights Tract, as shown by map on file in Book 10 Page 2 of Maps, Riverside County Records.  
  
Said rights affect a portion of Parcel 1 subject to the effect of a revocation of dedication recorded November 24, 1947 in Book 872 Page 561 of Official Records purporting to revoke any and all dedications of the following streets: Lots H, G, F, E, D, C, B, A, J, K, L, M, N and more commonly known as 9th, 11th, 12th, 13th, 14th, 15th, 16th and that portion of 17th Street, which is delineated on the map of Orchard Heights Tract.
12. An easement for utilities, affecting Parcel 1, granted to Southern Sierras Power Company, as referred to in United States Patent recorded December 01, 1919 in Book 8 Page 40 of Patents, Riverside County Records, to which record reference is hereby made for further particulars.
13. An easement, affecting Parcel 2 for public highway and public utility purposes over the Easterly rectangular 40 feet of the herein described property, as granted to the County of Riverside by Deed recorded December 15, 1936 in Book 305 Page 464 of Official Records.

SCHEDULE B

Preliminary Report

GATEWAY TITLE COMPANY

Order No. 4104930127-492

14. An easement affecting Parcel 1, for public highways and public utility purposes over the Easterly 20 feet of Lots 52, 56, 60, 64, 72, 80, 88 and 96 herein described, granted to the County of Riverside by Deed recorded March 24, 1937 in Book 317 Page 331 of Official Records.

15. An easement affecting a portion of Parcel 1, for public highway and flood control purposes over a portion of Lot 1 herein described, granted to the County of Riverside by deed recorded October 17, 1939 in Book 435 Page 376 of Official Records, described as follows:

Beginning at the Northwesterly corner of said Lot 1;

Thence South along the Westerly line of said Lot, 10 feet for the point of beginning;

Thence South along the Westerly line of said Lot, 10 feet for the point of beginning;

Thence South along the Westerly line of said Lot, 33 feet;

Thence in a Northeasterly direction to a point which is 40 feet Easterly of the point of beginning and 10 feet Southerly of the Northerly line of said Lot 1;

Thence Westerly, 40 feet to the point of beginning.

16. An easement, affecting a portion of Parcel 1, for storm drain, 30 feet wide, over Lots 110 and 111 herein described, granted to the County of Riverside by Deed recorded October 27, 1943 in Book 604 Page 154 of Official Records. The center line of said easement is described as follows:

Beginning at a point on the South line of Orchard Heights Tract, as shown by map on file in Book 10 Page 2 of Maps, Riverside County Records, from which point the Southwest corner of Section 2, Township 3 South, Range 1 West bears North 88 degrees 38 minutes West, 1731.42 feet;

Thence Westerly along a curve, concave to the South having a central angle of 22 degrees 20 minutes and a radius of 200 feet;

Thence along said curve 77.96 feet, the radial line at the beginning of said curve bears South 23 degrees 52 minutes West;

Thence North 88 degrees 38 minutes West, 682.0 feet along a line parallel to and 15 feet Northerly measured at right angles from the Southerly line of said Lots 110 and 111. The right of way lines of the Easterly end of this description are to be prolonged or shortened so that they will end on the Southerly line of said Lot 111. The title to said right of way is now vested of record in Riverside County Flood Control and Water Conservation District.

SCHEDULE B

Preliminary Report

GATEWAY TITLE COMPANY

Order No. 4104930127-492

17. Permanent and exclusive easements and rights of way, affecting a portion of Parcel 1, in, under, over and across Lots 25 to 28, inclusive, Lots 29 to 32, inclusive, Lots 61 to 64, inclusive, and Lots 70 to 72, inclusive herein described, granted to the Southern California Edison Company, Ltd., by Deed recorded November 10, 1945 in Book 704 Page 453 of Official Records. Said easement is described as follows:

A strip of land 300 feet wide, the Southerly and Northerly boundary lines of which are parallel with and respectively 100 feet Southerly and 200 feet Northerly from a line described as follows:

Beginning at a point in the center line of Glen Eyrie Street, as now established, 80 feet wide, along the East line of said Lot 72, which point is South 0 degrees 07 minutes 12 seconds East, 249.35 feet, measured along said center line from the intersection of said center line with the Easterly prolongation of the center line of Lot "L" (14th Street) as shown on the map of Orchard Heights Tract;

Thence from said point of beginning North 89 degrees 58 minutes 32 seconds West, 283.92 feet;

Thence North 74 degrees 39 minutes 55 seconds West, 2578.60 feet;

Thence North 82 degrees 48 minutes 25 seconds West 2501.58 feet, more or less, to a point in the West line of Lot "P" as shown on said map, said West line being also the East line of the Southeast Quarter of Section 34, Township 2 South, Range 1 West, San Bernardino Base and Meridian, said last mentioned point being North 00 degrees 20 minutes 55 seconds East, 751.37 feet, measured along said East line from a inch iron pipe in concrete set for the Southeast corner of said Section 34, said last measured point being South 00 degrees 20 minutes 55 seconds West 1883.43 feet, more or less, for a concrete pipe set for the East Quarter corner of said Section 34.

18. A right of way, affecting a portion of Parcel 1, for pipe line, 16.50 feet wide, for transportation of gas, over, under and along a portion of Lots 29, 65 to 68, inclusive, 75 to 80, inclusive, 87, 88, Lot "P" (Cherry Avenue), Lot "R" (Orchard Heights Avenue), Lot "D" (14th Street), Lot "H" (13th Street), and Glen Eyrie Street, map of Orchard Heights Tract herein described, granted to Southern California Gas Company, a corporation and Southern Counties Gas Company of California by Deed filed for record under Torrens Title as Instrument No. 846 on September 5, 1950, last certificate no. 403. The center line of said right of way is described as follows:

Beginning at the Northwest corner of Section 2, Township 3 South, Range 1 West, San Bernardino Base and Meridian;

Thence North 0 degrees 20 minutes 55 seconds East, along the Westerly line of Section 35, Township 2 South, Range 1 West, San Bernardino Base and Meridian, 40 feet to the point of beginning;

SCHEDULE B

Preliminary Report

GATEWAY TITLE COMPANY

Order No. 4104930127-492

Thence North 89 degrees 54 minutes 26 seconds East, 77.28 feet;

Thence South 47 degrees 13 minutes 49 seconds East, 152.06 feet;

Thence South 75 degrees 42 minutes 34 seconds East, 5232.05 feet to a point in the Easterly line of said Section 2. The side lines of said right of way shall be prolonged or shortened so as to terminate in said Westerly line of Section 35 and said Easterly line of Section 2.

19. An easement, affecting a portion of Parcel 1, for Flood Control and Water Conservation purposes, 30 feet wide, over Lots 109, 110 and 111 herein described, granted to the Riverside County Flood Control and Water Conservation District, by deed recorded August 18, 1954 in Book 1620 Page 573 of Official Records. The center line of said right of way is described as follows:

Beginning at a point on the South line of the said Orchard Tract, from which point the Southwest corner of Section 2, Township 3 South, Range 1 West, San Bernardino Base and Meridian, as shown by said map bears North 88 degrees 38 minutes West, 1731.42 feet;

Thence Westerly along a curve concave to the South, having a central angle of 22 degrees 20 minutes and a radius of 200 feet;

Thence along said curve, 77.96 feet; the radial line at the beginning of said curve bears South 23 degrees 42 minutes West;

Thence North 86 degrees 38 minutes West, 1523.13 feet;

Thence along the arc of a 150 foot radius curve, concave to the North, through an angle of 49 degrees 48 minutes feet, a distance of 130.38 feet to the Westerly line of Lot 109. The side lines of said strip of land are to be shortened or extended so as to end on the West line of Lot 109 and the South line of Lot 111.

20. A petition filed April 14, 1960 in the office of the county clerk of Riverside County, Case No. 71851, Superior Court, wherein it is sought to exclude Parcels 1, 2 and 5 herein described, from subdivision, under the provisions of the Subdivision Land Exclusion Law (Business and Professions Code, Sections 11700-11709), application thereof for said petition being made by Aleisian Farms, a Partnership.

An order of exclusion recorded June 09, 1960 as Instrument No. 51499 in Book 2710 at page 462 of Official Records; the exclusion map recorded June 09, 1960 as Instrument No. 51500 in Book 2711 at page 84 of Official Records.

SCHEDULE B

Preliminary Report

GATEWAY TITLE COMPANY

Order No. 4104930127-492

21. A pending court action as disclosed by a recorded notice.

Plaintiff: California Electric Power Company, a corporation  
Defendant: Aleisian Farms, A Partnership, et. al.  
County: Riverside  
Court: Superior Court  
Case No.: 22698  
Nature of Action: To acquire various rights of way and easements  
Recorded: August 30, 1960 as Instrument No. 76497

22. Easement, and incidents thereto,

In Favor of: Riverside County Flood Control and Water  
Conservation District  
Recorded, Official Records: December 6, 1972  
Series/Instrument No.: 161550  
Purpose: For the construction, operation and maintenance  
of drainage facilities  
Affects: Portions of said land

Reference is hereby made to said instrument for further particulars

23. The terms, conditions and restrictions set forth in that certain Land  
Conservation Contract

Dated: January 1, 1973  
Executed by: Aleisian Farms a General Partnership and the  
County of Riverside  
Recorded: January 30, 1973 as Instrument No. 12634

24. The terms conditions and restrictions set forth in that certain Land  
Conservation Contract

Dated: January 1, 1973  
Executed by: Aleisian Farms a General Partnership and The  
County of Riverside  
Recorded: January 30, 1973 as Instrument No. 12635

Notice of non-renewal of said contract was recorded October 28, 1981  
as Instrument No. 203479.

SCHEDULE B

Preliminary Report

GATEWAY TITLE COMPANY

Order No. 4104930127-492

25. The terms, conditions and restrictions set forth in that certain Land Conservation Contract

Dated: January 1, 1973  
Executed by: Tragniew Inc. a California corporation and The County of Riverside  
Recorded: April 23, 1973 as Instrument No. 51451

Notice of Non-Renewal of said contract was recorded

October 28, 1981 as Instrument No. 203480

26. The terms conditions and restrictions set forth in that certain Land Conservation Contract

Dated: January 1, 1982  
Executed by: Aleisian Farms and The County of Riverside  
Recorded: March 01, 1982 as Instrument No. 34806

27. The fact that said land is included within a project area of the Redevelopment Agency shown below, and that proceedings for the redevelopment of said project have been instituted under the redevelopment law (such redevelopment to proceed only after the adoption of the redevelopment plan) as disclosed by a document.

Redevelopment Agency: Beaumont Project Area  
Recorded: December 16, 1982 as Instrument No. 217749,  
Official Records.

The above matter affects a portion of the land described herein and other land.

28. We will require a STATEMENT OF INFORMATION from ALL PARTIES INCLUDING GENERAL PARTNERS OF ALL THE VARIOUS PARTNERSHIPS in order to complete this report, based on the effect of documents, proceedings, liens, decrees, or other matters which do not specifically describe said land, but which, if any do exist, may affect the title or impose liens or encumbrances thereon. (TO BE SUBMITTED A MINIMUM OF SEVEN DAYS PRIOR TO THE CLOSE OF SAID TRANSACTION).

SCHEDULE B

Preliminary Report

GATEWAY TITLE COMPANY

Order No. 4104930127-492

29. If title is to be insured from the Partnerships then the General Partners, comprised of Trusts, Gateway will require a copy of the trust instrument creating such trust, and all amendments thereto, together with a written verification by all present trustees that the copy is a true and correct copy of the trust, as it may have been amended, that it is in full force and effect and that it has not been revoked or terminated.
30. The requirement that a statement of partnership be recorded for the vestee named below, as provided in Section 15010.5 California Corporations Code.  
Vestee: Banning Farms

NOTE: The charge for a policy of title insurance, if issued through this title order, will be based on the basic (not short-term) title insurance rate.

SCHEDULE B

Preliminary Report

GATEWAY TITLE COMPANY

Order No. 4104930127-492

NOTE: "Any funds to be disbursed by Gateway Title Company will be disbursed in compliance with Section 12413.1 of the California Insurance Code. A cashier's, teller's or certified check will have next day availability after deposit. All other local checks will have two (2) day availability after deposit. Non-local checks will have five (5) day availability after deposit. Funds received too late in the day for same day deposit will require one (1) additional day before they are available for disbursement.

THE DEPOSIT OF A CASHIER'S, TELLER'S OR CERTIFIED CHECK, OR ELECTRONIC TRANSFER OF FUNDS WILL EXPEDITE THE DISBURSEMENT OF FUNDS AND THE CLOSE OF THIS TRANSACTION."

WIRING INSTRUCTIONS FOR GATEWAY TITLE COMPANY:

Bank: WELLS FARGO BANK  
2323 North Broadway  
Santa Ana, California 92706

Credit: Gateway Title Company  
Sub-Escrow Account  
No. 4602-092827

ABA No.: 121000248

Very important: Please reference our TITLE ORDER NUMBER and or TITLE OFFICER'S NAME.

Please notify your title officer in advance of your intention to wire funds so we may alert our respective departments. Any additional information concerning wire transfers can be obtained from your title officer.

