

**INSTALLMENT LAND SALE CONTRACT WITH POWER OF SALE
AND ESCROW INSTRUCTIONS**

THIS INSTALLMENT LAND SALE CONTRACT WITH POWER OF SALE AND ESCROW INSTRUCTIONS (this "Agreement") is entered into as of the date of full execution of this Agreement by both parties hereto (the "Execution Date"), by and between the County of San Bernardino, a body corporate and politic of the State of California ("COUNTY"), and Pomona Valley Workshop Inc., a California corporation ("BUYER").

RECITALS

A. COUNTY owns that certain real property consisting of a single story commercial building located at 4669 Holt Avenue, in the City of Montclair, containing 8,950 square feet, situated on approximately .65 acres of land, including 30 parking stalls and other improvements on the parcel, identified as Assessor Parcel Number 1012-091-01 and as more particularly described in Exhibit "A" (Legal Description) attached hereto and by this reference made a part hereof (the "Property"). Any material incorrectness or errors in the above stated number for building square footage, number of acres, or parking stalls shall not affect the purchase price or any other terms of this Agreement.

B. In consideration of BUYER entering into this Agreement, COUNTY has agreed to terminate the existing Lease Agreement No. 98-788 and Lease Agreement and Maintenance and Operation Contract No. 98-789.

C. COUNTY has agreed to sell and BUYER has agreed to buy the Property on the terms and conditions hereinafter set forth.

D. COUNTY shall retain legal title to the Property as a security interest in the Property until the payment of the balance of the Purchase Price (as hereinafter defined) has been paid by BUYER to COUNTY as set forth below.

NOW, THEREFORE, in consideration of the foregoing, and the terms and conditions of this Agreement, the COUNTY and BUYER hereto agree as follows:

AGREEMENT

Section 1.01. Purchase Price and Payment of Purchase Price.

(a) Subject to all of the terms, conditions and provisions of this Agreement, COUNTY agrees to sell, and BUYER agrees to buy the Property for the sum of TWO HUNDRED THOUSAND AND 00/100 DOLLARS (\$200,000.00) (the "Purchase Price") in lawful money of the United States, as hereinafter more fully set forth.

(b) BUYER shall pay the Purchase Price as follows:

(i) BUYER shall pay COUNTY the sum of One Hundred Thousand and 00/100 Dollars (\$100,000.00) (the "Down Payment") as a down payment.

(ii) The balance of the Purchase Price of One Hundred Thousand and 00/100 Dollars (\$100,000.00) shall be paid by the BUYER to the COUNTY with interest at the rate of 5.40% per annum on any balance unpaid. Said sum shall be paid in installments of Five

Thousand Seven Hundred Seventy and 11/100 Dollars (\$5,770.11) on the first day of each month commencing on December 1, 2014 and continuing thereafter until the Purchase Price is paid in full.

Each payment shall be credited first to interest, with the balance to principal. This Agreement will require one (1) year and six (6) months completing payment in accordance with its terms.

BUYER shall have the option to pay the balance of the Purchase Price of One Hundred Thousand and 00/100 Dollars (\$100,000.00) any time on or before the Close of Escrow, without penalty.

(iii) In the event BUYER fails to deposit the Down Payment into escrow in strict accordance with the foregoing, time being of the essence, this Agreement shall terminate and BUYER agrees to and shall evacuate premises within thirty (30) days without further notice from or action on the part of COUNTY.

Section 1.02. Escrow.

(a) The transfer and sale of the Property shall take place through an escrow ("Escrow") administered by Golden State Escrow, Inc. ("Escrow Holder"). Escrow shall commence upon the receipt by the Escrow Holder of a copy of this Agreement executed by COUNTY and BUYER.

(b) If this Agreement is terminated by COUNTY or COUNTY fails to consummate this transaction in accordance with this Agreement, COUNTY shall be solely responsible to Escrow Holder for all customary and reasonable escrow charges payable to Escrow Holder without further or separate instruction to Escrow Holder, and the parties shall each be relieved and discharged from all further responsibility or liability under this Agreement.

(c) If this Agreement is terminated by BUYER or BUYER fails to consummate this transaction in accordance with this Agreement, BUYER shall be solely responsible to Escrow Holder for all customary and reasonable escrow charges payable to Escrow Holder without further or separate instruction to Escrow Holder, and the parties shall each be relieved and discharged from all further responsibility or liability under this Agreement and BUYER shall evacuate premises within thirty (30) days.

Section 1.03. Close of Escrow. As used herein, "Close of Escrow" means and refers to the date on which the conditions set forth in this Agreement for the transfer of the Property have been satisfied, and the Deed is recorded by Escrow Holder. The Property shall be transferred to BUYER, at the Close of Escrow, provided that within the periods of time set forth in this Agreement: (i) BUYER has not terminated this Agreement, (ii) BUYER has accepted the Deed, (iii) all other conditions set forth in this Agreement have been met and (iv) BUYER has paid, or caused to be paid, to the Escrow Holder all applicable costs that are the responsibility of the BUYER and all other conditions set forth in this Agreement have been met. The Close of Escrow shall occur on a date designated by COUNTY no later than eighteen (18) months from the full execution of this Agreement by COUNTY and BUYER, unless COUNTY has terminated this contract in writing prior to the expiration of said eighteen (18) months. The COUNTY's Director of Real Estate Services Department is authorized, but not obligated, to extend the escrow period for an additional period not to exceed 30 days.

Section 1.04. Escrow Instructions. COUNTY and BUYER each agree to execute and deliver to Escrow Holder customary supplemental written escrow instructions (consistent with the terms of this Agreement) of Escrow Holder. In the event of a conflict between the additional terms of such customary supplemental escrow instructions of Escrow Holder and the provisions of this Agreement, this Agreement shall supersede and be controlling. Upon any termination of this Agreement or cancellation of the Escrow, unless such termination shall occur as the result of COUNTY, BUYER shall be solely responsible for the payment of the escrow cancellation costs of Escrow Holder.

Section 1.05. Recordation of Agreement, Declaration of Restrictions and Title Insurance. Upon receipt of a fully executed original of this Agreement, Escrow Holder shall record this Agreement and the Declaration of Restrictions in the office of the San Bernardino County Recorder. Escrow Holder shall acquire from a title company of the COUNTY's choice, a joint protection policy of title insurance (lender's – owner's) insuring the COUNTY's (lender's) and BUYER's (owner's) interest herein with such policy to be issued upon recordation of the Agreement. The cost of such policy shall be borne equally by the parties.

Section 1.06. Conveyance of Title. On or before the earlier of (a) the day designated by COUNTY as the date for the Close of Escrow ("Closing Date"), COUNTY shall deliver to Escrow Holder the Grant Deed in the form attached hereto as Exhibit "B" ("Deed") and by this reference incorporated herein duly executed and acknowledged by COUNTY, which Deed shall be in recordable form, the real property described in this Agreement, vesting the fee title in and to the BUYER, successors or assigns, subject to the liens to be paid by the BUYER and such other encumbrances accepted, made by or suffered by the BUYER. Escrow Holder shall be instructed to record the Deed in the Official Records of the County of San Bernardino, California, if and when the Escrow Holder holds the funds for the COUNTY as set forth herein and can obtain for BUYER, a CLTA Owner's Policy of Title Insurance ("Title Policy") issued by a title company of BUYER's choosing with liability in an amount equal to the Purchase Price, together with such endorsements as may be reasonably requested by BUYER, insuring that fee title to the Property is vested in BUYER, free and clear of options, rights of first refusal or other purchase rights, leases or other possessory interests, lis pendens and monetary liens and/or encumbrances and subject only to:

- (1) non-delinquent real property taxes, including taxes and assessments for the year of closing and subsequent years;
- (2) dedication of all streets abutting the Property;
- (3) such other title exceptions, if any, resulting from documents being recorded;
- (4) zoning ordinances; and
- (5) utility easements common to any subdivision of which the Property is a part.

Section 1.07. Inspections, Review and Due Diligence.

(a) BUYER shall accept the delivery of the Property in the proposed condition, but otherwise "As Is," Where is," and "Subject to all Faults" condition. BUYER shall have thirty (30) days from the date of full execution hereof to conduct such inspections, investigations and due diligence as BUYER deems appropriate. BUYER hereby acknowledges that it has relied solely upon its own investigation of the Property and its own review of such information and documentation as it deems appropriate.

BUYER is not relying on any statement or representation by COUNTY, any employee, official or consultant of COUNTY relating to the condition of the Property. COUNTY makes no representations or warranties as to whether the Property presently complies with environmental laws nor whether it will comply after completion of the activities by the BUYER.