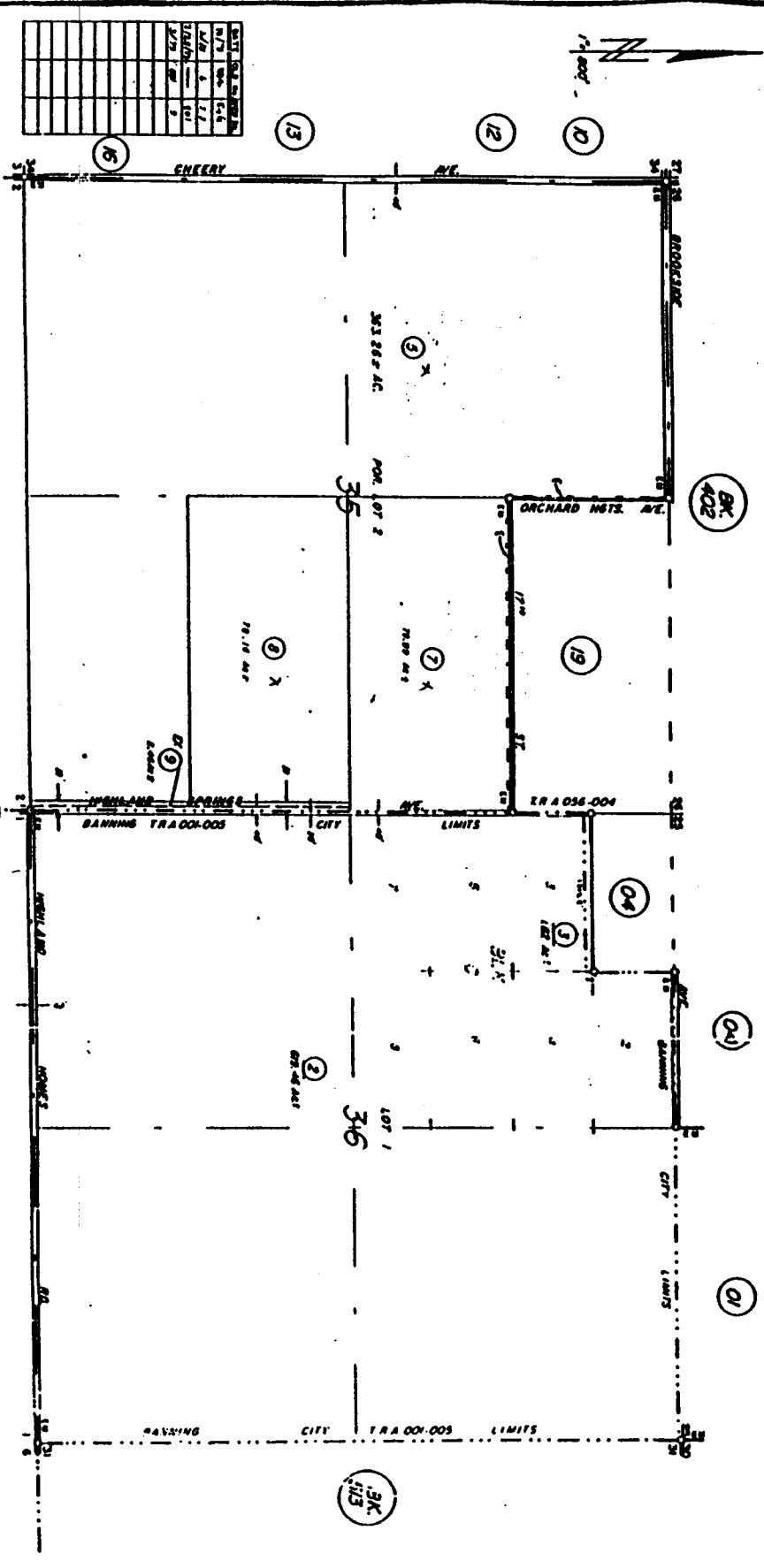
DH:dm:lmw  
Plats enclosed



15-30  
406-17

T.C.A. 036-004  
001-005

POR. SEC. 35 B 36, T.2 S., R.1 W.



NB 6/33 INSTR. # 5800 6/9/60 EXCLUSION MAP  
DATE: 08/07/60 RECORD #75, PAGE 2  
BY: J.W. MCKENNA 00013

MAR. 1970

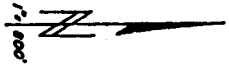
ASSESSOR'S MAP BK. 406 PG. 17  
RIVERSIDE COUNTY, CALIF.

5-27-2  
419-02

T.C.A. 036-004  
00-001  
001-005

SEC. 182, T.3S., R.1W.

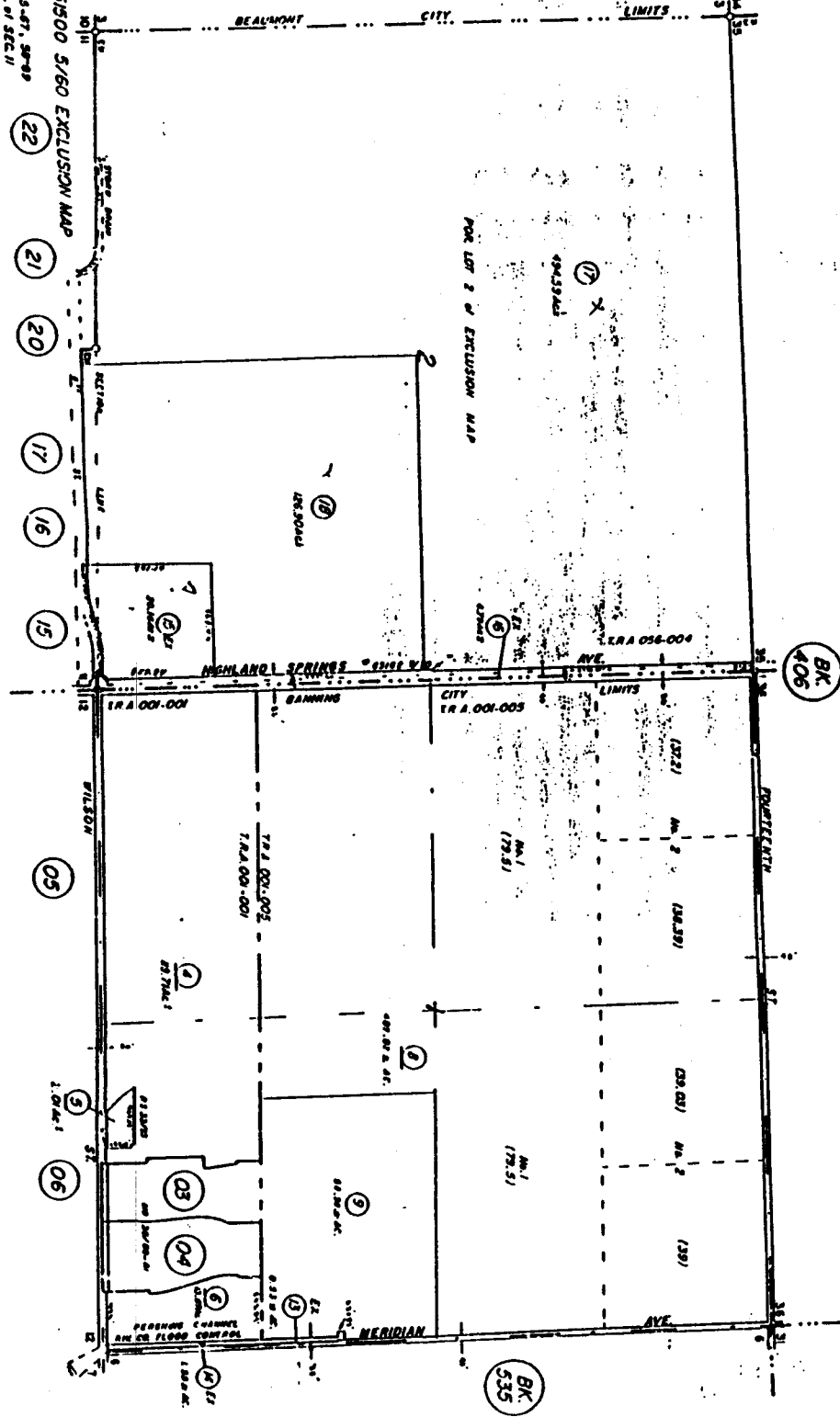
THIS MAP IS FOR  
ASSESSMENT PURPOSES ONLY



TRACT NO.	ACRES	VALUATION	DATE
1	1.5	1200	1/1/78
2	1.5	1200	1/1/78
3	1.5	1200	1/1/78
4	1.5	1200	1/1/78
5	1.5	1200	1/1/78
6	1.5	1200	1/1/78
7	1.5	1200	1/1/78
8	1.5	1200	1/1/78
9	1.5	1200	1/1/78
10	1.5	1200	1/1/78
11	1.5	1200	1/1/78
12	1.5	1200	1/1/78
13	1.5	1200	1/1/78
14	1.5	1200	1/1/78
15	1.5	1200	1/1/78
16	1.5	1200	1/1/78
17	1.5	1200	1/1/78
18	1.5	1200	1/1/78
19	1.5	1200	1/1/78
20	1.5	1200	1/1/78
21	1.5	1200	1/1/78
22	1.5	1200	1/1/78

MB 6/33 INSTR. 51800 5/60 EXCLUSION MAP  
 DATED 05/31/01, 02/03-07, 08-09  
 MB 8/15/01 SUB. OF SEC. 11  
 MB 31/01-01  
 COUNTY SURVEY ST.-C., 746 888  
 05/24/01-02  
 G.L.O. PLAT M80  
 COUNTY SURVEY 816-4

ASSESSOR'S MAP BK. 419 PG. 02  
 RIVERSIDE COUNTY, CALIF.



BK. 415

BK. 406

BK. 535

EXHIBIT "D"

PERMITS AND APPROVALS CONSTITUTING

DEVELOPMENT PLAN

1. Deutsch Planned Community Specific Plan  
approved by the City Council on January 14,  
1991 by Resolution No. 1991-03.

EXHIBIT "E"

BENEFITS TO CITY

1. The proposed project is consistent and compatible with other existing and proposed uses in the vicinity of the project and community in general.

2. The proposed project will contribute to roadway improvements consistent with the City's updated Master Circulation Plan.

3. The proposed project will be developed on agricultural land which has been denied a permit to farm from the Office of the Agricultural Commissioner due to insufficient moisture content in the soil.

4. The project will be designed and landscaped so as to provide an aesthetically pleasing environment compatible with surrounding land uses.

5. The overall planning of the project is comprehensive and interrelated, not planned in a piecemeal fashion.

6. The proposed project will result in revenues to public agencies through increased property tax from development of the site.

7. The proposed project will result in revenues to public agencies through increased property tax from development of the site.

8. The proposed project will increase sales tax revenue for the City of Beaumont through retail sales.

9. The proposed project will provide public facilities to include parks and a library facility to the City of Beaumont.

10. The intensity of the project is appropriate for the location and is consistent with the City of Beaumont General Plan.

11. The proposed project provides for alternative transportation opportunities through the implementation of bicycle and pedestrian facilities.

12. The proposed project represents a reasonable mix of uses for the site all factors considered.

EXHIBIT "E"

LIST OF FEES AND ASSESSMENTS

Development Agreement Annual Review Fee	-	FEES
CHARGED BY OTHER AGENCIES WHICH ARE	-	
REQUIRED TO BE COLLECTED BY THE CITY	-	
Public Facilities	-	
Signalization	-	
Park	-	
Fire	-	
Police	-	
Transportation - Circulation	-	MITIGATIONS
Drainage	-	
Reclaimed Water	-	
Water	-	
Sewer	-	INFRASTRUCTURE FEES
approved applications	-	
Amendments to any of the above or prior	-	
Building Permits per Building Code	-	
Plan Checks per Building Code	-	
Final Survey Staking Guarantee	-	
Inspection of Improvement Construction	-	
Improvement Construction Plan Checking	-	
Plan Check Parcel or Tract Map	-	
Tentative Parcel or Tract Map	-	
Sign Permits	-	
Landscape Concept Plans	-	
Development Agreement	-	
Architectural Plan	-	
Agricultural Preserve	-	APPLICATIONS



174170

RECORDING REQUESTED BY, AND  
WHEN RECORDED, MAIL TO:

City Clerk  
City of Beaumont  
P. O. Box 158  
Beaumont, Ca 92223

RECEIVED FOR RECORD  
AT 8:30 O'CLOCK A.M.

MAY 24 1991

Recorded in Official Records  
of Riverside County, California

Recorder  
Fees \$

(Space above for Recorder's Use)

DEVELOPMENT AGREEMENT

BETWEEN

THE CITY OF BEAUMONT

AND

HIGHLAND FARMS, ALEISIAN FARMS

AND BANNING FARMS (DEUTSCH)

(Pursuant to Government Code

Sections 65864 - 65869.5)

TABLE OF CONTENTS

<u>DESCRIPTION</u>	<u>PAGE NO.</u>
1. Definitions.....	4
1.1 Agreement.....	4
1.2 Agreement Date.....	4
1.3 Build-Out Phasing Plan.....	4
1.4 City.....	5
1.5 Development Plan.....	5
1.6 Effective Date.....	5
1.7 Developer.....	5
1.8 Project.....	5
1.9 Property.....	6
2. Exhibits.....	6
3. Mutual Benefits.....	6
3.1 Benefits to City.....	6
3.2 Benefits to Developer.....	7
4. Interest of Developer.....	7
5. Binding Effect of Agreement.....	7
6. Project as a Private Undertaking.....	7
7. Term.....	7
8. Changes in Project.....	8
9. Hold Harmless.....	8
9.1 By Developer.....	8
9.2 By City.....	8
10. Vested Right.....	8
10.1 No Conflicting Enactments.....	9
10.2 Intent of Parties.....	9
11. General Development of the Project.....	9
11.1 Project.....	9
11.2 Phasing and Timing of Development.....	10
11.3 Effect of Agreement on Land Use Regulations.....	11
11.4 Administrative Changes and Amendments.....	11



11.5	Mello-Roos Community Facilities Districts; Other Assessment District or Financing Mechanisms.....	12
11.6	Water and Sewer Facilities.....	12
11.7	Public Services and Facilities.....	13
11.8	Cancellation of Williamson Act Agricultural Preserve and Land Conservation Agreement.....	13
11.9	Other Governmental or Quasi- Governmental Permits.....	13
11.10	Consistency Between This Agreement and Current Laws.....	14
11.11	Assessments and Fees.....	14
11.12	Subsequent Actions.....	14
12.	Rules, Regulations and Official Policies.....	14
12.1	New Rules.....	14
12.2	Subsequent Actions and Approvals.....	15
12.3	State and Federal Laws.....	15
13.	Amendment or Cancellation of Agreement.....	15
14.	Enforcement.....	15
15.	Periodic Review of Compliance with Agreement....	16
16.	Events of Default.....	16
16.1	Default by Developer.....	16
16.2	Default by City.....	16
16.3	Specific Performance Remedy.....	17
17.	Institution of Legal Action.....	18
18.	Waivers and Delays.....	18
18.1	Waiver.....	18
18.2	Third Parties.....	18
18.3	Force Majeure.....	18
19.	Notices.....	18
20.	Attorneys' Fees.....	19
21.	Transfers and Assignments.....	19
21.1	Right to Assign.....	19
21.2	Release Upon Transfer.....	19
22.	Cooperation in the Event of Legal Challenge.....	19

23.	Eminent Domain.....	20
24.	Authority to Execute.....	20
25.	Recordation.....	20
26.	Protection of Mortgage Holders.....	20
27.	Severability of Terms.....	20
28.	Subsequent Amendment to Authorizing Statute.....	20
29.	Interpretation and Governing Law.....	20
30.	Section Headings.....	20
31.	Incorporation of Recitals and Exhibits.....	21
32.	Rules and Construction and Miscellaneous Terms..	21
32.1	Gender.....	21
32.2	Time of Essence.....	21
32.3	Cooperation.....	21

## DEVELOPMENT AGREEMENT

(Pursuant To Government Code  
Sections 65864 -65869.5)

This DEVELOPMENT AGREEMENT ("Agreement") is entered into to be effective on April 25, 1991, between ALEISIAN FARMS, a California general partnership, HIGHLAND FARMS, a California general partnership and BANNING FARMS, a California general partnership (collectively the "Developer") and the CITY OF BEAUMONT, a Municipal corporation organized and existing under the laws of the State of California ("City"). Developer and City are sometimes collectively referred to herein as the "parties."

### R E C I T A L S :

This Agreement is predicated upon the following facts:

A. These Recitals refer to and utilize certain capitalized terms which are defined in this Agreement. The parties intend to refer to those definitions in conjunction with the use thereof in these Recitals.

B. Government Code Sections 65864 - 65869.5 ("Development Agreement Law") authorize the City to enter into binding development agreements with persons having a legal or equitable interest in real property for the development of such property, all for the purpose of strengthening the public planning process, encouraging private participation and comprehensive planning and reducing the economic costs of such development.

C. This Agreement is adopted pursuant to Government Code Section 65865 et seq.

D. Developer is the owner of approximately 1,162 acres of land currently located within unincorporated Riverside County, California as more particularly described on Exhibit "A" and shown on Exhibit "B" ("Property"). The respective interests of Aleisian Farms, Highland Farms and Banning Farms in the Property are those as set forth on the title report attached as Exhibit "C". For purposes of information only, Developer owns an additional 1,552 acres of land located East of the Property of which 1,268 acres are located within the City of Banning, and all of which land Developer intends to develop in concert with the Property (the "Banning Property").

E. Developer intends to develop the Property as an integrated, internally oriented planned residential project in accordance with the Development Plan as hereinafter defined in

Section 1.5 (the "Project"). The Project is capital intensive, especially in its initial phases requiring major investment in public facility and on-site and off-site improvement prior to the construction and sale of housing in order to make the Project economically and fiscally feasible. The Project is fully compatible with the proposed development of the Banning Property.

F. The Property is currently located within the sphere of influence of but has not yet been annexed to the City. It is the present intent of the parties that annexation of the Property to the City will occur following approval by the City of the Development Plan defined in Section 1.5. Pursuant to Government Code Section 65865(b), this Agreement shall become operative on the effective date of the annexation, so long as the annexation is completed prior to December 31, 1992, failing which it shall expire on that date and be of no further force or effect.

G. City's General Plan designation for the Property is Residential Planned Unit Development (PUD), and the Specific Plan being adopted concurrently herewith as a part of the Development Plan as defined in Section 1.5 implements the City General Plan and its various component elements by providing specific land use and development standards. Developer and City desire to provide through this Agreement specific development criteria to be applicable to the Property upon its annexation to the City which will provide for maximum utilization of the Property in accordance with sound planning principals.

H. City has determined that the use and intensity of use provided in this Agreement is consistent with the City's General Plan applicable to the Property.

I. Development of the Property pursuant to the Development Plan as defined in Section 1.5, which is largely vacant area almost totally lacking in required infrastructure improvements, requires the construction of substantial reasonable public improvements early in the development and construction process. Certain development risks and uncertainties associated with the long term nature of the development, including the cost of the portion of those regional public improvements required to be installed at the inception of the development, could discourage and deter Developer and other owners in the vicinity from making the long term commitments necessary to fully develop the Property pursuant to the Development Plan. It is only the assurance of the ability to complete the private income producing components of the Development Plan in general that provides the inducement to Developer to agree to commit the land and financial resources required to commence and proceed with development. The parties

desire to enter into this Agreement in order to assure that the Property is developed as an integrated planned community in general, and that the uncertainties to such development over which the City has control are removed.

J. Developer has applied for, and City, concurrently with approval of this Agreement, has approved the Development Plan (as in Section 1.5) in order to protect the interests of its citizens and the quality of the community and environment through the specific plan process (Government Code Section 65450 et seq.) As part of that process of approving the Development Plan, City has undertaken, pursuant to the California Environmental Quality Act ("CEQA"), the required analysis of the environmental effects which would be caused by the Project. City has imposed a series of mitigation measures in connection with the development of the Project to eliminate or reduce to a level of insignificance many significant adverse impacts caused by the Project. As to those significant adverse impacts which cannot be eliminated or reduced to a level of insignificance, the City Council has adopted a statement of overriding considerations pursuant to CEQA setting forth why the beneficial aspects of the Project outweigh those significant adverse impacts which cannot be eliminated or reduced by mitigation measures. On January 14, 1991, the City Council of City adopted Resolution No. 1991-03, certifying the environmental impact report ("EIR") prepared for the Project as being complete and adequate and complying with CEQA. Pursuant to Government Code Section 65457 and Public Resources Code Section 21166 the City acknowledges that no subsequent or supplemental Environmental Impact Report shall be required by the City for the subsequent approvals implementing the development of the Property, whether ministerial or discretionary, unless:

(1) Changes are proposed by Developer which by law will require revisions to the EIR; or

(2) New information which was not known and could not have been known at the time the EIR was certified as complete becomes available; provided, however, that reanalysis of data already examined and reported in the EIR shall not be considered new information. The term "new information" does not mean discovery that probabilities of adverse (or beneficial) results considered in the approval of this Agreement, the Development Plan as defined in Section 1.5 or the EIR may prove incorrect, or that such probabilities are or are not becoming, or have or have not become realities, but instead required that the actual quantitative and qualitative

extent of the underlying issues was not considered and could not have been considered in the environmental analysis associated with the approval of this Agreement and the EIR.

K. The Development Plan implements the goals and policies of the City's General Plan described in the Specific Plan referred to in Section 1.5, below, and provides balanced and diversified land uses in order to maintain the overall quality of life and of the environment within City and to impose appropriate requirements with respect to land development and usage.

L. Developer has requested City to consider entering into a development agreement relating to the Project and proceedings have been taken in accordance with City's rules and regulations.

M. On March 25, 1991, the City Council of City adopted Ordinance No. 698, approving this Agreement with Developer.

N. City acknowledges that by electing to enter into contractual agreements such as this Agreement, the obligations of which shall survive beyond the term or terms of the present City Council members, such action will serve to bind the City and future City Councils to the obligations hereby undertaken. By obligating the City pursuant to this Agreement, the City Council has elected to exercise certain governmental and proprietary powers at the present time rather than deferring its action to some undetermined future date. The terms and conditions of this Agreement have undergone extensive review by the City and its City Council and have been found to be fair, just and reasonable, and the City has found and determined that the execution of this Agreement is in the best interest of the public health, safety and general welfare of City and its residents and that adopting this Agreement constitutes a present exercise of its police power.

The parties agree as follows:

1. Definitions.

1.1 "Agreement" is this Development Agreement.

1.2 "Agreement Date" is the date this Agreement is approved by the City Council.

1.3 "Build-Out Phasing Plan" means a plan to be prepared by Developer showing the intended build-out schedule of the Project. The Build-Out Phasing Plan as more particularly

described in Section 11.2 shall be advisory only and shall not be binding on Developer.

1.4 "City" is the City of Beaumont, California.

1.5 "Development Plan" is all of those ordinances, resolutions, codes (except as provided in Section 12.1(c)), rules, regulations and official policies of City governing the development and use of the Property as of the Agreement Date, including, without limitation, the permitted uses of the Property, the density and intensity of use, the maximum height and size of proposed buildings, the provisions for reservation or dedication of land for public purposes, and the design, improvement and construction standards and specifications applicable to the development of the Property, and all of those permits and approvals which are referenced on Exhibit "D" which have been issued or granted by City in connection with any of the foregoing. Specifically, but without limitation, such Development Plan includes the Deutsch Planned Community Specific Plan adopted by the City Council on January 14, 1991 by Resolution No. 1991-03 pursuant to Government Code Section 65450 et.seq. (hereinafter the "Specific Plan") allowing the construction of a maximum of 4,716 residential dwelling units ranging in average density from approximately four (4) d.u.'s/acre to approximately fifteen (15) d.u.'s/acre, a fifteen (15) acre community commercial site, five (5) elementary and one (1) junior high school site, a twenty-three (23) acre community park, a twenty-one (21) acre trail park adjacent to the San Diego Gas and Electric Easement, and, three (3) additional neighborhood parks totaling 21 acres adjacent to schools. The average density for the Specific Plan areas is approximately 4.1 d.u.'s/acre.

1.6 "Effective Date" is that date which is the later to occur of (a) the expiration of the time for filing a referendum petition relating to this Agreement if no such petition is filed within such period, (b) the certification of the results of a referendum election are declared approving this Agreement if a referendum petition is filed within the applicable period, or (c) the date that the annexation of the Property to this City is completed, provided that such annexation is completed prior to December 31, 1992.

1.7 "Developer" is Aleisian Farms, a California general partnership, Highland Farms, a California general partnership and Banning Farms, a California general partnership as their interests appear on the title report attached as Exhibit "C" and their respective successors in interest to all or any part of the Property.

1.8 "Project" is the proposed development of the Property included within the Development Plan and associated

amenities, including, without limitation, on-site and off-site improvements contemplated by the Development Plan, as the same may be further defined, enhanced or modified pursuant to the provisions of this Agreement.

1.9 "Property" is the real property on which the Project is, or will be, located as described on Exhibit "A" and shown on Exhibit "B."

2. Exhibits. The following documents are referred to in this Agreement, attached hereto and incorporated herein by this reference:

<u>Exhibit Designation</u>	<u>Description</u>
A	Legal Description of the Property
B	Map of Property
C	Title Report Showing Ownership Interests in the Property
D	Permits and Approvals Constituting Development Plan
E	Benefits to City
F	List of Fees and Assessments

3. Mutual Benefits. This Agreement is entered into for the purpose of carrying out the Development Plan for the Project in a manner that will insure certain anticipated benefits to both City, including, without limitation, residents of City, and Developer as set forth in this Section. City and Developer agree that, due to the size and duration of the Project, certain assurances on the part of each party as to the Project will be necessary to achieve those desired benefits.

3.1 Benefits to City. The benefits to City (including, without limitation, the residents of City) under



this Agreement include, but are not limited to those set forth in Exhibit "E."

3.2 Benefits to Developer. Developer has expended and will continue to expend substantial amounts of time and money on the planning and infrastructure construction of the Project. In addition, Developer will expend substantial amounts of time and money in constructing public improvements and facilities and in providing for public services in connection with the Project. Developer would not make such additional expenditures without this Agreement and such additional expenditures will be made in reliance upon this Agreement. The benefit to Developer under this Agreement consists of the assurance that Developer will preserve the right to develop the Property as planned and as set forth in the Development Plan.

4. Interest of Developer. Developer represents that Developer has a legal or equitable interest in the parcels comprising Property.

5. Binding Effect of Agreement. The terms and conditions of this Agreement shall be binding upon and inure to the benefit of the parties and their successors and assigns.

6. Project as a Private Undertaking. It is specifically understood and agreed by and between the parties hereto that the development of the Project is a private and not a public sector development, that neither party is acting as the agent of the other in any respect hereunder, and that each party is an independent contracting entity with respect to the terms, covenants and conditions contained in this Agreement. No partnership, joint venture or other association of any kind is formed by this Agreement. The only relationship between City and Developer is that of a government entity regulating the development of private property by the owner of such Property.

7. Term. The term of this Agreement shall commence upon the Effective Date and shall continue until all permits and approvals required to complete the development of the Project as contemplated by the Development Plan have been issued, provided that in no event shall such term exceed twenty-five (25) years following the Effective Date of this Agreement as to those lots or parcels of the Property under this Agreement, if any, for which a grading or building permit has either not been issued or has otherwise expired. Notwithstanding the foregoing, as to any lot or parcel on the Property not subject to the preceding sentence, the term of this Agreement and the Development Plan regulations and specifications thereunder shall be extended for a period of fifty (50) years commencing on the date that this Development Agreement would have otherwise expired.

8. Changes in Project. Developer shall not be entitled to any change, modification, revision or alteration in the Development Plan relating to the permitted uses of the Property, the density or intensity of use, the maximum height and size of proposed buildings or the provision for reservation or dedication of land for public purposes other than those allowable changes, modifications and alterations permitted under the Development Plan and in particular the Specific Plan, without review and approval by those agencies of City approving the Development Plan in the first instance. Subject to the foregoing provisions of this Section 8, City acknowledges that Developer may seek new entitlements to use and amendments to entitlements to use in connection with the development of the Project. The approval of any changes in the Project as set forth in this Section 8 shall be in the discretion of the City and shall be effectuated as set forth in Section 11.4 below.

9. Hold Harmless.

9.1 By Developer. Developer shall hold City, its officers, agents, employees, partners and representatives harmless from liability for damage or claims for damage for personal injury, including death and claims for property damage, which may arise from the activities of Developer or those of Developer's contractors, subcontractors, agents, employees or other persons acting on Developer's behalf which relate to the Project. Developer shall defend City and its officers, agents, employees, partners and representatives from actions for damages caused or alleged to have been caused by reason of Developer's activities in connection with the Project.

9.2 By City. City shall hold Developer, its officers, agents, employees, partners and representatives harmless from liability for damage or claims for damage for personal injury, including death and claims for property damage, which may arise from the activities of City or those of City's contractors, subcontractors, agents, employees or other persons acting on City's behalf which relate to the Project. City agrees to and shall defend Developer and its officers, agents, employees, partners and representatives from actions for damages caused or alleged to have been caused by reason of City's activities in connection with the Project.

10. Vested Right. By entering into this Agreement and relying thereon, Developer is obtaining a vested right to proceed with the Project in accordance with the Development Plan, but subject to any remaining discretionary approvals required in order to complete the Project as contemplated by the Development Plan (which discretion shall be exercised in accordance with the Development Plan). By entering into this Agreement and relying thereupon, City is securing certain public benefits which help to alleviate potential problems in City and enhance the public health, safety and welfare. City therefore agrees to the following:

10.1 No Conflicting Enactments. Neither the City Council of City nor any other agency of City shall enact an ordinance, policy, rule, regulation or other measure applicable to the Project which relates to the rate, timing or sequencing of the development or construction of all or any part of the Project or which is otherwise in conflict with this Agreement.

10.2 Intent of Parties. In addition to and not in limitation of the foregoing, it is the intent of Developer and City that no moratorium or other limitation (whether relating to the rate, timing or sequencing of the development or construction of all or any part of the Project and whether or not enacted by initiative or otherwise) except a moratorium imposed by City to implement State or Federal laws, statutes, regulations, policies or orders as provided in Section 12.3, affecting parcel or subdivision maps, building permits, site development permits, special use permits, conditional use permits, occupancy certificates or other entitlements to use or permits approved, issued or granted within City, or portions of City, shall apply to the Project to the extent such moratorium or other limitation is in conflict with this Agreement. Notwithstanding the foregoing, should an ordinance, general plan or zoning amendment, measure, moratorium, policy, rule, regulation or other limitation enacted by citizens of City through the initiative process be determined by a court of competent jurisdiction to invalidate or prevail over all or any part of this Agreement, Developer shall have no recourse against City pursuant to this Agreement, but shall retain all other rights, claims and causes of action at law or in equity which Developer may have independent of this Agreement. The foregoing shall not be deemed to limit the Developer's right to appeal any such determination of such ordinance, general plan or zoning amendment, measure, policy, rule, regulation, moratorium or other limitation which purports to invalidate or prevail over all or any part of this Agreement. City agrees to cooperate with owner in all reasonable manners in order to keep this Agreement in full force and effect.