BUYER hereby agrees to indemnify COUNTY and hold COUNTY harmless from and against any and all liability arising out of physical damage to persons or property arising out of the exercise of BUYER's rights under this Section, which obligation shall survive the termination of this Agreement and the Close of Escrow. BUYER further agrees that, subsequent to the Close of Escrow, to hold COUNTY harmless from and against any and all liability arising out of any defect or malfunction in the Property's electrical systems, heating and air conditioning systems, and plumbing systems.

(b) COUNTY shall assist and cooperate with BUYER in endeavoring to remove title exceptions unacceptable to BUYER, but COUNTY shall have no obligation to cause such objections to be removed or to expend any sums in such endeavor, except that COUNTY shall remove all monetary liens and encumbrances created by or as a result of COUNTY's activities.

(c) COUNTY covenants, prior to the Closing, not to further encumber and not to place any further liens or encumbrances on the Property, including, but not limited to, covenants, conditions, restrictions, easements, liens, options to purchase, rights of first refusal, options to lease, leases, tenancies, or other possessory interest. COUNTY also covenants not to authorize others to take any action that adversely affects the physical condition of the Property or its soils.

(d) COUNTY agrees to assign to BUYER and deposit into escrow any and all warranties COUNTY possesses relating to the Property, including, but not limited to, the mechanical and electrical systems, heating and air conditioning systems, plumbing systems, and roof coverings.

Section 1.08. Closing Costs COUNTY and BUYER shall each pay fifty percent (50%) of Escrow Holder's fees and charges, which may be charged by Escrow Holder in connection with the Close of Escrow. BUYER shall be responsible for all documentary transfer taxes payable in connection with the transaction contemplated hereby.

Section 1.09. Possession. BUYER shall be entitled to possession of the Property upon recordation of this Agreement. COUNTY's interest in the Property is security for payment of balance owed to COUNTY, and for performance of all terms and conditions to be performed by BUYER hereunder. Upon obtaining possession of the Property, BUYER agrees to initiate transfer of all utilities from the name of COUNTY to the BUYER.

Section 1.10. Default and Acceleration If BUYER fails to make such monthly payments or tender such performance when due, such failure shall constitute a default. Upon the occurrence of any such default, COUNTY may declare all sums secured unto COUNTY by this Agreement immediately due and payable.

Section 1.11. Election to Sell Upon the election by COUNTY to proceed with the sale, COUNTY may elect to declare all sums immediately due and payable.

Section 1.12. Power of Sale

(a) If notice of default has been given as then required by law, and after lapse of the time that may then be required by law, after recordation of the notice of default, COUNTY, without demand on BUYER, will, after notice of sale having been given as required by law, sell the Property at the time and place of sale fixed by it in the notice of sale, either as a whole or in separate parcels as COUNTY

determines, and in any order that it may determine, at public auction to the highest bidder. COUNTY may postpone sale of all or any portion of the Property by public announcement at the time and place of sale, and from time to time after that may postpone the sale by public announcement at the time fixed by the preceding postponement, and without further notice make the sale at the time fixed by the last postponement; or COUNTY may, in its discretion, give a new notice of sale. COUNTY may rescind any notice of default at any time before sale by executing a notice of rescission and recording it. The recordation of the notice will constitute a cancellation of any prior declaration of default and demand for sale and of any acceleration of maturity of amounts owing hereunder affected by any prior declaration or notice of default. The exercise by COUNTY of the right of rescission will not constitute a waiver of any default then existing or subsequently occurring, or impair the right of COUNTY to execute other declarations of default and demand for sale, or notices of default and of election to cause the Property to be sold, nor otherwise affect this Agreement, or any of the rights, obligations, or remedies of COUNTY. After sale, COUNTY will deliver to the purchaser its deed conveying the property sold, but without any covenant or warranty, express or implied. The recitals in the deed of any matters or facts will be conclusive proof of their truthfulness. Any person, including BUYER, or COUNTY, may purchase at that sale. If allowed by law, COUNTY, if it is the purchaser at such sale, may credit the amount owing under this Agreement toward payment of the purchase price (or for endorsement of the purchase price as a payment hereunder if the amount owing exceeds the purchase price). BUYER expressly waives any right of redemption after sale that BUYER may have at the time of sale or that may apply to the sale.

(b) COUNTY, upon the sale, will make (without any covenant or warranty, express or implied), execute and, after due payment made, deliver to a purchaser and its heirs or assigns a deed or other record of interest, as the case may be, to the Property sold, which will convey to the purchaser all the title and interest of BUYER in the Property and will apply the proceeds of the sale in payment:

(i) first, of the expenses of the sale, including, without limitation, attorney's fees, that will become due on any default made by BUYER, and also any sums that COUNTY has paid for procuring a search of the title to the Property subsequent to the execution of this Agreement; and

(ii) second, in payment of the amounts then remaining unpaid hereunder, and the amount of all other monies with interest in this Agreement agreed or provided to be paid by BUYER.

COUNTY will pay the balance or surplus of the proceeds of sale to BUYER and its successors or assigns as its interests may appear.

Section 1.13. Amendment of Power of Sale In the event any changes, amendments, or modifications are enacted to the Civil Code or other codes of the State of California affecting foreclosures under power of sale, or other matters contained in this Agreement, the provisions hereinabove shall be deemed amended in conformity with such new legislation upon its effective date. Pertinent legislation includes, but is not limited to, Division III, Part Four, Title XIV, Chapter 2 of the California Civ. Code.

Section 1.14. Beneficiary Statement. On the written demand of the BUYER or authorized agent, made at any time before, or within two months after, the recording of a notice of default under this contract, if the power of sale herein is to be exercised, or otherwise made more than thirty (30) days prior to entry of the decree of foreclosure, and upon the payment of \$15 or such other amount authorized by law, COUNTY or its authorized agent shall prepare and deliver to the person demanding it a written statement showing:

(a) the amount of the unpaid balance of the obligation secured by this Agreement and the interest rate together with the total amounts, if any, of all overdue installments of either principal or interest, or both;

(b) the amounts of periodic payments hereunder, if any;

(c) the date on which the obligation is due in whole or in part;

(d) the date on which real estate taxes and special assessments have been paid, to the extent such information is known to COUNTY;

(e) the amount of hazard insurance in effect and the term and premium of such insurance, to the extent such information is known to Vendor;

(f) the amount in an account, if any, maintained for the accumulation of funds with which to pay taxes and insurance premiums; and

(g) the nature, and if known, the amount of any additional charges, costs, or expenses paid or incurred by COUNTY that have become a lien on the Property as part of the obligation secured hereby.

Section 1.15. Insurance

(a) BUYER agrees to provide insurance set forth in accordance with the requirements herein. If BUYER uses existing coverage to comply with these requirements and that coverage does not meet the specified requirements, BUYER agrees to amend, supplement, or endorse the existing coverage to do so. BUYER expressly acknowledges and agrees that the BUYER, its agents, employees, invitees, contractors, subcontractors, permittees and any person or entity employed by or affiliated with BUYER, and each of them, shall comply with the insurance requirements set forth herein. The preceding statement shall not limit in any way, nor shall it be interpreted as limiting in any way, the applicability of each and every provision contained in this Agreement to each and every person included in the definition of the term "BUYER" as defined above.

Without in any way affecting the indemnity herein provided and in addition thereto, BUYER shall secure and maintain throughout the Agreement term the following types of insurance with limits as shown:

Workers' Compensation/Employer's Liability - A program of Workers' Compensation insurance or a state-approved Self-Insurance Program in an amount and form to meet all applicable requirements of the Labor Code of the State of California, including Employers' Liability with \$250,000 limits, covering all persons including volunteers employed by BUYER providing services on behalf of BUYER and all risks to such persons under this Agreement.

If BUYER has no employees, it may certify or warrant to COUNTY that it does not currently have any employees or individuals who are defined as "employees" under the Labor Code and the requirement for Workers' Compensation coverage will be waived by the COUNTY's Risk Manager.

Commercial/General Liability Insurance – BUYER shall carry General Liability Insurance covering all operations performed by or on behalf of BUYER providing coverage for both bodily injury and property damage with a combined single limit of not less than two million dollars (\$2,000,000), per occurrence. The policy coverage shall include:

- a) Premises operations and mobile equipment
- b) Products and completed operations
- c) Broad form property damage (including completed operations)
- d) Explosion, collapse and underground hazards
- e) Personal injury
- f) Contractual liability
- g) \$2,000,000 general aggregate limit

Automobile Liability Insurance – Primary insurance coverage shall be written on ISO Business Auto coverage form for all owned, hired, and non-owned automobiles or symbol 1 (any auto). The policy shall have a combined single limit of not less than one million dollars (\$1,000,000) for bodily injury and property damage, per occurrence.

If BUYER is transporting one or more non-employee passengers in performance of the Work under this Agreement, the automobile liability policy shall have a combined single limit of two million dollars (\$2,000,000) for bodily injury and property damage per occurrence.