11. General Development of the Project.

11.1 Project. While this Agreement is in effect, Developer shall have a vested right to develop the Project in accordance with the terms and conditions of this Agreement, and in accordance with, and to the extent of the Development Plan, but subject to any remaining discretionary approvals required in order to complete the Project as contemplated by the Development Plan (which discretion shall be exercised in accordance with the Development Plan) and City shall have the right to control the development of the Project in accordance with the terms and

conditions of this Agreement. Except as otherwise specified in this Agreement, the Development Plan shall control the overall design, development and construction of the Project and all on-site and off-site improvements and appurtenances in connection therewith, including, without limitation, all mitigation measures required in order to minimize or eliminate material adverse environmental impacts caused by the Project. The permitted uses of the Property, the density and intensity of use, the maximum height and size of proposed buildings, the provisions for reservation and dedication of land for public purposes and other terms and conditions of development applicable to the Property shall be those set forth in the Development Plan. As part of the tentative subdivision map review, the applicant shall submit architectural drawings showing building treatment, elevations, material samples, and landscaping as part of the review and approval process for the residential portions of the Project.

11.2 Phasing and Timing of Development. The parties acknowledge that although Developer currently anticipates that the Project will be phased and constructed in increments over an approximate twenty-five (25) year time frame in accordance with the Build-Out Phasing Plan, at the present time Developer cannot predict when or the order in which Project phases will be developed. Such decisions depend upon numerous factors which are not within the control of Developer, such as market orientation and demand, interest rates, competition and other similar factors. To the extent permitted by the Development Plan and this Agreement, Developer shall have the right to develop the Project in phases in such order and at such times as Developer deems appropriate within the exercise of its subjective business judgment, so long as the Project is constructed as an integrated master planned development as contemplated by the Development Plan and the City Manager determines that such phasing will not adversely impact the ability of the City to construct, enlarge, expand, modernize or otherwise modify infrastructure improvements if necessary to accommodate growth of the Beaumont community. City agrees that Developer shall be entitled to apply for and City shall process tentative maps, vesting tentative maps, parcel maps, final maps, site development permits, conditional use permits, building permits, occupancy certificates and other entitlements to use or permits as provided by the Specific Plan or other applicable City ordinances at any time, in as expeditious a manner as possible, provided that such application is made in accordance with the Development Plan.

### 11.3 Effect of Agreement on Land Use Regulations.

The rules, regulations and official policies governing permitted uses of the Property, the density and intensity of use of the Property, the maximum height and size of proposed buildings and the design, improvement and construction standards and specifications applicable to development of the Property are those rules, regulations and official policies in force as of the Agreement Date, and those rules, regulations, and official policies which may hereinafter be adopted by the City to implement its Water Resources Management Plan which is currently being developed, or State or Federal laws, statutes, regulations, policies or orders as provided in Section 12.3. In connection with any approval which City is permitted or has the right to make under this Agreement relating to the Project, or otherwise under its rules, regulations and official policies, City shall exercise its discretion or take action in a manner which is as expeditious as possible and which complies and is consistent with the Development Plan and the standards, terms and conditions contained in this Agreement, and in a manner which will not interfere with the development of the Project for the uses and to the height, density and intensity specified in this Agreement or with the rate of development selected by Developer. City shall accept for processing and timely review and act on all applications for further land use entitlement approvals with respect to the Project called for or required under this Agreement in as expeditious a manner as is possible. Such application shall be processed in the normal manner for processing such matters.

### 11.4 Administrative Changes and Amendments.

The parties acknowledge that refinements and further development of the Project may demonstrate that changes are appropriate with respect to the details and performance of the parties under this Agreement. The parties desire to retain a certain degree of flexibility with respect to the details of the Project development and with respect to those items covered in general terms under this Agreement. If and when the parties find that changes or adjustments are necessary or appropriate, they shall, unless otherwise required by law, effectuate such changes or adjustments through administrative amendments approved by the City Manager or designee, after execution, shall be attached hereto as an addenda and become a part hereof, and may be further changed and amended from time to time as necessary, with approval by City and Developer. Any such administrative changes or amendments shall not be deemed to be an amendment to this Agreement under Government Code Section 65868, and unless otherwise required by law, no such administrative amendments shall require prior notice or hearing. Notwithstanding the foregoing, the following matters shall not be considered administrative changes or amendments, but shall be considered substantive

amendments which shall be reviewed by the Planning Commission and approved by the City Council:

- (a) Alteration of the permitted uses of the Property;
- (b) Increase in the density or intensity of use or the number of lots;
- (c) Increase in the maximum height and size in permitted buildings;
- (d) Deletion of a requirement for the reservation or dedication of land for public purposes except for minor boundary adjustments approved by the Planning Director or designee; and
- (e) Any amendment or change requiring a subsequent or supplemental environmental impact report pursuant to Public Resources Code Section 21166.

11.5 Mello-Roos Communities Facilities Districts; Other Assessment Districts or Financing Mechanisms. Pursuant to Chapter 2.5 (commencing with section 53312) Part 1, Division 2, Title 5 of the Government Code of the State of California, commonly known as the "Mello-Roos Community Facilities Act of 1982," Owner may, at its sole election, petition the City Council of City to establish a Community Facilities District ("CFD") including the Property for the purpose of acquiring, constructing and financing through the sale of bonds of certain public facilities which are necessary to meet the increased demands placed on the City as a result of the development of the Property. Alternatively, or in addition thereto, Owner may request that the City initiate and complete proceedings under the Municipal Improvement Act of 1911, the Municipal Improvement Act of 1913, the Improvement Bond Act of 1915, the Landscaping Allotting Act of 1972, or any and all other available public financing mechanisms to provide public conduit financing for the construction of public improvements on the Property ("Alternative Financing Mechanisms"). If so requested by Owner, City shall cooperate with Owner and use its best efforts in taking all steps necessary to cause the CFD or Alternative Financing Mechanisms to issue bonds for such purposes. If the Property is included within a CFD with other surrounding properties, the special taxes or special assessments burdening the various properties so included shall be apportioned on a fair share basis related to the benefit derived by each of such properties.

11.6 Water and Sewer Facilities. Responsibilities of the Parties with respect to water and sewer facilities pertaining to the transmission of water for or sewage generated

by the Project or by surrounding properties in which Developer will be required to participate shall be determined and allocated on a fair share basis between Developer and the surrounding property owners using such facilities.

11.7 Public Services and Facilities. As provided by the Specific Plan, the Project provides for an integrated roadway system, and public facilities in addition to water and sewer facilities as discussed in Section 11.6 above, including parks, schools, storm drain, police protection and fire protection. The construction and installation of such facilities and infrastructure improvements and the phasing thereof shall be subject to City review and approval at the time that tentative tract maps are submitted for applicable areas of the Project. To the extent that Developer, at City's request, constructs, installs or otherwise provides financing for public facilities or other infrastructure improvements not required to serve the Project and benefiting lands within the City outside the Project area of the Property, City shall adopt such ordinances as are necessary to create a benefit district by which a fee, assessment or charge will be imposed upon such other properties and reimbursed to Developer for the fair share of the benefits conferred upon such lands other than the Property by such public facilities or infrastructure improvements. In order to insure that the Project will function harmoniously with the City's transportation and circulation plan, City shall undertake the upgrade and completion of street networks to planned standards to accommodate increased demands generated by the Project on other areas of the City in accordance with and under the schedule provided by the City's Master Plan of Circulation.

11.8 Cancellation of Williamson Act Agricultural Preserve and Land Conservation Agreement. Immediately following the Effective Date, City shall, as expeditiously as possible, commence hearings pursuant to the Williamson Act, Government Code Section 51200, et seq. for the cancellation of the January 1, 1973 Land Conservation Contract and January 1, 1982 Land Conservation Contract entered into between the predecessor in interest to Developer and the County of Riverside pertaining to the Property. Developer shall be responsible for paying all fees and costs, including legal fees, incurred by City in processing the cancellation of the Land Conservation Contracts.

11.9 Other Governmental or Quasi-Governmental Permits. Developer shall apply for such other permits and approvals as may be required by other governmental or quasi-governmental agencies having jurisdiction over the Project (such as public utilities or utility districts, or other federal or

state agencies) as may be required for the development of, or provision of services to the Project under the Development Plan. City shall cooperate with and assist Developer in obtaining such permits and approvals, and, where necessary in making application for such approvals or permits.

11.10 Consistency Between This Agreement and Current Laws. City represents that there are no rules, regulations, ordinances or official policies of City enforced as of the date of execution of this Agreement that would interfere with the completion or use of the Project according to the Development Plan.

11.11 Assessments and Fees. City shall not, without the prior written consent of Developer, impose any assessment or fee applicable to the development of the Project or any portion thereof, or impose any fees as a condition to the implementation of the Project or any portion thereof, except those existing and proposed assessments and fees set forth on Exhibit "F" which include but are not limited to infrastructure fees for sewer, water, reclaimed water, fire mitigation, police mitigation, transportation-circulation, park mitigation, public facilities fees and signalization fees. Notwithstanding the foregoing, fees payable to City shall be at rates applicable on the date the fee is due and payable.

11.12 Subsequent Actions. City shall timely process, in as expeditious a manner as is possible for processing such matters, any necessary entitlements to use, including vesting tentative tract maps, tentative tract maps, parcel maps, final maps, site development permits, special use permits, conditional use permits, or other discretionary approvals or entitlements to use contemplated by the Development Plan, and any grading, construction or other permits filed by Developer in accordance with the substantive development standards set forth in the Development Plan.

## 12. Rules, Regulations and Official Policies.

12.1 New Rules. This agreement shall not prevent City from applying the following new rules, regulations and policies:

(a) Processing fees and charges imposed by City to cover the estimated actual costs to City of processing applications for development approvals, for monitoring compliance with any development approvals, or for monitoring compliance with environmental impact mitigation measures.

(b) Procedural regulations relating to hearing bodies, petitions, applications, notices, findings, records,



hearings, reports, recommendations, appeals and any other matter of procedure.

(c) Regulations governing construction standards and specifications including, without limitation, the City's Building Code, Plumbing Code, Mechanical Code, Electrical Code and Fire Code provided that such construction standards and specifications are applied on a City-wide basis.

(d) Regulations which are not in conflict with the Development Plan or this Agreement.

(e) Regulations which are in conflict with the Development Plan or this Agreement if such regulations have been consented to in writing by Developer.

12.2 Subsequent Actions and Approvals. In accordance with Government Code Section 65866, this Agreement shall not prevent City in subsequent actions applicable to the Property from applying new rules, regulations and policies which do not conflict with those existing rules, regulations and policies set forth in the Development Plan, nor shall this Agreement prevent City from denying or conditionally approving any subsequent development project application on the basis of such existing or new rules, regulations or policies.

12.3 State and Federal Laws. In the event that State or Federal laws or regulations enacted after this Agreement is executed prevent or preclude compliance with one or more of the provisions of this Agreement, such provisions of this Agreement shall be modified or suspended as may be necessary to comply with such State or Federal laws or regulations; provided, however, that this Agreement shall remain in full force and effect to the extent it is not inconsistent with such laws or regulations and to the extent such laws or regulations do not render such remaining provisions impractical to enforce.

13. Amendment or Cancellation of Agreement. This Agreement may be amended or cancelled in whole or in part only by mutual consent of the parties in the manner provided for in Government Code Section 65868.

14. Enforcement. Unless amended or cancelled as provided in Section 13 above, or modified or suspended pursuant to Government Code Section 65869.5, this Agreement is enforceable by either party hereto notwithstanding any change in any applicable general or specific plan, zoning, subdivision or building regulation or other applicable law or regulation adopted by City (or by the voters of City unless found by a court of competent

and final jurisdiction to prevail over this Agreement) which alters or amends the Development Plan or the rate, timing or sequencing of any development.

15. Periodic Review of Compliance With Agreement. City and Developer shall review this Agreement at least once every twelve (12) months from the date this Agreement is executed. During each periodic review, each party is required to demonstrate good faith compliance with the terms of this Agreement. Each party agrees to furnish such reasonable evidence of good faith compliance as the other party in the exercise of its reasonable discretion, may require. Such periodic review shall be conducted administratively by the City Manager and any appropriate department heads designated by the City Manager to perform such periodic review. The City Manager shall report the results of such periodic review to the City Council within thirty (30) days after the conclusion thereof. No public hearing shall be held by the City Manager, Planning Commission or City Council with regard to such periodic review; provided, however, that if the City Manager during such periodic review preliminarily finds that Developer is not in good faith compliance with this Agreement, Developer shall have the right to appeal such finding to the City Council. The City Council on appeal shall not hold a public hearing to review a finding that Developer is not in good faith compliance with this Agreement unless so requested by Developer in writing at the time of the submission of such appeal. City shall notify Developer in writing of the date for review at least thirty (30) days prior thereto.

16. Events of Default.

16.1 Default by Developer. If the City Council determines on the basis of substantial evidence upon appeal of the City Manager's decision pursuant to Section 15 hereof that Developer has not complied in good faith with the terms and conditions of this Agreement, it shall, by written notice to Developer, specify the manner in which Developer has failed to so comply and state the steps Developer must take to bring itself into compliance. If, within sixty (60) days after the effective date of notice from City specifying the manner in which Developer has failed to so comply, Developer does not commence all steps reasonably necessary to bring itself into compliance as required and thereafter diligently pursue such steps to completion, then Developer shall be deemed to be in default under the terms of this Agreement and City may terminate this Agreement.

16.2 Default by City. If Developer determines on the basis of substantial evidence that City has not complied in good faith with the terms and conditions of this Agreement, Developer shall, by written notice to City, specify the manner in which City has failed to so comply and state the steps City

must take to bring itself into compliance. If, within sixty (60) days after the effective date of notice from Developer specifying the manner in which City has failed to so comply, City does not commence all steps reasonably necessary to bring itself into compliance as required and thereafter diligently pursue such steps to completion, then City shall be deemed to be in default under the terms of this Agreement and Developer may terminate this Agreement or seek specific performance as set forth in Section 16.3.

16.3 Specific Performance Remedy. Due to the size, nature and scope of the Project, it will not be practical or possible to restore the Property to its natural condition once implementation of this Agreement has begun. After such implementation, Developer may be foreclosed from other choices it may have had to utilize the Property and provide for other benefits. Developer has invested significant time and resources and performed extensive planning and processing of the Project in agreeing to the terms of this Agreement and will be investing even more substantial time and resources in implementing the Project in reliance upon the terms of this Agreement, and it is not possible to determine the sum of money which would adequately compensate Developer for such efforts. For the above reasons, City and Developer agree that damages would not be an adequate remedy if City fails to carry out its obligations under this Agreement. Therefore, specific performance of this Agreement is the only remedy which would compensate Developer if City fails to carry out its obligations under this Agreement, and City hereby agrees that Developer shall be entitled to specific performance in the event of a default by City hereunder. Notwithstanding the foregoing, nothing in this Agreement is intended to deprive Developer from recovering appropriate damages in the event that the terms of this Agreement are breached. City and Developer acknowledge that if Developer fails to carry out its obligations under this Agreement, City shall have the right to refuse to issue any permits or other approvals to which Developer would not otherwise have been entitled pursuant to this Agreement. Therefore, City's remedy of terminating this Agreement shall be sufficient in most circumstances if Developer fails to carry out its obligations hereunder. Notwithstanding the foregoing, if City issues a permit or other approval pursuant to this Agreement in reliance upon a specified condition being satisfied by Developer in the future, and if Developer then fails to satisfy such condition, City shall be entitled to specific performance for the sole purpose of causing Developer to satisfy such condition. The City's right to specific performance shall be limited to those circumstances set forth above, and City shall have no right to seek specific performance to cause Developer to otherwise proceed with the development of the Project in any manner.

17. Institution of Legal Action. In addition to any other rights or remedies, either party may institute legal action to cure, correct or remedy any default, to enforce any covenants or agreements herein, to enjoin any threatened or attempted violation hereof, to recover damages for any default, or to obtain any other remedies consistent with the purpose of this Agreement. Any such legal action shall be brought in the Superior Court for Riverside, California.

18. Waivers and Delays.

18.1 Waiver. Failure by a party to insist upon the strict performance of any of the provisions of this Agreement by the other party, and failure by a party to exercise its rights upon a default by the other party hereto, shall not constitute a waiver of such party's right to demand strict compliance by such other party in the future.

18.2 Third Parties. Nonperformance shall not be excused because of a failure of a third person except as provided in Section 18.3 below.

18.3 Force Majeure. Neither party shall be deemed to be in default for failure or delay in performance of any of its obligations under this Agreement if caused by floods, earthquakes, other Acts of God, fires, wars, riots or similar hostilities, strikes, other labor difficulties, government regulations or other causes beyond either of the parties' control. If any such event shall occur, the term of this Agreement and the time for performance by Developer of any of its obligations hereunder or pursuant to the Development Plan shall be extended by the period of time that such events prevent construction of the Project.

19. Notices. All notices required or provided for under this Agreement shall be in writing and delivered in person and deposited in the United States mail, postage prepaid and addressed as follows:

TO CITY: City of Beaumont  
550 East 6th Street  
P.O. Drawer 158  
Beaumont, California 92223  
Attn: City Manager

TO DEVELOPER: c/o The Deutsch Corporation  
2444 Wilshire Boulevard  
Santa Monica, California 90403  
Attn: Mr. Bill Holler

Either party may change the address stated herein by giving notice, in writing, to the other party and thereafter notices shall be addressed and submitted to the new address.

20. Attorneys' Fees. If legal action is brought by either party against the other for breach of this Agreement, or to compel performance under this Agreement, the prevailing party shall be entitled to an award of reasonable attorneys' fees and costs.

21. Transfers and Assignments.

21.1 Right to Assign. Developer shall have the right to sell, assign or transfer this Agreement, and any and all of its rights, duties and obligations hereunder, to any person or entity at any time during the term of this Agreement, provided, however, in no event shall the rights, duties and obligations conferred upon Developer pursuant to this Agreement be at any time so transferred or assigned except through a transfer of an interest of Developer in the Property, a portion thereof (including a village or individual tract), or parcel or lot so transferred. In the event of any such assignment, either the transferee or Developer shall be liable for the performance of all obligations of Developer. Such transferee or Developer shall notify City in writing of the transfer of such obligations.

21.2 Release Upon Transfer. Upon the sale, transfer or assignment of Developer's rights and interests under this Agreement as permitted pursuant to Section 21.1, Developer shall be released from its obligations under this Agreement and all of owner's obligations pursuant to the Development Plan, or other agreements assumed by transferee with respect to the Property, or portion thereof, so transferred provided that (a) Developer is not then in default under the Agreement, (b) Developer or transferee has provided the City notice of such transfer and (c) the transferee executes and delivers to City a written agreement in which (i) the name and address of the transferee is set forth and (ii) the transferee expressly and unconditionally assumes all of the obligations of Developer under this Agreement with respect to the Property, or a portion thereof, so transferred.

22. Cooperation in the Event of Legal Challenge. In the event of any legal action instituted by a third party or other governmental entity or official challenging the validity of any provision of this Agreement, the parties hereby agree to cooperate in defending such action. Each party shall pay its own expenses in connection with such defense. In the event of any litigation challenging the effectiveness of this Agreement, or any portion hereof, this Agreement shall remain in full force

and effect while such litigation, including any appellate review, is pending.

23. Eminent Domain. No provision of this Agreement shall be construed to limit or restrict the exercise by City of its power of eminent domain.

24. Authority to Execute. The person or persons executing this Agreement on behalf of Developer warrant and represent that they have the authority to execute this Agreement on behalf of their corporation, partnership or business entity and warrant and represent that they have the authority to bind Developer to the performance of its obligations hereunder.

25. Recordation. This Agreement and any amendment or cancellation hereto shall be recorded in the Official Records of the County of San Bernardino, by the City Clerk within the period required by Section 65868.5 of the Government Code.

26. Protection of Mortgage Holders. Nothing contained herein shall limit or interfere with the lien of mortgage holders having a mortgage made in good faith and for value on any portion of the Property. "Mortgage holder" includes the beneficiary under a deed of trust, and "mortgage" includes the deed of trust.

27. Severability of Terms. If any term, provision, covenant or condition of this Agreement shall be determined invalid, void or unenforceable, the remainder of this Agreement shall not be affected thereby to the extent such remaining provisions are not rendered impractical to enforce.

28. Subsequent Amendment to Authorizing Statute. This Agreement has been entered into in reliance upon the provisions of the Development Agreement Law in effect as of the Agreement Date. Accordingly, subject to Section 12.3 above, to the extent a subsequent amendment to the Development Agreement Law would affect the provisions of this Agreement, such amendment shall not be applicable to the Agreement unless necessary for this Agreement to be enforceable or unless this Agreement is modified pursuant to the provisions set forth in the Agreement and Government Code Section 65868 in effect on the Agreement Date.

29. Interpretation and Governing Law. This Agreement and any dispute arising hereunder shall be governed and interpreted in accordance with the laws of the State of California.

30. Section Headings. All section headings and subheadings are inserted for convenience only and shall not affect any construction or interpretation of this Agreement.

31. Incorporation of Recitals and Exhibits. Recitals A through N and attached Exhibits "A" through "G" are hereby incorporated herein by this reference as though set forth in full.

32. Rules of Construction and Miscellaneous Terms.

32.1 Gender. The singular includes the plural; the masculine gender includes the feminine; "shall" is mandatory, "may" is permissive.

32.2 Time of Essence. Time is of the essence regarding each provision of this Agreement in which time is an element.

32.3 Cooperation. Each party covenants to take such reasonable actions and execute all documents that may be necessary to achieve the purposes and objectives of this Agreement.

The parties have executed this Development Agreement on the date and year first written above.

Dated: 4/25, 1991

CITY OF BEAUMONT, a municipal corporation of the State of California

By: Ann Connors  
Mayor

"City"

SIGNED AND CERTIFIED THAT A COPY OF THIS DOCUMENT HAS BEEN DELIVERED TO THE MAYOR OF THE CITY COUNCIL

By: Robert J. Bourde  
City Clerk

APPROVED AS TO FORM:

By: George P. Kelly  
City Attorney



[SIGNATURES CONTINUE ON FOLLOWING PAGES]

ALEISIAN FARMS, a California  
General Partnership

Dated: 4/9, 1991

By: Carl Deutsch  
Carl Deutsch

General Partner

Dated: 4/9, 1991

By: Alex Deutsch, ~~see~~ in fact  
David Deutsch

General Partner

By: Victoria Leslie Deutsch Trust  
Created Pursuant to a  
Declaration of Trust Dated  
December 19, 1976

General Partner

Dated: 4/9, 1991

By: Alex Deutsch  
Alex Deutsch  
Trustee

By: Alexis Lee Deutsch Trust  
Created Pursuant to a  
Declaration of Trust Dated  
December 19, 1976

General Partner

Dated: 4/9, 1991

By: Alex Deutsch  
Alex Deutsch  
Trustee



By: Gina Elizabeth Deutsch Trust  
Created Pursuant to a  
Declaration of Trust Dated  
December 19, 1976

General Partner

Dated: 4/9, 1991

By: Alex Deutsch  
Alex Deutsch  
Trustee

By: Gina Elizabeth Deutsch 76 Trust  
Created Pursuant to a  
Declaration of Trust Dated  
December 19, 1976

General Partner

Dated: April 9, 1991

By: Lester Deutsch  
Lester Deutsch  
Trustee

By: Estate of Walter Scholtz

General Partner

Dated: 4/4, 1991

By: Sylvia Scholtz  
Sylvia Scholtz  
Executrix

HIGHLAND FARMS, a California  
General Partnership

BY: THE DEUTSCH COMPANY, a  
California corporation,

General Partner

Dated: April 9, 1991

By: Alex Deutsch  
Its: Chairman

Dated: 4/9, 1991

By: Alex Deutsch  
Alex Deutsch  
General Partner

BANNING FARMS, a California  
General Partnership

BY: THE DEUTSCH COMPANY, a  
California corporation,

General Partner

Dated: 4/9, 1991

By: Alex Deutsch

Its: Chairman

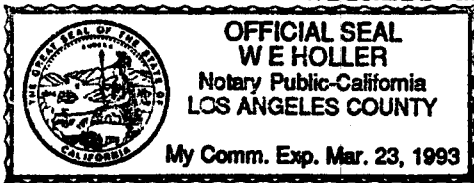
Dated: 4/9, 1991

By: Alex Deutsch  
Alex Deutsch  
General Partner

STATE OF CALIFORNIA )  
COUNTY OF LA ) ss.

On 4/9, 1991, before me, We Holler, personally appeared, CARL DEUTSCH personally known to me or proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.



We Holler  
Notary Public in and for said State

STATE OF CALIFORNIA )  
COUNTY OF LA ) ss.

On 4/9, 1991, before me, We Holler, personally appeared DAVID DEUTSCH personally known to me or proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

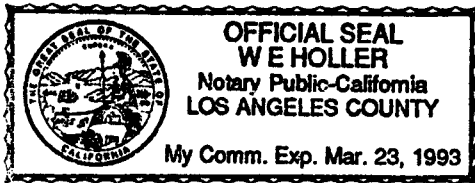


We Holler  
Notary Public in and for said State

STATE OF CALIFORNIA )  
 )  
COUNTY OF LA ) ss.

On 4/9, 1991, before me, WE HOLLER, personally appeared ALEX DEUTSCH, TRUSTEE FOR VICTORIA LESLIE DEUTSCH TRUST, Created Pursuant to a Declaration of Trust Dated December 19, 1976, personally known to me or proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

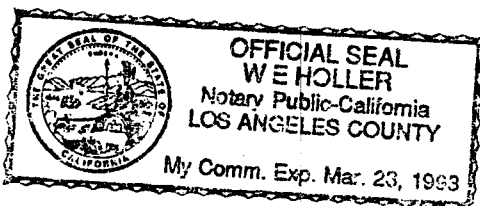


WE Holler  
Notary Public in and for said State

STATE OF CALIFORNIA )  
 )  
COUNTY OF LA ) ss.

On 4/9, 1991, before me, WE HOLLER, personally appeared ALEX DEUTSCH, TRUSTEE FOR ALEXIS LEE DEUTSCH TRUST, Created Pursuant to a Declaration of Trust Dated December 19, 1976, personally known to me or proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

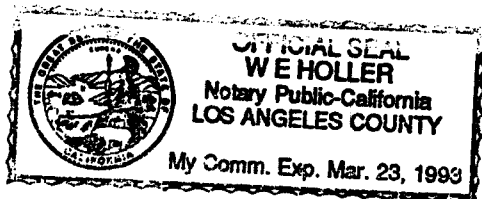


WE Holler  
Notary Public in and for said State

STATE OF CALIFORNIA )  
 )  
COUNTY OF CA ) ss.

On 4/9, 1991, before me, We Holler,  
personally appeared ALEX DEUTSCH, TRUSTEE FOR GINA ELIZABETH  
DEUTSCH TRUST, Created Pursuant to a Declaration of Trust Dated  
December 19, 1976, personally known to me or proved to me on the  
basis of satisfactory evidence to be the person whose name is  
subscribed to the within instrument and acknowledged to me that  
he executed the same in his authorized capacity, and that by his  
signature on the instrument the person, or the entity upon  
behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

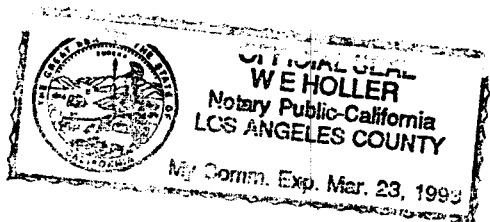


We Holler  
Notary Public in and for said State

STATE OF CALIFORNIA )  
 )  
COUNTY OF CA ) ss.

On 4/9, 1991, before me, We Holler,  
personally appeared LESTER DEUTSCH, TRUSTEE FOR GINA ELIZABETH  
DEUTSCH TRUST, Created Pursuant to a Declaration of Trust Dated  
December 19, 1976, personally known to me or proved to me on the  
basis of satisfactory evidence to be the person whose name is  
subscribed to the within instrument and acknowledged to me that  
he executed the same in his authorized capacity, and that by his  
signature on the instrument the person, or the entity upon  
behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.



We Holler  
Notary Public in and for said State

*Washington*  
STATE OF CALIFORNIA

COUNTY OF *Washington*

)  
)  
)  
ss.

On *April 4th*, 19*91*, before me, *Robin Montague*, personally appeared SYLVIA SCHOLTZ, EXECUTRIX FOR ESTATE OF WALTER SCHOLTZ, personally known to me or proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

*Robin Montague*  
Notary Public in and for said State  
*My commission expires 6-27-94*

STATE OF CALIFORNIA

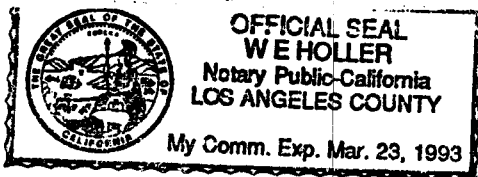
COUNTY OF *LA*

)  
)  
)  
ss.