If BUYER owns no autos, a non-owned auto endorsement to the General Liability policy described above is acceptable.

Personal Property Insurance – An "All risk" property insurance policy, including boiler and machinery comprehensive form, if applicable, covering damage to or loss of any equipment of BUYER and coverage for the full replacement cost, including electronic data processing equipment, and coverage for the full replacement cost of the equipment, including business interruption of BUYER. If the property of BUYER's invitees is to be kept on the Property, the insurance should include warehouse's legal liability or bailee customers' insurance for the full replacement cost of the property belonging to invitees and located on the Property.

Umbrella Liability Insurance – An umbrella (over primary) or excess policy may be used to comply with limits or other primary coverage requirements. When used, the umbrella policy shall apply to bodily injury/property damage, personal injury/advertising injury and shall include a "dropdown" provision providing primary coverage for any liability not covered by the primary policy. The coverage shall also apply to automobile liability.

Additional Insured – All policies, except for the Workers' Compensation, Errors and Omissions and Professional Liability policies shall contain endorsements naming the County of San Bernardino and its officers, employees, agents and volunteers as additional insureds with respect to liabilities arising out of the performance of the Work hereunder. The additional insured endorsements shall not limit the scope of coverage for COUNTY to vicarious liability but shall allow coverage for COUNTY to the full extent provided by the policy. Such additional insured coverage shall be at least as broad as Additional Insured (Form B) endorsement form ISO, CG 2010.11 85.

Waiver of Subrogation Rights – BUYER shall require the carriers of required coverages to waive all rights of subrogation against COUNTY, its officers, employees, agents, volunteers, contractors and subcontractors. All general or auto liability insurance coverage provided shall not prohibit BUYER and its employees or agents from waiving the right of subrogation prior to a loss or claim. BUYER hereby waives all rights of subrogation against COUNTY.

Policies Primary and Non-Contributory - All policies required herein are to be primary and non-contributory with any insurance or self-insurance programs carried or administered by COUNTY.

Severability of Interests – BUYER agrees to ensure that coverage provided to meet these requirements is applicable separately to each insured and there will be no cross liability exclusions that preclude coverage for suits between BUYER and COUNTY and any other insured or additional insured under the policy.

Acceptability of Insurance Carrier – Unless otherwise approved by Risk Management, insurance shall be written by insurers authorized to do business in the State of California and with a minimum “Best” Insurance Guide rating of “A-VII”.

Deductibles and Self-Insured Retention – Any and all deductibles or self-insured retentions in excess of \$10,000 shall be declared to and approved by Risk Management.

Failure to Procure Coverage – In the event that any policy of insurance required under this contract does not comply with the requirements, is not procured, or is canceled and not replaced, COUNTY has the right but not the obligation or duty to cancel the contract or obtain insurance if it deems necessary and any premiums paid by COUNTY will be promptly reimbursed by BUYER.

Proof of Coverage – BUYER shall furnish certificates of insurance to the COUNTY evidencing the insurance coverage, including endorsements, as required, **PRIOR TO ENTRY ONTO THE PROPERTY** hereunder, which certificates shall provide that such insurance shall not be terminated or expire without thirty (30) days written notice to COUNTY, and BUYER shall maintain such insurance from the time it commences performance of services hereunder until the completion of such services. BUYER shall furnish the, above-required certificates of insurance and endorsements to the Real Estate Services Department. BUYER will provide complete certified copies of the policies immediately upon request.

Indemnification. BUYER agrees to indemnify, defend (with counsel reasonably approved by COUNTY) and hold harmless the COUNTY and its authorized officers, employees, agents and volunteers, from any and all claims, actions, losses, damages, and/or liability arising out of this Lease from any cause whatsoever, including the acts, errors or omissions of any person and for any costs or expenses incurred by the COUNTY on account of any claim except where such indemnification is prohibited by law. This indemnification provision shall apply regardless of the existence or degree of fault of indemnitees. The BUYER’s indemnification obligation applies to the COUNTY’s “active” as well as “passive” negligence but does not apply to the COUNTY’s “sole negligence” or “willful misconduct” within the meaning of Civil Code Section 2782.

The provisions of this Section 1.15(b) will survive the termination of this Agreement with respect to any claims or liability occurring prior to the termination.

Section 1.16. Maintenance

BUYER further agrees, until the Purchase Price hereof has been paid, that it will maintain all buildings and improvements now or hereafter placed on the Property in a good and habitable state of repair to maintain the value thereof and to pay when due all claims for labor performed and materials furnished therefor.

Section 1.17. Risk of Loss

After BUYER takes possession of the Property under the provisions of this Agreement, BUYER assumes all hazards of damage to or destruction of any improvements now on the Property or hereafter placed thereon and of the taking of the Property, or any part thereof, for public use; and agrees that no such damage, destruction, or taking shall constitute a failure of consideration under this Agreement. In

case any part of the Property is taken for public use, the portion of the condemnation award remaining after payment of reasonable expenses of procuring the same shall be paid to COUNTY and applied as payment on the Purchase Price or by payment to the beneficiary of a prior encumbrance as required by the terms of said encumbrance, unless said beneficiary and COUNTY elect to allow BUYER to apply all or a portion of such condemnation award to the rebuilding or restoration of any improvements damaged by such taking. In case of damage or destruction from a peril insured against, the proceeds of such insurance remaining after payment of the reasonable expenses of procuring the same shall be devoted to the restoration or rebuilding of such improvements within a reasonable time, unless BUYER elects that said proceeds shall be paid to COUNTY or prior encumbrancer.

Section 1.18. Environmental Provisions

(a) Definitions. As used in this Section, the following terms have the following definitions:

"Agencies" means any federal, state, or local governmental authorities, agencies, or other administrative bodies with jurisdiction over BUYER or the Property.

"Environmental Laws" means any federal, state, or local environmental, health, or safety-related laws, regulations, standards, court decisions, ordinances, rules, codes, orders, decrees, directives, guidelines, permits, or permit conditions, currently existing and as amended, enacted, issued, or adopted in the future that are or become applicable to BUYER or the Property.

"Hazardous Material" means any chemical, substance, material, controlled substance, object, condition, waste, living organism, or combination that is or may be hazardous to human health or to the safety of the environment due to its radioactivity, flammability, corrosivity, reactivity, explosivity, toxicity, carcinogenicity, mutagenicity, phytotoxicity, infectiousness, or other harmful or potentially harmful properties or effects, including, without limitation, petroleum and petroleum products, asbestos, radon, polychlorinated biphenyls (PCBs) and all of those chemicals, substances, materials, controlled substances, objects, conditions, wastes, living organisms, or combinations that are now or become in the future listed, defined, or regulated in any manner by any Environmental Law based upon, directly or indirectly, their properties or effects.

"BUYER's Parties" means BUYER's employees, agents, customers, visitors, invitees, licensees, contractors or designees.

(b) Use of Hazardous Materials. BUYER shall not use or allow the use of the Property in a manner that may cause "Hazardous Materials" to be released or to become present on, under, or about the Property or other properties in the vicinity of the Property.

(c) Environmental Compliance.

(i) BUYER and BUYER's Parties will not, at any time during which amounts remain outstanding hereunder, cause or permit any Hazardous Materials to be brought upon, stored, manufactured, generated, blended, handled, recycled, treated, disposed, or used on, under, or about the Property for any purpose, except as specifically approved in writing by COUNTY ("Permitted Hazardous Materials").

(ii) At any time during which amounts remain outstanding hereunder, BUYER shall take reasonable steps to protect against intentional or negligent acts or omissions of third parties that might result directly or indirectly in the release, disposal, or other placement of Hazardous Materials on or under the Property.

(iii) No asbestos-containing materials shall be manufactured or installed for any purposes on or as part of the Property, whether as part of BUYER's, or BUYER's Parties' business operations or as BUYER improvements, unless approved in advance in writing by COUNTY.

(iv) BUYER shall keep, operate, and maintain the Property in compliance with all, and shall not cause or permit the Property to be in violation of any, Environmental Laws.

(d) Underground Storage Tanks. Neither BUYER nor any of BUYER's Parties shall install or use any underground storage tanks on the Property unless specifically approved in advance in writing by COUNTY, which approval may be withheld in COUNTY's sole discretion. If COUNTY approves BUYER's installation or use of underground storage tanks, BUYER shall be responsible for compliance with all applicable requirements and Environmental Laws, including, but not limited to, financial assurance requirements, and must evidence satisfactory to COUNTY of that compliance. BUYER shall also test the soil for settling and conduct appropriate tests of the tank and associated piping and equipment at the time of installation to assure that the tank has been properly installed.

(e) Notification.