On *4/9*, 19*91*, before me, *WE Holler*, personally appeared ALEX DEUTSCH, A GENERAL PARTNER OF HIGHLAND FARMS, a California General Partnership, personally known to me or proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

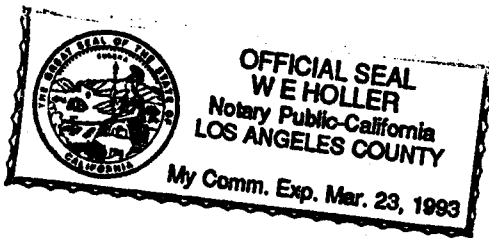
*WE Holler*  
Notary Public in and for said State



STATE OF CALIFORNIA )  
 )  
COUNTY OF LA ) ss.

On 4/9, 1991, before me, We Holler, personally appeared ALEX DEUTSCH, Chairman OF THE DEUTSCH COMPANY, a California Corporation, personally known to me or proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

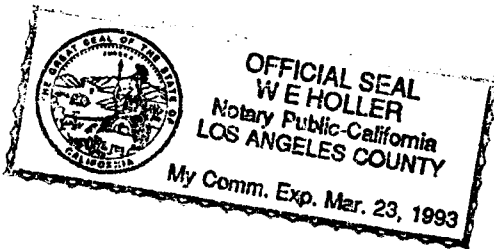


We Holler  
Notary Public in and for said State

STATE OF CALIFORNIA )  
 )  
COUNTY OF LA ) ss.

On 4/9, 1991, before me, We Holler, personally appeared ALEX DEUTSCH, A GENERAL PARTNER OF BANNING FARMS, a California General Partnership, personally known to me or proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.



We Holler  
Notary Public in and for said State

STATE OF CALIFORNIA )

COUNTY OF LA )

ss.

On 4/9, 1991, before me, We Holler, personally appeared ALEX DEUTSCH, Chairman OF THE DEUTSCH COMPANY, a California Corporation, personally known to me or proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

We Holler  
Notary Public in and for said State

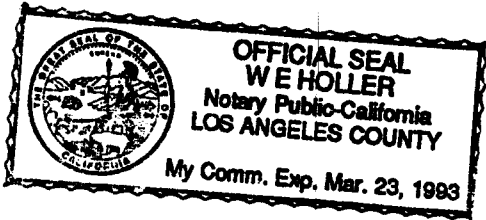




EXHIBIT "A"

LEGAL DESCRIPTION OF PROPERTY

EXHIBIT A  
-----

PARCEL 1:

Section 35, Township 2 South, Range 1 West, San Bernardino Base and Meridian, in the County of Riverside, State of California.

EXCEPT the North one-half of the Northeast One Quarter thereof;

Section 2, Township 3 South, Range 1 West, San Bernardino Base and Meridian.

EXCEPT the Southeast One Quarter thereof.

Said land is also known as follows:

Lots 1 to 32, inclusive, and Lots 41 to 112, inclusive, of Orchard Heights Tract, in the County of Riverside, State of California, as shown by map on file in Book 10 Page 2 of Maps, Riverside County Records;

EXCEPT from Lots 1, 2 and 3 the Northerly 30 feet thereof granted to the County of Riverside, to be used as a public highway by deed recorded June 10, 1926 in Book 675 Page 467 of Deeds, Riverside County Records;

ALSO EXCEPT from Lot 4 an easement over the Northerly 10 feet thereof for public highway.

ALSO EXCEPT from said land all of those portions lying within the public roads and highways adjoining said land known as Brookside Avenue, Cherry Avenue, Orchard Heights Avenue, Seventeenth Street, Eighth Street and Highland Springs Avenue.

PARCEL 2:

The Southeast One Quarter of Section 2, Township 3 South, Range 1 West, San Bernardino Base and Meridian.

EXCEPT therefrom the following described land, as conveyed to Trangniew, Inc., by instrument recorded May 01, 1972 as Instrument No. 55762, and more particularly described as follows:

Commencing at the Southeast corner of said Section 2, said point being marked by a brass stamped "Section Corner Sections 1, 2, 11 and 12";

Thence South 89 degrees 32 minutes 20 seconds West along the realigned centerline of Eighth Street (80 feet wide) as shown on Deed Plat No. 746-888 on file in the office of the county surveyor of Riverside County, California, a distance of 101.29 feet;

Thence at right angles North 00 degrees 27 minutes 40 seconds West 40.00 feet to the true point of beginning.

EXHIBIT A  
-----

Thence continuing North 00 degrees 27 minutes 40 seconds West 4.00 feet to a point on a curve;

Thence curving to the left from an initial tangent that bears North 89 degrees 32 minutes 20 seconds East with a radius of 20.00 feet through a central angle of 89 degrees 21 minutes 34 seconds, an arc distance of 31.19 feet to a point on a line parallel with and 82.00 feet Westerly, measured at right angles from the Easterly line of said Section 2;

Thence at right angles North 89 degrees 49 minutes 18 seconds West 928.44 feet;

Thence at right angles South 00 degrees 10 minutes 42 seconds West parallel with the East line of said Section 2, 991.14 feet to a point on the North right of way line of Eighth Street, as shown by map of subdivision of Section 11, as per plat recorded in Book 9 of Maps, Page 10, Records of San Bernardino County;

Thence South 89 degrees 44 minutes 30 seconds East along the North right of way line of said Eighth Street, 136.96 feet to a tangent curve, as established by said realignment of Eighth Street;

Thence curving to the left with a radius of 960.00 feet through a central angle of 14 degrees 24 minutes 50 seconds an arc distance of 241.51 feet;

Thence North 75 degrees 50 minutes 40 seconds East 177.79 feet to a tangent curve;

Thence curving to the right with a radius of 1040.00 feet through a central angle of 13 degrees 41 minutes 40 seconds, a arc distance of 248.57 feet;

Thence North 89 degrees 32 minutes 20 seconds East 114.62 feet to the point of beginning.

ALSO EXCEPT from said land all of those portions lying within the public roads and highways adjoining said land known as Eighth Street and Highland Springs Avenue.

PARCEL 3:

Those portions lying within Section 11, Township 3 South, Range 1 West, San Bernardino Base and Meridian, more particularly described as follows:

Lots 1, 2, 3, 4, 5, 6 and 7 in Block 1 of subdivision of Section 11, Township 3 South, Range 1 West, San Bernardino Base and Meridian, as shown by map on file in Book 9 Page 10 of Maps, Riverside County Records.

EXHIBIT A  
-----

EXCEPT therefrom the following described land as conveyed to Trangniew, Inc., by instrument recorded May 01, 1972 as Instrument No. 55762, and more particularly described as follows:

Commencing at the Southeast corner of said Section 2, said point being marked by a brass disk stamped "Section Corner Sections 1, 2, 11 and 12";

Thence South 89 degrees 32 minutes 20 seconds West along the realigned centerline of Eighth Street (80 feet wide) as shown by Deed Plat No. 746-888 on file in the Office of the County Surveyor of Riverside County, California, a distance of 101.29 feet;

Thence at right angles North 00 degrees 27 minutes 40 seconds West 40.00 feet to the true point of beginning;

Thence continuing North 00 degrees 27 minutes 40 seconds West 4.00 feet to a point on a curve;

Thence curving to the left from an initial tangent that bears North 89 degrees 32 minutes 20 seconds East with a radius of 20.00 feet through a central angle of 89 degrees 21 minutes 38 seconds, an arc distance of 31.19 feet to a point on a line parallel with and 82.00 feet Westerly, measured at right angles from the Easterly line of said Section 2;

Thence North 0 degrees 10 minutes 42 seconds East along said parallel line, 859.84 feet;

Thence at right angles North 89 degrees 49 minutes 18 seconds West 928.44 feet;

Thence at right angles South 00 degrees 10 minutes 42 seconds West parallel with the East line of said Section 2; 991.14 feet to a point on the North right of way line of Eighth Street, as shown by map of subdivision of Section 11, as per plat recorded in Book 9 of Maps, Page 10, Records of Riverside County;

Thence South 89 degrees 44 minutes 30 seconds East along the North right of way line of said Eighth Street, 136.96 feet to a tangent curve, as established by said realignment of Eighth Street;

Thence curving to the left with a radius of 960.00 feet through a central angle of 14 degrees 24 minutes 50 seconds an arc distance of 241.51 feet;

Thence North 75 degrees 50 minutes 40 seconds East 177.79 feet to a tangent curve;

Thence curving to the right with a radius of 1040.00 feet through a central angle of 13 degrees 41 minutes 40 seconds, an arc

Gateway Order No.: 410-4930127-492

Reference No.: BANNING

EXHIBIT A

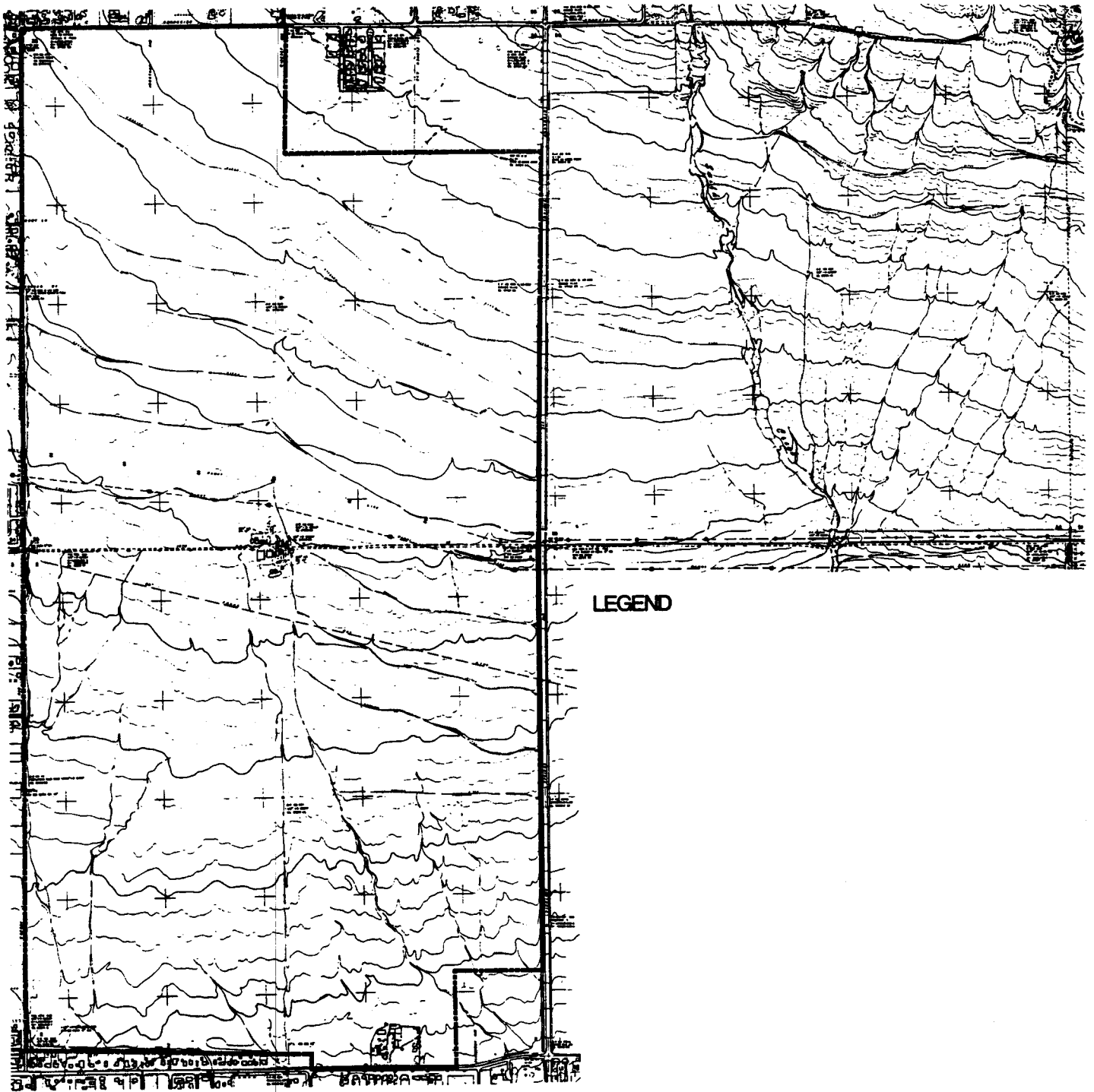
distance of 248.57 feet;

Thence North 89 degrees 32 minutes 20 seconds East 114.62 feet to the point of beginning.

Also except from said land all of those portions lying within the public roads and highways adjoining said land known as Eighth Street and Highland Springs Avenue.

EXHIBIT "B"

MAP OF PROPERTY



**DEUTSCH PROPERTY  
SPECIFIC PLAN  
BEAUMONT, CALIFORNIA**



EXHIBIT "C"

TITLE REPORT SHOWING OWNERSHIP INTERESTS IN THE PROPERTY



Preliminary Report

Order No. 4104930127-492

GATEWAY TITLE COMPANY

Title officer: Dwight Helmer

Policy(ies) contemplated:  
Preliminary Title Report

-----  
THE DEUTSCH COMPANY  
STE. 600  
2444 WILSHIRE BLVD.  
SANTA MONICA, CA 90403

Our No.: 4104930127-492

Your Ref: BANNING

ATTN: BILL HOLLER

Date : March 11, 1991 at 7:30 A.M.

SCHEDULE A

The estate or interest in the land described or referred to in this schedule covered by this report is:

a fee

Title to the said estate or interest at the date hereof is vested in:

Aleisian Farms, a Partnership composed of Walter Scholtz, Mark Scholtz, Alex Deutsch, Lester Deutsch, Carl Deutsch, Ray Tissue, Ben Weingart, Robert Cumins, Philip E. Holzman, Edward Jones, and Philip E. Holzman as trustee for David Deutsch;

Highland Farms, a California General Partnership, as their interest appear of record, as to all of those portions described in Exhibit "A" herein excepting therefrom the South one half of the Northeast one Quarter of said Section 35; subject to the spousal interest of Betty U. Deutsch, as to the North one half of the Southeast one quarter of said Section 35;

Banning Farms, a California General Partnership, as to the South one half of the Northeast one Quarter of said Section 35.

The land referred to in this report is situated in the State of California, County of Riverside, and is described as follows:

DESCRIPTION CONTAINED IN "EXHIBIT A"  
attached hereto and made a part hereof.

**EXHIBIT A**  
-----

**PARCEL 1:**

Section 35, Township 2 South, Range 1 West, San Bernardino Base and Meridian, in the County of Riverside, State of California.

EXCEPT the North one-half of the Northeast One Quarter thereof;

Section 2, Township 3 South, Range 1 West, San Bernardino Base and Meridian.

EXCEPT the Southeast One Quarter thereof.