(i) BUYER shall give immediate written notice to COUNTY of:

(A) any enforcement, remediation, or other regulatory action or order, taken or threatened, by any Agency regarding, or in connection with, the presence, release, or threat of release of any Hazardous Material on, under, about, or from the Property, or any tanks on the Property, or otherwise resulting from BUYER's use of the Property;

(B) all demands or claims made or threatened by any third party against BUYER or BUYER's Parties or the Property relating to any liability, loss, damage, or injury resulting from the presence, release, or threat of release of any Hazardous Materials on, under, about, or from the Property or otherwise resulting from BUYER's use of the Property;

(C) any significant spill, release, or discharge of a Hazardous Material on, under, about, or from the Property, including, without limitation, any spill, release, or discharge required to be reported to any Agency under applicable Environmental Laws; and

(D) all incidents or matters for which BUYER and BUYER's Parties are required to give notice to any Agency pursuant to applicable Environmental Laws.

(ii) BUYER shall promptly provide to COUNTY copies of all materials, reports, technical data, Agency inspection reports, notices and correspondence, and other information or documents relating to incidents or matters subject to notification under Section 18(e)(i) hereof. Also, BUYER shall promptly furnish to COUNTY copies of all permits, approvals, and registrations BUYER receives or submits with respect to BUYER's operations on the Property, including, without limitation, any underground storage tank registrations, installation permits, and closure permits.

(f) Remediation.

(i) If any Hazardous Materials are released or found on, under, or about the Property arising out of BUYER's or BUYER's Parties' activities, or failure to act where BUYER had a duty to act, in connection with the Property, BUYER must promptly take all actions, at BUYER's sole expense, necessary to investigate and remediate the release or presence of Hazardous Materials on, under, or about the Property in accordance with Environmental Laws and the requirements of all Agencies. However, unless an emergency situation that requires immediate action exists, COUNTY's

written approval of these actions will be obtained first, and the approval will not be unreasonably withheld. COUNTY's right of prior approval of these actions includes, but is not limited to, the selection of any environmental consultant to perform work on or related to the Property, the scope of work, and sampling activities to be performed by the consultant before the report is final. BUYER will provide COUNTY with at least three (3) business days' advance notice of any sampling, and upon request of COUNTY, will split samples with COUNTY. BUYER will also promptly provide COUNTY with the results of any test, investigation, or inquiry conducted by or on behalf of BUYER or BUYER's Parties in connection with the presence or suspected presence of Hazardous Materials on, under, about, or from the Property. BUYER shall notify COUNTY in advance and give COUNTY the right to participate in any oral or written communications with regulatory agencies concerning environmental conditions on or arising from the Property. COUNTY has the right, but not the obligation, to assume control of any required remediation on the Property at BUYER's expense if BUYER fails to notify COUNTY and obtain COUNTY's approvals as required under this Section 18(f) hereof. Within thirty (30) days after BUYER's completion of any remediation of the Property, BUYER must deliver to COUNTY a letter from the applicable Agency stating that the remediation was undertaken in accordance with all applicable Environmental Laws and that any residual contamination remaining after the remediation does not pose a threat to human health or the environment.

(ii) If BUYER or BUYER's Parties have caused or permitted a release of Hazardous Materials that results in or threatens to result in Hazardous Materials becoming present on, under, or about the Property, threatens public health safety or the environment, or is in noncompliance with applicable Environmental Laws or requirements of this Section 18, COUNTY may demand that BUYER promptly take action in accordance with Section 18(f)(i) hereof. If BUYER does not respond within thirty (30) days (unless there is emergency, in which case BUYER must respond as soon as practicable, but not less than three (3) days), COUNTY has the right, but not the obligation, to enter onto the Property and take all actions reasonably necessary to investigate and fully remediate the release or noncompliance at BUYER's sole expense. Any sums thus expended will be immediately due and payable upon receipt of an invoice and will constitute additional amounts due under this Agreement.

(g) Liability.

(i) BUYER's Indemnification of COUNTY. BUYER will indemnify, protect, defend, and hold harmless COUNTY and COUNTY's partners, directors, officers, employees, shareholders, lenders, agents, contractors, and each of their respective successors and assigns (individually and collectively, "COUNTY Indemnitees") from all claims, judgments, causes of action, damages, penalties, fines, taxes, costs, liabilities, losses, and expenses arising (directly or indirectly) as a result of or in connection with BUYER's or BUYER's Parties' breach of any prohibition or provision of this Section 18, or the presence of any Hazardous Materials on or under the Property during any period in which any amount is owed by BUYER hereunder or any Hazardous Materials that migrate from the Property to other properties, as a result (directly or indirectly) of BUYER's or BUYER's Parties' activities, or failure to act when BUYER had a duty to act, on or in connection with the Property. This obligation by BUYER to indemnify, protect, defend, and hold harmless COUNTY Indemnities includes, without limitation, costs and expenses incurred for or in connection with any investigation, cleanup, remediation, monitoring, removal, restoration, or closure work required by the Agencies because of any Hazardous Materials present on, under, or about the Property; the costs and expenses of restoring, replacing, or acquiring the equivalent of damaged natural resources if required under any Environmental Law; all foreseeable consequential damages; all reasonable damages for the loss or restriction on use of rentable or usable space or of any amenity of the Property; all reasonable sums paid in settlement of claims; reasonable attorney's fees; litigation, arbitration, and administrative proceeding costs; and reasonable expert, consultant, and laboratory fees. Neither the written consent of COUNTY to the presence of Hazardous Materials on or under the Property, nor the strict compliance by BUYER with all

Environmental laws, will excuse BUYER from the indemnification obligation. This indemnity will survive the satisfaction or termination of this Agreement. Further, if COUNTY detects a deficiency in BUYER's performance under this indemnity and BUYER fails to correct the deficiency within ten (10) days after receipt of written notice from COUNTY, COUNTY has the right to join and participate in any legal proceedings or actions affecting the Property that are initiated in connection with any Environmental Laws. However, if the correction of the deficiency will take longer than ten (10) days, COUNTY may join and participate if BUYER fails to commence corrective action within the ten (10)-day period, or, having commenced the corrective within the ten-day period, fails thereafter to diligently complete it.

(ii) COUNTY's Indemnification of BUYER. COUNTY will indemnify, protect, defend, and hold harmless BUYER and BUYER's partners, directors, officers, employees, shareholders, lenders, agents, contractors, and each of their respective successors and assigns (individually and collectively, "BUYER Indemnitees") against all claims, judgments, causes of action, damages, penalties, fines, taxes, costs, liabilities, losses, and expenses arising as a result (directly or indirectly) of or in connection with (1) any existing environmental condition, (2) the presence of any Hazardous Materials on the Property during any period in which any amount is owed by BUYER to COUNTY hereunder, (3) the presence of or any Hazardous Materials that migrate from the Property to other properties as a result (directly or indirectly) of COUNTY's or COUNTY's Parties' activities, or failure to act when COUNTY had a duty to act, on or in connection with the Property. This obligation by COUNTY to indemnify, protect, defend, and hold harmless BUYER Indemnitees includes, without limitation, costs and expenses incurred for or in connection with any investigation, cleanup, remediation, monitoring, removal, restoration, or closure work required by the Agencies because of any Hazardous Materials present on the property; the costs and expenses of restoring, replacing, or acquiring the equivalent of damaged natural resources if required under any Environmental Law; all foresee consequential damages; all reasonable damages for the loss or restriction on use of rentable or usable space or of any amenity of the Property; all reasonable sums paid in settlement of claims; reasonable attorney's fees; litigation, arbitration, and administrative proceeding costs; and reasonable expert, consultant, and laboratory fees. The strict compliance by COUNTY with all Environmental Laws will not excuse COUNTY from the indemnification obligation. This indemnity will survive the satisfaction or termination of this Agreement. If BUYER detects a deficiency in COUNTY's performance under this indemnity and COUNTY fails to correct the deficiency within ten (10) days after receipt of written notice BUYER, BUYER will have the right to join and participate in any legal proceedings or actions affecting the Property initiated in connection with any Environmental Laws. However, if the correction of the deficiency will take longer than ten (10) days, COUNTY may join and participate if BUYER fails to commence corrective action within the ten (10)-day period, or, having commenced the corrective within the ten-day period, fails thereafter to diligently complete it.

(h) BUYER's Release of COUNTY. BUYER, on behalf of BUYER and BUYER's successors, assigns, and successors-in-interest, waives, releases, remises, acquits, and discharges COUNTY Indemnitees from all claims, actions, causes of actions, demands, rights, damages, costs, expenses, or compensation, direct or indirect, known or unknown, foreseen or unforeseen, that BUYER now has or that may arise in the future on account of the physical condition of the real property; the Environmental Laws, including, but not limited to, the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, 42 U.S.C.A. §§ 9601 et seq., or their application to the Property; or the existence or condition of any fill, excavation, or filled ground on the real property that may affect the use, maintenance, monitoring, or otherwise of any underground storage tanks or related equipment installed by BUYER or BUYER's Parties. Also, BUYER waives the benefit of Civ. Code, § 1542, which reads as follows:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE,

WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR.

[initials of purchaser and seller]

BUYER's release of COUNTY does not apply to any existing environmental condition or the presence of Hazardous Materials on the Property during any period in which any amount is owed by BUYER to COUNTY hereunder as a result of the conduct or activities of COUNTY, nor will BUYER's release of COUNTY affect BUYER's discovery rights against COUNTY in connection with any action brought by a third party.

Section 1.19. Covenants, Representations and Warranties.

(a) BUYER hereby makes the following representations, covenants and warranties, and acknowledges that the execution of this Agreement by COUNTY has been made in material reliance by COUNTY on such covenants representations and warranties.

(1) Power and Authority. BUYER has the legal power, right and authority to enter into this Agreement and to execute the instruments and documents referenced herein, and to consummate the transaction contemplated hereby.

(2) Requisite Action. BUYER has taken all requisite action and obtained all requisite consents in connection with entering into this Agreement and the instruments and documents referenced herein and the consummation of the transactions contemplated hereby and no consent of any other party is required.

(3) Enforceability of Agreement. The persons executing this Agreement and any instrument or document referenced herein for or on behalf of BUYER have been duly authorized to so act on behalf of BUYER and this Agreement and any such instrument or document is valid and legally binding on BUYER and enforceable in accordance with their respective terms.

(4) No Litigation. There are no pending and served or, to the actual knowledge of BUYER, threatened claims, actions, allegations or lawsuit of any kind, whether for personal injury, property damage, property taxes, or otherwise, that could affect the ability of BUYER to consummate the transaction contemplated.

(5) Contracts. There are no contracts or agreements to which SELLER is a party relating to the operation, maintenance, development, improvement or ownership of the Property which will survive the Close of Escrow.

(6) No Violation. Neither the execution of this Agreement or other instruments and documents referenced herein nor the performance by BUYER of its obligations hereunder and thereunder shall result in a breach or constitute a default under any agreement, document, instrument or other obligation to which BUYER is a party or by which BUYER may be bound or under law, statute, ordinance, rule, governmental regulation, state constitution, or any writ, injunction, order or decree of any court or governmental body applicable to BUYER.

All representations and warranties contained in this Section 1.19(a) are true and correct on the date hereof and, as a condition of Closing for COUNTY's benefit, shall be true and correct on the Closing Date and shall survive the Closing.

(b) Warranties and Representations by COUNTY. COUNTY hereby makes the following representations, covenants and warranties and acknowledges that the execution of this Agreement by BUYER has been made in material reliance by BUYER on such covenants, representations and warranties:

(1) COUNTY has the legal right, power and authority to enter into this Agreement and the instruments and documents referenced herein and to consummate the transactions contemplated hereby. The persons executing this Agreement and such other instruments as may be referenced herein on behalf of COUNTY hereby represent and warrant that such persons have the power, right and authority to bind COUNTY.

(2) COUNTY has taken all requisite action and obtained all requisite consents in connection with entering into this Agreement and the instruments and documents referenced herein and the consummation of the transactions contemplated hereby and no consent of any other party is required.

(3) This Agreement is, and all instruments and documents to be executed by COUNTY pursuant to this Agreement shall be duly executed and are or shall be valid and legally binding upon COUNTY and enforceable in accordance with their respective terms.

(4) There is no pending or, to the best of COUNTY's knowledge, threatened claims, action, allegations or lawsuit of any kind, whether for personal injury, property damage, breach of contract or otherwise, that could affect the Property or COUNTY's ability to consummate the transaction contemplated hereby.

All representations and warranties contained in this Section 1.19(b) are true and correct on the date hereof and on the Closing Date and shall survive the Close of Escrow.

Section 1.20. Conditions.

(a) BUYER, its successor and assigns, shall comply by all the terms and conditions as described in the San Bernardino County Department of Community Development and Housing Maintenance and Operation Contract with Pomona Valley Workshop, as set forth in Exhibit "C" "M&O", attached hereto and by this reference incorporated herein.

(b) BUYER, its successor and assigns, shall be responsible for securing and maintaining all necessary permits and approvals from other appropriate local, state and federal agencies for its use of the Property, and BUYER shall comply with all applicable laws and regulations concerning its use of the Property.

Section 1.21. Mutual Waiver and Release of Claims:

(a) Effective upon the close of escrow, each Party releases and forever relinquishes and quit claims all causes of action, claims and rights and remedies of any character or type that each Party may have had or may have the right to assert in the future as to the other Party arising out of that certain Lease Agreement, dated September 15, 1998, Contract No. 98-788, by and between the COUNTY, as lessor, and BUYER, as lessee.

(b) Effective upon the close of escrow, the parties unconditionally and forever waive and relinquish the rights and benefits afforded by Section 1542 of the Civil Code of the State of California,

which reads as follows:

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

BUYER

COUNTY

Each party understands that the facts in respect of which the foregoing release is given may hereafter turn out to be other than or different from the facts in that connection now known or believed to be true, and hereby accepts and assumes the risk of the facts turning out to be different and agrees that the foregoing release shall be in all respects effective and not subject to termination or rescission by virtue of any such mistake of fact or law.

The provisions of Section 1542 of the California Civil Code as well as the provisions of all comparable, equivalent, or similar statutes and principles in common law of the United States and of any and all of the states in the United States, if any way applicable, ARE HEREBY KNOWINGLY AND VOLUNTARILY WAIVED AND RELINQUISHED BY THE PARTIES. The parties each acknowledge that these waivers are essential and material terms of this Agreement, without which the consideration set forth herein and relating hereto would not have been delivered.

This section 1.21 shall survive the termination of this Agreement and the close of escrow.

Section 1.22. Default: If either party believes that the other party has breached any term or condition of this Agreement or defaulted under this Agreement, then such party shall give the allegedly breaching party: (i) notice of the alleged breach; (ii) description of the action necessary to cure such breach; and (iii) a reasonable amount of time to cure such alleged breach. In the event COUNTY fails to complete the purchase of the Property for any reason BUYER may terminate this Agreement but BUYER shall have no right to seek specific performance or damages including, but not limited to incidental, consequential and punitive damages. Upon written notice to COUNTY of such termination, all obligations of COUNTY and BUYER shall terminate.

Section 1.23. Conflict of Interest. No member, official or employee of either party having any conflict of interest, direct or indirect, related to this Agreement and the use and development of the Property shall participate in any decision relating to the Agreement. The parties represent and warrant that they do not have knowledge of any such conflict of interest.

Section 1.24. Assignment. BUYER shall not transfer, sell, or assign its interest in the Property without the prior written consent of the COUNTY, which consent may be granted or withheld in the sole discretion of the COUNTY.

Section 1.25. Time. Time is of the essence of this Agreement.

Section 1.26. Attorneys' Fees. If any legal action is instituted to enforce or declare any party's rights hereunder, each party, including the prevailing party, must bear its own costs and attorneys' fees.

Section 1.27. Notices. Any notice, demand, request, consent, approval or communication that any party desires or is required to give to the other parties or any other person shall be in writing and either served personally or sent by prepaid, first-class mail. Any notice, demand, request, consent, approval or communication that any party desires or is required to give to the other parties shall be addressed to the other parties at the addresses set forth below. Any party may change its address by notifying the other parties of the change of address. Notice shall be deemed communicated two (2) COUNTY working days from the time of mailing if mailed as provided in this paragraph.

COUNTY's address: County of San Bernardino
385 North Arrowhead Avenue, Third Floor
San Bernardino, CA 92415-0180
Attn: Real Estate Services Department

County of San Bernardino
Economic Development Agency
385 North Arrowhead Avenue, Third Floor
San Bernardino, CA 92415-0043
Attn: Community Development Division

BUYER's address: Pomona Valley Workshop, Inc.
4650 Brooks Street
Montclair, CA 91763

Section 1.28. Miscellaneous

(a) All periods of time referred to in this Agreement shall include all Saturdays, Sundays and state or national holidays, provided that if the date or last date to perform any act or give any notice with respect to this Agreement shall fall on a Saturday, Sunday or state or national holiday, such act or notice may be timely performed or given on the next succeeding day which is not a Saturday, Sunday or state or national holiday.

(b) The unenforceability, invalidity, or illegality of any provision of this Agreement shall not render the other provisions hereof unenforceable, invalid or illegal.

(c) BUYER agrees to provide or has already provided information on former COUNTY administrative officials (as defined below) who are employed by or represent BUYER. The information provided includes a list of former COUNTY administrative officials who terminated COUNTY employment within the last five years and who are now officers, principals, partners, associates or members of the business. The information should also include the employment and/or representative capacity and the dates these individuals began employment with or representation of your business. For purposes of this provision, "COUNTY administrative official" is defined as a member of the Board of Supervisors or such officer's staff, COUNTY Administrative Officer or member of such officer's staff, COUNTY department or group head, assistant department or group head, or any employee in the Exempt Group, Management Unit or Safety Management Unit. (See Exhibit "D", List of Former COUNTY Officials.)