Said land is also known as follows:

Lots 1 to 32, inclusive, and Lots 41 to 112, inclusive, of Orchard Heights Tract, in the County of Riverside, State of California, as shown by map on file in Book 10 Page 2 of Maps, Riverside County Records;

EXCEPT from Lots 1, 2 and 3 the Northerly 30 feet thereof granted to the County of Riverside, to be used as a public highway by deed recorded June 10, 1926 in Book 675 Page 467 of Deeds, Riverside County Records;

ALSO EXCEPT from Lot 4 an easement over the Northerly 10 feet thereof for public highway.

ALSO EXCEPT from said land all of those portions lying within the public roads and highways adjoining said land known as Brookside Avenue, Cherry Avenue, Orchard Heights Avenue, Seventeenth Street, Eighth Street and Highland Springs Avenue.

**PARCEL 2:**

The Southeast One Quarter of Section 2, Township 3 South, Range 1 West, San Bernardino Base and Meridian.

EXCEPT therefrom the following described land, as conveyed to Trangniew, Inc., by instrument recorded May 01, 1972 as Instrument No. 55762, and more particularly described as follows:

Commencing at the Southeast corner of said Section 2, said point being marked by a brass stamped "Section Corner Sections 1, 2, 11 and 12";

Thence South 89 degrees 32 minutes 20 seconds West along the realigned centerline of Eighth Street (80 feet wide) as shown on Deed Plat No. 746-888 on file in the office of the county surveyor of Riverside County, California, a distance of 101.29 feet;

Thence at right angles North 00 degrees 27 minutes 40 seconds West 40.00 feet to the true point of beginning.

**EXHIBIT A**  
-----

Thence continuing North 00 degrees 27 minutes 40 seconds West 4.00 feet to a point on a curve;

Thence curving to the left from an initial tangent that bears North 89 degrees 32 minutes 20 seconds East with a radius of 20.00 feet through a central angle of 89 degrees 21 minutes 34 seconds, an arc distance of 31.19 feet to a point on a line parallel with and 82.00 feet Westerly, measured at right angles from the Easterly line of said Section 2;

Thence at right angles North 89 degrees 49 minutes 18 seconds West 928.44 feet;

Thence at right angles South 00 degrees 10 minutes 42 seconds West parallel with the East line of said Section 2, 991.14 feet to a point on the North right of way line of Eighth Street, as shown by map of subdivision of Section 11, as per plat recorded in Book 9 of Maps, Page 10, Records of San Bernardino County;

Thence South 89 degrees 44 minutes 30 seconds East along the North right of way line of said Eighth Street, 136.96 feet to a tangent curve, as established by said realignment of Eighth Street;

Thence curving to the left with a radius of 960.00 feet through a central angle of 14 degrees 24 minutes 50 seconds an arc distance of 241.51 feet;

Thence North 75 degrees 50 minutes 40 seconds East 177.79 feet to a tangent curve;

Thence curving to the right with a radius of 1040.00 feet through a central angle of 13 degrees 41 minutes 40 seconds, a arc distance of 248.57 feet;

Thence North 89 degrees 32 minutes 20 seconds East 114.62 feet to the point of beginning.

ALSO EXCEPT from said land all of those portions lying within the public roads and highways adjoining said land known as Eighth Street and Highland Springs Avenue.

**PARCEL 3:**

Those portions lying within Section 11, Township 3 South, Range 1 West, San Bernardino Base and Meridian, more particularly described as follows:

Lots 1, 2, 3, 4, 5, 6 and 7 in Block 1 of subdivision of Section 11, Township 3 South, Range 1 West, San Bernardino Base and Meridian, as shown by map on file in Book 9 Page 10 of Maps, Riverside County Records.

EXHIBIT A  
-----

EXCEPT therefrom the following described land as conveyed to Trangniew, Inc., by instrument recorded May 01, 1972 as Instrument No. 55762, and more particularly described as follows:

Commencing at the Southeast corner of said Section 2, said point being marked by a brass disk stamped "Section Corner Sections 1, 2, 11 and 12";

Thence South 89 degrees 32 minutes 20 seconds West along the realigned centerline of Eighth Street (80 feet wide) as shown by Deed Plat No. 746-888 on file in the Office of the County Surveyor of Riverside County, California, a distance of 101.29 feet;

Thence at right angles North 00 degrees 27 minutes 40 seconds West 40.00 feet to the true point of beginning;

Thence continuing North 00 degrees 27 minutes 40 seconds West 4.00 feet to a point on a curve;

Thence curving to the left from an initial tangent that bears North 89 degrees 32 minutes 20 seconds East with a radius of 20.00 feet through a central angle of 89 degrees 21 minutes 38 seconds, an arc distance of 31.19 feet to a point on a line parallel with and 82.00 feet Westerly, measured at right angles from the Easterly line of said Section 2;

Thence North 0 degrees 10 minutes 42 seconds East along said parallel line, 859.84 feet;

Thence at right angles North 89 degrees 49 minutes 18 seconds West 928.44 feet;

Thence at right angles South 00 degrees 10 minutes 42 seconds West parallel with the East line of said Section 2; 991.14 feet to a point on the North right of way line of Eighth Street, as shown by map of subdivision of Section 11, as per plat recorded in Book 9 of Maps, Page 10, Records of Riverside County;

Thence South 89 degrees 44 minutes 30 seconds East along the North right of way line of said Eighth Street, 136.96 feet to a tangent curve, as established by said realignment of Eighth Street;

Thence curving to the left with a radius of 960.00 feet through a central angle of 14 degrees 24 minutes 50 seconds an arc distance of 241.51 feet;

Thence North 75 degrees 50 minutes 40 seconds East 177.79 feet to a tangent curve;

Thence curving to the right with a radius of 1040.00 feet through a central angle of 13 degrees 41 minutes 40 seconds, an arc

Gateway Order No.: 4104930127-492

Reference No.: BANNING

EXHIBIT A

distance of 248.57 feet;

Thence North 89 degrees 32 minutes 20 seconds East 114.62 feet to the point of beginning.

Also except from said land all of those portions lying within the public roads and highways adjoining said land known as Eighth Street and Highland Springs-Avenue.

SCHEDULE B

Preliminary Report

GATEWAY TITLE COMPANY

Order No. 4104930127-492

At the date hereof Exceptions to coverage in addition to the printed exceptions and exclusions contained in said policy form would be as follows:

1. Property taxes, including any assessments collected with taxes, to be levied for the fiscal year 1991-1992, which are a lien not yet payable.
2. Property taxes, including any personal property taxes, and any assessments collected with taxes, for the fiscal year 1990-1991:

First installment	Amount:	\$1,705.85
	Penalty:	
	Current status:	Paid

Second installment	Amount:	\$1,705.85
	Penalty:	
	Current status:	Paid

Homeowners exemption: --NONE--  
 Code area: 056-004  
 Assessors Parcel No.: 406-170-005-7

The above matter affects The West 1/2 of the South 1/2 of the Southeast 1/4 of Section 35

3. Property taxes, including any personal property taxes, and any assessments collected with taxes, for the fiscal year 1990-1991:

First installment	Amount:	\$350.95
	Penalty:	
	Current status:	Paid

Second installment	Amount:	\$350.95
	Penalty:	
	Current status:	Paid

Homeowners exemption: --NONE--  
 Code area: 056-004  
 Assessors Parcel No.: 406-170-007-9

The above matter affects The South 1/2 of the Northeast 1/2 of Section 35

SCHEDULE B

Preliminary Report

GATEWAY TITLE COMPANY

Order No. 4104930127-492

4. Property taxes, including any personal property taxes, and any assessments collected with taxes, for the fiscal year 1990-1991:

First installment      Amount:                      \$342.92  
   Penalty:  
   Current status:                      Paid

Second installment      Amount:                      \$342.92  
   Penalty:  
   Current status:                      Paid

Homeowners exemption: --NONE--  
   Code area:      056-004  
Assessors Parcel No.: 406-170-008-0

The above matter affects The North 1/2 of the Southeast 1/4 of Section 35

5. Property taxes, including any personal property taxes, and any assessments collected with taxes, for the fiscal year 1990-1991:

First installment      Amount:                      \$4,590.25  
   Penalty:  
   Current status:                      Paid

Second installment      Amount:                      \$4,590.25  
   Penalty:  
   Current status:                      Paid

Homeowners exemption: --NONE--  
   Code area:      056-004  
Assessors Parcel No.: 419-020-017-8

The above matter affects The West 1/2 and the Northeast 1/4 of Section 2

6. Property taxes, including any personal property taxes, and any assessments collected with taxes, for the fiscal year 1990-1991:

First installment      Amount:                      \$1,533.81  
   Penalty:  
   Current status:                      Paid

Second installment      Amount:                      \$1,533.81  
   Penalty:  
   Current status:                      Paid

Homeowners exemption: --NONE--  
   Code area:      056-004  
Assessors Parcel No.: 419-020-018-9

SCHEDULE B

Preliminary Report

GATEWAY TITLE COMPANY

Order No. 4104930127-492

The above matter affects The above item affects: Parcels 2 and 3 herein described in Exhibit "A"

7. The lien of supplemental taxes, if any, assessed according to provisions of the statutes of 1983 of the State of California.
8. An easement in favor of the public for any public roads now existing on said property.
9. An easement, affecting lots 44, 48, 52, 56, 60, 64, 72, 80, 88 and 96 in Parcel 1 for road 20 feet wide off and along the East side of Section 35, Township 2 South, Range 1 West, and Section 2, Township 3 South, Range 1 West, San Bernardino Base and Meridian, granted to the County of Riverside by deed recorded March 21, 1900 in Book 147 Page 3 of Deeds, Riverside County Records.
10. A right of way, affecting a portion of Parcel 1 herein described, for pipe line over lots 1 to 64, inclusive, lots 69 to 72, inclusive, lots 77 to 82, inclusive, lots 85 to 90, inclusive, lots 93 to 96, inclusive, as reserved in the deed from the Riverside Abstract Company, recorded April 01, 1913 in Book 371 Page 177 of Deeds.
11. The right of the public to the use of streets as shown on the map of Orchard Heights Tract, as shown by map on file in Book 10 Page 2 of Maps, Riverside County Records.  
  
Said rights affect a portion of Parcel 1 subject to the effect of a revocation of dedication recorded November 24, 1947 in Book 872 Page 561 of of Official Records purporting to revoke any and all dedications of the following streets: Lots H, G, F, E, D, C, B, A, J, K, L, M, N and more commonly known as 9th, 11th, 12th, 13th, 14th, 15th, 16th and that portion of 17th Street, which is delineated on the map of Orchard Heights Tract.
12. An easement for utilities, affecting Parcel 1, granted to Southern Sierras Power Company, as referred to in United States Patent recorded December 01, 1919 in Book 8 Page 40 of Patents, Riverside County Records, to which record reference is hereby made for further particulars.
13. An easement, affecting Parcel 2 for public highway and public utility purposes over the Easterly rectangular 40 feet of the herein described property, as granted to the County of Riverside by Deed recorded December 15, 1936 in Book 305 Page 464 of Official Records.



SCHEDULE B

Preliminary Report

GATEWAY TITLE COMPANY

Order No. 4104930127-492

14. An easement affecting Parcel 1, for public highways and public utility purposes over the Easterly 20 feet of Lots 52, 56, 60, 64, 72, 80, 88 and 96 herein described, granted to the County of Riverside by Deed recorded March 24, 1937 in Book 317 Page 331 of Official Records.

15. An easement affecting a portion of Parcel 1, for public highway and flood control purposes over a portion of Lot 1 herein described, granted to the County of Riverside by deed recorded October 17, 1939 in Book 435 Page 376 of Official Records, described as follows:

Beginning at the Northwesterly corner of said Lot 1;

Thence South along the Westerly line of said Lot, 10 feet for the point of beginning;

Thence South along the Westerly line of said Lot, 10 feet for the point of beginning;

Thence South along the Westerly line of said Lot, 33 feet;

Thence in a Northeasterly direction to a point which is 40 feet Easterly of the point of beginning and 10 feet Southerly of the Northerly line of said Lot 1;

Thence Westerly, 40 feet to the point of beginning.

16. An easement, affecting a portion of Parcel 1, for storm drain, 30 feet wide, over Lots 110 and 111 herein described, granted to the County of Riverside by Deed recorded October 27, 1943 in Book 604 Page 154 of Official Records. The center line of said easement is described as follows:

Beginning at a point on the South line of Orchard Heights Tract, as shown by map on file in Book 10 Page 2 of Maps, Riverside County Records, from which point the Southwest corner of Section 2, Township 3 South, Range 1 West bears North 88 degrees 38 minutes West, 1731.42 feet;

Thence Westerly along a curve, concave to the South having a central angle of 22 degrees 20 minutes and a radius of 200 feet;

Thence along said curve 77.96 feet, the radial line at the beginning of said curve bears South 23 degrees 52 minutes West;

Thence North 88 degrees 38 minutes West, 682.0 feet along a line parallel to and 15 feet Northerly measured at right angles from the Southerly line of said Lots 110 and 111. The right of way lines of the Easterly end of this description are to be prolonged or shortened so that they will end on the Southerly line of said Lot 111. The title to said right of way is now vested of record in Riverside County Flood Control and Water Conservation District.

SCHEDULE B

Preliminary Report

GATEWAY TITLE COMPANY

Order No. 4104930127-492

17. Permanent and exclusive easements and rights of way, affecting a portion of Parcel 1, in, under, over and across Lots 25 to 28, inclusive, Lots 29 to 32, inclusive, Lots 61 to 64, inclusive, and Lots 70 to 72, inclusive herein described, granted to the Southern California Edison Company, Ltd., by Deed recorded November 10, 1945 in Book 704 Page 453 of Official Records. Said easement is described as follows:

A strip of land 300 feet wide, the Southerly and Northerly boundary lines of which are parallel with and respectively 100 feet Southerly and 200 feet Northerly from a line described as follows:

Beginning at a point in the center line of Glen Eyrie Street, as now established, 80 feet wide, along the East line of said Lot 72, which point is South 0 degrees 07 minutes 12 seconds East, 249.35 feet, measured along said center line from the intersection of said center line with the Easterly prolongation of the center line of Lot "L" (14th Street) as shown on the map of Orchard Heights Tract;

Thence from said point of beginning North 89 degrees 58 minutes 32 seconds West, 283.92 feet;

Thence North 74 degrees 39 minutes 55 seconds West, 2578.60 feet;

Thence North 82 degrees 48 minutes 25 seconds West 2501.58 feet, more or less, to a point in the West line of Lot "P" as shown on said map, said West line being also the East line of the Southeast Quarter of Section 34, Township 2 South, Range 1 West, San Bernardino Base and Meridian, said last mentioned point being North 00 degrees 20 minutes 55 seconds East, 751.37 feet, measured along said East line from a inch iron pipe in concrete set for the Southeast corner of said Section 34, said last measured point being South 00 degrees 20 minutes 55 seconds West 1883.43 feet, more or less, for a concrete pipe set for the East Quarter corner of said Section 34.