(d) The following real estate broker(s) ("Brokers") and brokerage relationships exist in this transaction and are consented to by the Parties (check the applicable boxes).

N/A represents COUNTY exclusively ("COUNTY's Broker");
and

N/A represents Buyer exclusively ("Buyer's Broker").

COUNTY and BUYER each represent and warrant to the other that he/she/it has had no dealings with any person, firm, broker or finder in connection with the negotiation of this Agreement and/or the consummation of the purchase and sale contemplated herein, other than the broker(s) named herein, and no broker or other person, firm or entity, other than said broker(s) is/are entitled to any commission or finder's fee in connection with this transaction as the result of any dealings or acts of such Party. COUNTY and BUYER do each hereby agree to indemnify, defend, protect and hold the other harmless from and against any costs, expenses or liability for compensation, commission or charges which may be claimed by any broker, finder or other similar party, other than said named broker(s) by reason of any dealings or act of the indemnifying party.

(e) BUYER covenants and agrees that: (i) all information provided to it by COUNTY in connection with the Property or resulting from BUYER's inspections of the Property and review of relevant materials, will be held in strict confidence by it and its agents, employees, prospective lender and mortgage broker, (ii) BUYER will immediately return all such information to COUNTY in the event the transaction contemplated by this Agreement is not consummated for any reason, and (iii) BUYER will not rely thereon, but will instead conduct BUYER's own due diligence inquiry with respect to the Property.

Section 1.29. Entire Agreement; Construction.

(a) This Agreement and the exhibits attached hereto constitute the entire understanding and Agreement of the parties.

(b) This Agreement integrates all of the terms and conditions mentioned herein or incidental hereto with respect to the Property.

(c) As this Agreement was jointly prepared by both parties, the language in all parts of this agreement shall be construed, in all cases, according to its fair meaning, and not for or against either party hereto.

(d) This Agreement shall be governed by and construed in accordance with the laws of the State of California without regard to conflicts of law principles. The parties agree that any action brought by any party to this agreement will be in the Superior Court of California, County of San Bernardino. If any action is brought by a third party, the parties agree to use their best efforts to have such action heard in the Superior Court of California, County of San Bernardino.

(e) The headings to the paragraphs of this Agreement are for convenience of reference only, do not form a part of this Agreement and shall not in any way affect its interpretation.

Section 1.30. Legislative Body Approval. This Agreement is subject to, and will have no force or effect until and unless first approved by the County of San Bernardino Board of Supervisors.

IN WITNESS THEREOF, the parties hereto have duly executed this Agreement as of the dates set forth below

COUNTY

COUNTY OF SAN BERNARDINO,
A body corporate and politic

By: _____
Janice Rutherford, Chair, Board of Supervisors

Date: _____

BUYER

Pomona Valley Workshop Inc.,
a California corporation

By: _____

Date: _____

SIGNED AND CERTIFIED THAT A COPY OF
THIS DOCUMENT HAS BEEN DELIVERED TO
THE CHAIRMAN OF THE BOARD
LAURA H. WELCH,
Clerk of the Board of Supervisors

By: _____
Deputy

Date: _____

APPROVED AS TO LEGAL FORM:
JEAN-RENE BASLE, County Counsel
San Bernardino County, California

By: _____
Robert F. Messinger, Deputy
County Counsel

Date: _____

EXHIBIT "A"
LEGAL DESCRIPTION
TO
INSTALLMENT LAND SALE CONTRACT WITH POWER TO SALE
AND ESCROW INSTRUCTIONS

EXHIBIT "A"

LEGAL DESCRIPTION

That portion of Lot 29, San Antonio Tract, as per plat recorded in Book 3, of maps, page 16, records of said County, described as follows:

BEGINNING at a point in the South line of Holt Boulevard, distant thereon 1,029.18 feet East of the intersection of the South line of said Holt Boulevard and the East line of Ramona Avenue, as said streets are shown on the recorded map of said Tract, said point being the northeast corner of the property conveyed to Crown City Mattress, Inc., a Corporation, by Deed recorded June 17, 1953, in Book 3188, page 571, of Official Records; thence South 00° 53' 15" East, along the East line of said Crown City property, 500.10 feet to a point in the center line of the easement for road purposes conveyed to the City of Monte Vista by Deed recorded September 3, 1957, in Book 4316, page 112, Official Records; thence South 89° 44" 00" East along the center line of said road easement, 116.20 feet to a point in the West line of property conveyed to Fred C. Welsh, etux, by Deed recorded March 23, 1955, in Book 3599, page 132, Official Records; thence North 00° 52" 03" West, along the West line of said Welsh property, 500.10 feet to a point in the South line of Holt Boulevard, as shown on the recorded map of said Tract; thence North 89° 44" 00" West, along the South line of said Holt Boulevard, 116.36 feet to the Point of Beginning.

EXCEPTING THEREFROM the South 233.05 feet;

EXCEPTING THEREFROM that portion conveyed to the City of Montclair for street purposes, by Deed recorded February 11, 1963 in Book 5850, page 524, of Official Records.

EXHIBIT "B"

DEED

TO

**INSTALLMENT LAND SALE CONTRACT WITH POWER TO SALE
AND ESCROW INSTRUCTIONS**

EXHIBIT "B"

DEED

RECORDING REQUESTED BY:

County of San Bernardino
Real Estate Services Department
385 N. Arrowhead Ave., 3rd Floor
San Bernardino, CA 92415-0832

WHEN RECORDED MAIL TO:

Same as above

RECORDER:

This instrument is for the benefit of the County
of San Bernardino and is entitled to be
recorded without fee. (Govt. Code 6103)

CITY OF MONTCLAIR
A.P.N.: 1012-091-01

GRANT DEED

DOCUMENTARY TRANSFER TAX \$ 0.00

COUNTY OF SAN BERNARDINO, a body corporate and politic ("Grantor")

for a valuable consideration receipt of which is hereby acknowledged, hereby GRANTS to the

POMONA VALLEY WORKSHOP, INC., a California corporation ("Grantee")

the real property in the City of Montclair, County of San Bernardino, California, described as follows;

SEES EXHIBIT "A" LEGAL DESCRIPTION
SEE ALSO EXHIBIT "B" TERMS AND CONDITIONS
ATTACHED HERETO AND MADE A PART HEREOF

COUNTY OF SAN BERNARDINO

By: _____ Date _____
Janice Rutherford, Chair
Board of Supervisors

MAIL TAX STATEMENTS TO PARTY SHOWN ON FOLLOWING LINE

Not Applicable

Name Street Address City & State

EXHIBIT "A"

That portion of Lot 29, San Antonio Tract, as per plat recorded in Book 3, of maps, page 16, records of said County, described as follows:

BEGINNING at a point in the South line of Holt Boulevard, distant thereon 1,029.18 feet East of the intersection of the South line of said Holt Boulevard and the East line of Ramona Avenue, as said streets are shown on the recorded map of said Tract, said point being the northeast corner of the property conveyed to Crown City Mattress, Inc., a Corporation, by Deed recorded June 17, 1953, in Book 3188, page 571, of Official Records; thence South 00° 53' 15" East, along the East line of said Crown City property, 500.10 feet to a point in the center line of the easement for road purposes conveyed to the City of Monte Vista by Deed recorded September 3, 1957, in Book 4316, page 112, Official Records; thence South 89° 44" 00" East along the center line of said road easement, 116.20 feet to a point in the West line of property conveyed to Fred C. Welsh, etux, by Deed recorded March 23, 1955, in Book 3599, page 132, Official Records; thence North 00° 52' 03" West, along the West line of said Welsh property, 500.10 feet to a point in the South line of Holt Boulevard, as shown on the recorded map of said Tract; thence North 89° 44" 00" West, along the South line of said Holt Boulevard, 116.36 feet to the Point of Beginning.

EXCEPTING THEREFROM the South 233.05 feet;

ALSO EXCEPTING THEREFROM that portion conveyed to the City of Montclair for street purposes, by Deed recorded February 11, 1963 in Book 5850, page 524, of Official Records.

EXHIBIT "B"

SUBJECT TO ALL TERMS AND CONDITIONS:

GRANTEE, its successors and assigns, shall comply with the terms and conditions of the Maintenance and Operation Contract, dated _____, 2014, by and between the County of San Bernardino and the Pomona Valley Workshop, Inc., for no less than five (5) years from the date the property is purchased as evidenced by the close of escrow. In addition to the five (5) year term, the GRANTEE, its successors and assigns are required to uphold the terms of the Maintenance and Operation Contract for an additional five (5) years after the expiration of the contract for a total of ten (10) years.

GRANTEE, its successor and assigns, shall be responsible for securing and maintaining all necessary permits and approvals from other appropriate local, state and federal agencies for its use of the Property, and GRANTEE shall comply with all applicable laws and regulations concerning its use of the Property.

EXHIBIT “C”

MAINTENANCE AND OPERATIONS AGREEMENT

TO

INSTALLMENT LAND SALE CONTRACT WITH POWER TO SALE
AND ESCROW INSTRUCTIONS

EXHIBIT "C"

SAN BERNARDINO COUNTY DEPARTMENT OF COMMUNITY DEVELOPMENT AND HOUSING MAINTENANCE AND OPERATION CONTRACT WITH POMONA VALLEY WORKSHOP

This Contract is made and entered into, by and between San Bernardino County, hereinafter referred to as "COUNTY", and Pomona Valley Workshop, hereinafter referred to as "PVW".

WHEREAS, COUNTY has entered into a Contract with the United States of America through its Department of Housing and Urban Development, hereinafter referred to as "HUD", to execute the COUNTY's Community Development Block Grant (CDBG) program (CFDA No. 14.218, Community Development Block Grants/Entitlement Grants) under the Housing and Community Development Act of 1974, as amended, hereinafter referred to as the "ACT"; and,

WHEREAS, COUNTY Department of Community Development and Housing hereinafter referred to as "CDH", is authorized to act on behalf of COUNTY in administering the COUNTY's CDBG program; and,

WHEREAS, COUNTY currently owns the property at 4669 Holt Blvd. in Montclair (which consists of the real property and any improvements thereon), and leases the property to PVW who maintains and operates the facility at the sole expense of PVW to provide vocational and senior programs for adults with developmental disabilities; and,

WHEREAS, COUNTY and PVW recognize the public benefit in providing vocational and senior programs for adults with developmental disabilities; and,

WHEREAS, COUNTY has previously provided approximately \$520,000 in CDBG funding to acquire the property; and,

WHEREAS, PVW has requested that COUNTY sell it the property; and,

WHEREAS, COUNTY obtained an opinion regarding the fair market value (FMV) of the property, which is \$608,600; and,

WHEREAS, PVW has offered to pay COUNTY \$200,000 in exchange for continuing to provide vocational and senior programs to adults with developmental disabilities for the period identified in Section 3, TIME OF PERFORMANCE; and,

WHEREAS, COUNTY and PVW have agreed that the amount of \$408,600, which is the difference between the FMV of the property and the amount of \$200,000 to be paid by PVW for the property shall be deemed "CDBG funding" or "CDBG funds" pursuant to the ACT and the accompanying regulations; and,

WHEREAS, COUNTY and PVW will execute a separate Installment Land Sale Contract with Power of Sale and Escrow Instructions and the parties agree that pursuant to the ACT and the accompanying regulations, it is necessary to execute this Maintenance and Operation Contract, to be in effect for a period of five (5) years from the date of the close of escrow, which shall be evidenced as described herein; and

WHEREAS, the requirements of this Maintenance and Operation Contract will remain in effect after the first five (5) years, in order to fulfill the ACT regulations requirement of maintaining the services, benefits and national objectives of the ACT for a total of ten (10) years;

NOW, THEREFORE, in consideration of the mutual covenants herein set forth and the mutual benefits to be derived therefrom, the parties agree as follows:

1. PURPOSE OF CONTRACT

This Contract is made for the purpose of identifying the responsibilities of PVW for the maintenance and operation of the facility located at 4669 Holt Blvd., Montclair, hereinafter referred to as "FACILITY".

2. SCOPE OF PROJECT

PVW shall acquire, maintain and operate FACILITY at its sole expense. PVW shall provide vocational and senior programs to adults with developmental disabilities hereinafter referred to as "PROGRAMS" for the period as identified in Section 5, MAINTENANCE AND OPERATION.

Unless as specified otherwise, CDH shall have the authority to represent COUNTY regarding the terms and conditions of this Contract and the administration thereof.

3. TIME OF PERFORMANCE

PVW shall comply with the terms of this Contract for no less than five (5) years from the date the property is purchased as evidenced by the close of escrow on the sale of FACILITY. In addition to the five (5) year term, PVW is required to uphold the terms of the Contract for an additional five (5) years after expiration of this Contract as specified in Section 23, REVERSION OF ASSETS. The intent of this section is to ensure that the services, benefits and national objectives for which FACILITY was funded as set forth in 24 CFR 570.503 continue for a total of ten (10) years.

4. PURCHASE AND FUNDING

PVW shall purchase the FACILITY for the amount of \$608,600 of which \$200,000 is to be paid by PVW at its sole expense and \$408,600 in CDBG funds shall be utilized as described herein. CDBG funds represent 67.137% of the total investment of funds in the Facility. The 67.137% shall be known as the "COUNTY Return".

5. MAINTENANCE AND OPERATION AND DECLARATION OF RESTRICTIONS

PVW shall have sole responsibility for the maintenance and operation of FACILITY at the sole expense of PVW for the entire term of the Contract as defined in Section 3, TIME OF PERFORMANCE beginning upon the date the property is purchased as evidenced by the close of escrow on the sale. FACILITY shall be maintained and operated at all times for the purpose of vocational and senior programs for adults with developmental disabilities as identified in Section 2, SCOPE OF PROJECT, and in accordance with federal, state and local laws, regulations and safety standards. PVW shall be responsible for completing and submitting to COUNTY the Public Facility Certification (or similar) form which will be provided by CDH. This provision shall survive the expiration of this Contract through the end of the month escrow closes in the year 2024.

The parties agree that a Declaration of Restrictions shall be recorded against the property as a covenant running with the land to ensure the ACT's national objectives are fulfilled for the full period described in Section 3. The Declaration of Restrictions shall be in the form of Exhibit 4 attached hereto.

6. ON-SITE INSPECTION

COUNTY, its officers, agents, employees, persons under Contract with COUNTY and representatives of HUD, will have the privilege and right to on-site inspection of the FACILITY for the duration of this Contract. Inspections may occur at any time on weekdays from 8:00 am to 4:00 pm.

PVW will ensure that its employees or agents furnish any information, which in the judgment of COUNTY and HUD representatives, may be relevant to a question of compliance with contractual conditions, HUD directives, or the effectiveness, legality, and achievements of the program.

7. CONTRACT COMPLIANCE

PVW will take all necessary affirmative steps to assure that minority firms, women's business enterprises, and labor surplus area firms (a firm located in an area of high unemployment) are used when possible in compliance with provisions of Title 24 Code of Federal Regulations, Part 85.36(e).

PVW shall comply with Executive Orders 11246, as amended by Executive Orders 11375, 11478, 12086, and 12107, (Equal Employment Opportunity), Executive Orders 11625, 12138, 12432, 12250, and Executive Order 13279 (Equal Protection of the Laws for Faith-Based and Community Organizations), Title VII of the Civil Rights Act of 1964, the California Fair Housing and Employment Act, and other applicable federal, state and county laws, regulations and policies relating to equal employment and contracting opportunities, including laws and regulations hereafter enacted.

PVW shall make every effort to ensure that all projects funded wholly or in part by CDBG program funds shall provide equal employment and career advancement opportunities for minorities and women. In addition, PVW shall make every effort to employ residents of the area and shall keep a report of PVW's staff positions that have been created directly as a result of this program.

8. COMPLIANCE WITH LAWS

All parties agree to be bound by applicable federal, state and local laws, ordinances, regulations and directives as they pertain to the performance of this Contract. This Contract is subject to and incorporates the terms of the ACT; 24 Code of Federal Regulations, Part 570, Chapter V and; U.S. Office of Management and Budget Circular A-87.

9. CONFLICT OF INTEREST

PVW shall comply with all applicable federal and state laws, regulations and policies governing conflict of interest, including state conflict of interest regulations found in California Government Code Sections 1090, 1126, 87100 et seq., federal conflict of interest regulations found in 24 CFR 570.611, 85.36, and 84.42, and any other applicable policies, rules and regulations related to conflict of interest.

Any person who is an employee, agent, consultant, officer, elected or appointed official of PVW, who exercises any functions or responsibilities with respect to CDBG-funded activities identified in this Contract and who is in a position to participate in a decision making process or gain inside information with regard to activities identified in this Contract, may not obtain a financial interest or benefit from the CDBG-assisted activities identified in this Contract or any related contract, subcontract, or agreement, either for themselves, an immediate family member or business partner, during his/her tenure. PVW shall maintain written standards of conduct governing the performance of their employees engaged in the award and administration of contracts.