18. A right of way, affecting a portion of Parcel 1, for pipe line, 16.50 feet wide, for transportation of gas, over, under and along a portion of Lots 29, 65 to 68, inclusive, 75 to 80, inclusive, 87, 88, Lot "P" (Cherry Avenue), Lot "R" (Orchard Heights Avenue), Lot "D" (14th Street), Lot "H" (13th Street), and Glen Eyrie Street, map of Orchard Heights Tract herein described, granted to Southern California Gas Company, a corporation and Southern Counties Gas Company of California by Deed filed for record under Torrens Title as Instrument No. 846 on September 5, 1950, last certificate no. 403. The center line of said right of way is described as follows:

Beginning at the Northwest corner of Section 2, Township 3 South, Range 1 West, San Bernardino Base and Meridian;

Thence North 0 degrees 20 minutes 55 seconds East, along the Westerly line of Section 35, Township 2 South, Range 1 West, San Bernardino Base and Meridian, 40 feet to the point of beginning;

SCHEDULE B

Preliminary Report

GATEWAY TITLE COMPANY

Order No. 4104930127-492

Thence North 89 degrees 54 minutes 26 seconds East, 77.28 feet;

Thence South 47 degrees 13 minutes 49 seconds East, 152.06 feet;

Thence South 75 degrees 42 minutes 34 seconds East, 5232.05 feet to a point in the Easterly line of said Section 2. The side lines of said right of way shall be prolonged or shortened so as to terminate in said Westerly line of Section 35 and said Easterly line of Section 2.

19. An easement, affecting a portion of Parcel 1, for Flood Control and Water Conservation purposes, 30 feet wide, over Lots 109, 110 and 111 herein described, granted to the Riverside County Flood Control and Water Conservation District, by deed recorded August 18, 1954 in Book 1620 Page 573 of Official Records. The center line of said right of way is described as follows:

Beginning at a point on the South line of the said Orchard Tract, from which point the Southwest corner of Section 2, Township 3 South, Range 1 West, San Bernardino Base and Meridian, as shown by said map bears North 88 degrees 38 minutes West, 1731.42 feet;

Thence Westerly along a curve concave to the South, having a central angle of 22 degrees 20 minutes and a radius of 200 feet;

Thence along said curve, 77.96 feet; the radial line at the beginning of said curve bears South 23 degrees 42 minutes West;

Thence North 86 degrees 38 minutes West, 1523.13 feet;

Thence along the arc of a 150 foot radius curve, concave to the North, through an angle of 49 degrees 48 minutes feet, a distance of 130.38 feet to the Westerly line of Lot 109. The side lines of said strip of land are to be shortened or extended so as to end on the West line of Lot 109 and the South line of Lot 111.

20. A petition filed April 14, 1960 in the office of the county clerk of Riverside County, Case No. 71851, Superior Court, wherein it is sought to exclude Parcels 1, 2 and 5 herein described, from subdivision, under the provisions of the Subdivision Land Exclusion Law (Business and Professions Code, Sections 11700-11709), application thereof for said petition being made by Aleisian Farms, a Partnership.

An order of exclusion recorded June 09, 1960 as Instrument No. 51499 in Book 2710 at page 462 of Official Records; the exclusion map recorded June 09, 1960 as Instrument No. 51500 in Book 2711 at page 84 of Official Records.

SCHEDULE B

Preliminary Report

GATEWAY TITLE COMPANY

Order No. 4104930127-492

21. A pending court action as disclosed by a recorded notice.

Plaintiff: California Electric Power Company, a corporation  
Defendant: Aleisian Farms, A Partnership, et. al.  
County: Riverside  
Court: Superior Court  
Case No.: 22698  
Nature of Action: To acquire various rights of way and easements  
Recorded: August 30, 1960 as Instrument No. 76497

22. Easement, and incidents thereto,

In Favor of: Riverside County Flood Control and Water  
Conservation District  
Recorded, Official Records: December 6, 1972  
Series/Instrument No.: 161550  
Purpose: For the construction, operation and maintenance  
of drainage facilities  
Affects: Portions of said land

Reference is hereby made to said instrument for further particulars

23. The terms, conditions and restrictions set forth in that certain Land  
Conservation Contract

Dated: January 1, 1973  
Executed by: Aleisian Farms a General Partnership and the  
County of Riverside  
Recorded: January 30, 1973 as Instrument No. 12634

24. The terms conditions and restrictions set forth in that certain Land  
Conservation Contract

Dated: January 1, 1973  
Executed by: Aleisian Farms a General Partnership and The  
County of Riverside  
Recorded: January 30, 1973 as Instrument No. 12635

Notice of non-renewal of said contract was recorded October 28, 1981  
as Instrument No. 203479.

SCHEDULE B

Preliminary Report

GATEWAY TITLE COMPANY

Order No. 4104930127-492

25. The terms, conditions and restrictions set forth in that certain Land Conservation Contract

Dated: January 1, 1973  
Executed by: Tragniew Inc. a California corporation and The County of Riverside  
Recorded: April 23, 1973 as Instrument No. 51451

Notice of Non-Renewal of said contract was recorded

October 28, 1981 as Instrument No. 203480

26. The terms conditions and restrictions set forth in that certain Land Conservation Contract

Dated: January 1, 1982  
Executed by: Aleisian Farms and The County of Riverside  
Recorded: March 01, 1982 as Instrument No. 34806

27. The fact that said land is included within a project area of the Redevelopment Agency shown below, and that proceedings for the redevelopment of said project have been instituted under the redevelopment law (such redevelopment to proceed only after the adoption of the redevelopment plan) as disclosed by a document.

Redevelopment Agency: Beaumont Project Area  
Recorded: December 16, 1982 as Instrument No. 217749,  
Official Records.

The above matter affects a portion of the land described herein and other land.

28. We will require a STATEMENT OF INFORMATION from ALL PARTIES INCLUDING GENERAL PARTNERS OF ALL THE VARIOUS PARTNERSHIPS in order to complete this report, based on the effect of documents, proceedings, liens, decrees, or other matters which do not specifically describe said land, but which, if any do exist, may affect the title or impose liens or encumbrances thereon. (TO BE SUBMITTED A MINIMUM OF SEVEN DAYS PRIOR TO THE CLOSE OF SAID TRANSACTION).

SCHEDULE B

Preliminary Report

GATEWAY TITLE COMPANY

Order No. 4104930127-492

29. If title is to be insured from the Partnerships then the General Partners, comprised of Trusts, Gateway will require a copy of the trust instrument creating such trust, and all amendments thereto, together with a written verification by all present trustees that the copy is a true and correct copy of the trust, as it may have been amended, that it is in full force and effect and that it has not been revoked or terminated.
30. The requirement that a statement of partnership be recorded for the vestee named below, as provided in Section 15010.5 California Corporations Code.  
Vestee: Banning Farms

NOTE: The charge for a policy of title insurance, if issued through this title order, will be based on the basic (not short-term) title insurance rate.

SCHEDULE B

Preliminary Report

GATEWAY TITLE COMPANY

Order No. 4104930127-492

NOTE: "Any funds to be disbursed by Gateway Title Company will be disbursed in compliance with Section 12413.1 of the California Insurance Code. A cashier's, teller's or certified check will have next day availability after deposit. All other local checks will have two (2) day availability after deposit. Non-local checks will have five (5) day availability after deposit. Funds received too late in the day for same day deposit will require one (1) additional day before they are available for disbursement.

THE DEPOSIT OF A CASHIER'S, TELLER'S OR CERTIFIED CHECK, OR ELECTRONIC TRANSFER OF FUNDS WILL EXPEDITE THE DISBURSEMENT OF FUNDS AND THE CLOSE OF THIS TRANSACTION."

WIRING INSTRUCTIONS FOR GATEWAY TITLE COMPANY:

Bank: WELLS FARGO BANK  
2323 North Broadway  
Santa Ana, California 92706

Credit: Gateway Title Company  
Sub-Escrow Account  
No. 4602-092827

ABA No.: 121000248

Very important: Please reference our TITLE ORDER NUMBER and or TITLE OFFICER'S NAME.

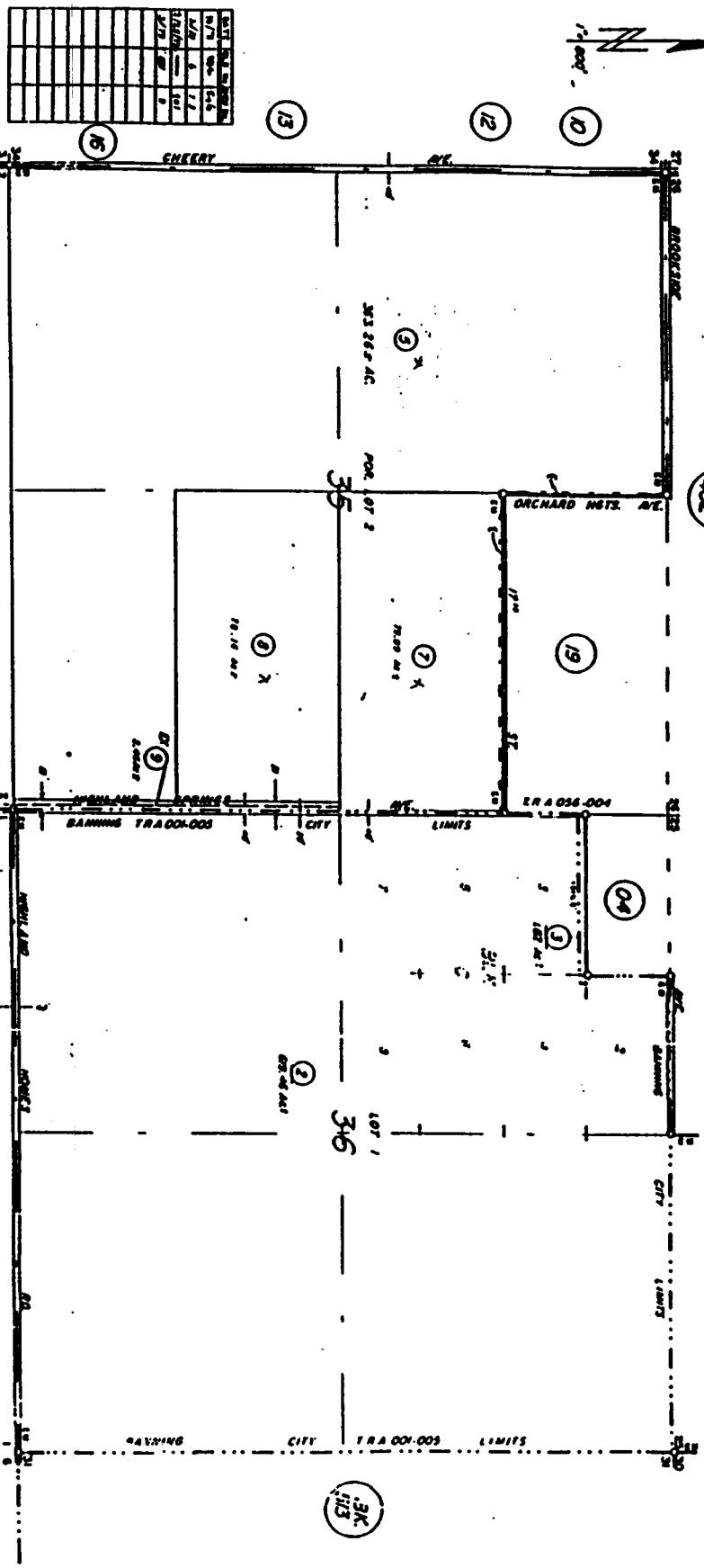
Please notify your title officer in advance of your intention to wire funds so we may alert our respective departments. Any additional information concerning wire transfers can be obtained from your title officer.

DH:dm:lmw  
Plats enclosed

15-30  
406-17

T.C.A. 056-004  
001-005

POR. SEC. 35 & 36, T.2S., R.1W.



NB 6/33 INSTR. # 5800 6/9/60 EXCLUSION MAP

0021. 00 00/2 RECORD 075. 79417  
00 00/2 RECORD 40000

MAR. 1970

ASSESSOR'S MAP BK. 406 PG. 17  
RIVERSIDE COUNTY, CALIF.





EXHIBIT "D"

PERMITS AND APPROVALS CONSTITUTING

DEVELOPMENT PLAN

1. Deutsch Planned Community Specific Plan approved by the City Council on January 14, 1991 by Resolution No. 1991-03.

EXHIBIT "E"

BENEFITS TO CITY

1. The proposed project is consistent and compatible with other existing and proposed uses in the vicinity of the project and community in general.

2. The proposed project will contribute to roadway improvements consistent with the City's updated Master Circulation Plan.

3. The proposed project will be developed on agricultural land which has been denied a permit to farm from the Office of the Agricultural Commissioner due to insufficient moisture content in the soil.

4. The project will be designed and landscaped so as to provide an aesthetically pleasing environment compatible with surrounding land uses.

5. The overall planning of the project is comprehensive and interrelated, not planned in a piecemeal fashion.

6. The proposed project will result in revenues to public agencies through increased property tax from development of the site.

7. The proposed project will result in revenues to public agencies through increased property tax from development of the site.

8. The proposed project will increase sales tax revenue for the City of Beaumont through retail sales.

9. The proposed project will provide public facilities to include parks and a library facility to the City of Beaumont.

10. The intensity of the project is appropriate for the location and is consistent with the City of Beaumont General Plan.

11. The proposed project provides for alternative transportation opportunities through the implementation of bicycle and pedestrian facilities.

12. The proposed project represents a reasonable mix of uses for the site all factors considered.

EXHIBIT "F"

LIST OF FEES AND ASSESSMENTS

Aggricultural Preserve	-	APPLICATIONS
Architectural Plan	-	
Development Agreement	-	
Landscape Concept Plans	-	
Sign Permits	-	
Tentative Parcel or Tract Map	-	
Plan Check Parcel or Tract Map	-	
Improvement Construction Plan Checking	-	
Inspection of Improvement Construction	-	
Final Survey Staking Guarantee	-	
Plan Checks per Building Code	-	
Building Permits per Building Code	-	
Amendments to any of the above or prior	-	
approved applications	-	
Sewer	-	INFRASTRUCTURE FEES
Water	-	
Reclaimed Water	-	
Drainage	-	
Transportation - Circulation	-	MITIGATIONS
Police	-	
Fire	-	
Park	-	
Signalization	-	
Public Facilities	-	
Development Agreement Annual Review Fee	-	FEES
CHARGED BY OTHER AGENCIES WHICH ARE	-	
REQUIRED TO BE COLLECTED BY THE CITY	-	