10. FORMER COUNTY OFFICIALS

PVW agrees to provide or has already provided information on former COUNTY Administrative Officials (as defined below) who are employed by or represent PVW on this project. The information required includes a list of former COUNTY Administrative Officials, who terminated COUNTY employment within the last five (5) years and are now officers, principals, partners, associates, or members of the business. The information also includes the employment with or representation of PVW. For purposes of this provision, "COUNTY Administrative Official" is defined as a member of the Board of Supervisors or such Officer's staff, COUNTY Chief Executive Officer or member of such Officer's staff, COUNTY Department or Group Head, Assistant Department or Group Head, or any employee in the Exempt Group, Management Unit or Safety Management Unit.

11. INDEMNIFICATION

PVW agrees to indemnify, defend (with counsel reasonably approved by COUNTY) and hold harmless COUNTY and its authorized officers, employees, agents and volunteers ("Indemnitees") from any and all claims, actions, losses, damages, and/or liability arising out of this Contract from and cause whatsoever, including the acts, errors or omissions of any person and for any costs or expenses incurred by COUNTY on account of any claim therefore, except where such indemnification is prohibited by law. This indemnification provision shall apply regardless of the existence or degree of fault of Indemnitees.

Without limiting the foregoing indemnifications, PVW shall indemnify, defend and hold harmless COUNTY and its respective authorized officers, employees, agents and volunteers from any liability, claims, losses, demands, and actions incurred by COUNTY as a result of the determination by HUD or its successor that activities undertaken by or under the direction and control of PVW and COUNTY pursuant to PVW's request or on behalf of PVW under the program(s), fail to comply with any laws, regulations or policies applicable thereto or that any CDBG funds billed by, disbursed to, or attributed to PVW under this Contract were improperly expended. This Section 11 shall survive the termination of this Contract through the end of the month escrow closes in the year 2024.

12. INSURANCE REQUIREMENTS

Without in any way affecting the indemnity herein provided and in addition thereto, PVW shall secure and maintain throughout the Contract the following types of insurance with limits as shown:

- Workers' Compensation – A program of Workers' Compensation insurance or a state-approved Self-Insurance Program in an amount and form to meet all applicable requirements of the Labor Code of the State of California, including Employers' Liability with \$250,000 limits covering all persons, including volunteers providing services on behalf of PVW, and all risks to such persons under this Contract.

If PVW has no employees, it may certify or warrant to COUNTY that it does not currently have any employees or individuals who are defined as "employees" under the Labor Code, and may request a waiver by the COUNTY's Risk Management Division for the requirement for Workers' Compensation Insurance. Waiver approval is at the sole discretion of the COUNTY's Director of Risk Management on a case-by-case basis.

With respect to contractors that are non-profit corporations organized under California or federal law, volunteers for such entities are required to be covered by Workers' Compensation Insurance.

- Commercial/General Liability Insurance – PVW shall carry General Liability Insurance covering all operations performed by or on behalf of PVW providing coverage for bodily injury and property damage with a combined single limit of not less than \$1,000,000, per occurrence. The policy coverage shall include: premises operations and mobile equipment; products and completed operations; broad form property damage (including completed operations); explosion, collapse and underground hazards; personal injury; contractual liability; \$2,000,000 general aggregate limit.
- Automobile Liability Insurance – Primary insurance coverage shall be written on ISO Business Auto coverage form for all owned, hired and non-owned automobiles or symbol 1 (any auto). The policy shall have a combined single limit of not less than \$1,000,000 for bodily injury and property damage, per occurrence.

If PVW is transporting one or more non-employee passengers in performance of contract services, the automobile liability policy shall have a combined single limit of \$2,000,000 for bodily injury and property damage per occurrence.

If owns no autos, a non-owned auto endorsement to the General Liability policy described above is acceptable.

- Umbrella Liability Insurance – An umbrella (over primary) or excess policy may be used to comply with limits or other primary coverage requirement. When used, the umbrella policy shall apply to bodily injury/property damage, personal injury/advertising injury and shall include a “dropdown” provision providing primary coverage for any liability not covered by the primary policy. The coverage shall also apply to automobile liability.
- Additional Insured – All policies, except for Workers' Compensation, Errors and Omissions and Professional Liability policies, shall contain additional endorsements naming COUNTY and its officers, employees, agents, and volunteers as additional insureds with respect to liabilities arising out of the performance of services hereunder. The additional insured endorsements shall not limit the scope of coverage for the COUNTY to vicarious liability but shall allow coverage for the COUNTY to the full extent provided by the policy. Such additional insured coverage shall be at least as broad as Additional Insured (Form B) endorsement form ISO, CG 2010.11 85 (form provided by the COUNTY’s Risk Management, if requested).
- Waiver of Subrogation Rights – PVW shall require the carriers of the above required coverages to waive all rights of subrogation against COUNTY, its officers, employees, agents, volunteers, contractors and subcontractors. All general or auto liability insurance coverage provided shall not prohibit PVW and PVW’s employees or agents from waiving the right of subrogation prior to a loss or claim. PVW hereby waives all rights of subrogation against the COUNTY.
- Policies Primary and Non-Contributory – All policies required above are to be primary and non-contributory with any insurance or self-insurance programs carried or administered by COUNTY.
- Severability of Interests – PVW agrees to ensure that coverage provided to meet these requirements is applicable separately to each insured and there will be no cross liability exclusions that preclude coverage for suits between PVW and the COUNTY or between the COUNTY and any other insured or additional insured under the policy.
- Acceptability of Insurance Carrier – Unless otherwise approved by Risk Management, insurance shall be written by insurers authorized to do business in the State of California and with a minimum “PVW” Insurance Guide rating of “A-VII”.

- Deductibles and Self-Insured Retention – Any and all deductibles or self-insured retentions in excess of \$10,000 shall be declared to and approved by Risk Management.
- Failure to Procure Coverage – In the event that any policy of insurance required under this Contract does not comply with the requirements, is not procured, or is canceled and not replaced, COUNTY has the right but not the obligation or duty to cancel the Contract or obtain insurance if it deems necessary and any premiums paid by COUNTY will be promptly reimbursed by PVW or COUNTY payments to PVW will be reduced to pay for COUNTY-purchased insurance.

PVW shall, at its sole expense, obtain and deliver to COUNTY for its approval, certification(s) or policy(s) of standard fire insurance with extended coverage and vandalism and malicious mischief endorsements for the full replacement value of FACILITY. In the event of any damage or destruction to FACILITY covered by the insurance, PVW shall use the entire insurance proceeds to restore FACILITY. The insurance required under this section shall be maintained by PVW at its sole expense for the term of this Contract.

Said insurance shall contain endorsements providing that the insurance company issuing the insurance will not cancel or reduce the insurance coverage without a 30-day prior written notice to COUNTY. PVW shall inform COUNTY in writing of any change, expiration or renewal of said insurance within thirty (30) days of the effective date of change.

13. PROOF OF COVERAGE

PVW shall immediately furnish certificates of insurance to CDH evidencing the insurance coverage, including endorsements, above required prior to the commencement of performance of services hereunder, which certificates shall provide that such insurance shall not be terminated or expire without thirty (30) days written notice to CDH, and PVW shall maintain such insurance from the time PVW commences performance of services hereunder until the completion of such services. Within fifteen (15) days of the commencement of this Contract, PVW shall furnish certified copies of the declaration page for all applicable policies and will provide complete certified copies of the policies and endorsements immediately upon request.

PVW shall complete and submit Contract Exhibit 1 of 2, INSURANCE INVENTORY, along with the above-required insurance documents.

14. INSURANCE REVIEW

The above insurance requirements are subject to periodic review by COUNTY. The Director of Risk Management or designee is authorized, but not required, to reduce, waive or suspend any of the above insurance requirements whenever Risk Management determines that any of the above insurance is not available, is unreasonably priced, or is not needed to protect the interests of COUNTY.

In addition, if the Department of Risk Management determines that heretofore unreasonably priced or unavailable types of insurance coverage or coverage limits become reasonably priced or available, the Director of Risk Management or designee is authorized, but not required, to change the above insurance requirements, to require additional types of insurance coverage or higher coverage limits, provided that any such change is reasonable in light of past claims against COUNTY, inflation, or any other item reasonably related to the COUNTY's risk.

Any such reduction or waiver for the entire term of the Contract and any change requiring additional types of insurance coverage or higher coverage limits must be made by amendment to this Contract. PVW agrees to execute any such amendment within thirty (30) days of receipt.

Any failure, actual or alleged, on the part of the COUNTY to monitor or enforce compliance with any of the insurance and indemnification requirements will not be deemed as a waiver of any rights on the part of the COUNTY.

15. VENUE

The venue of any action or claim brought by any party to this Agreement will be the Superior Court of California, County of San Bernardino, San Bernardino District. Each party hereby waives any law or rule of the court, which would allow them to request or demand a change of venue. If any action or claim concerning this Agreement is brought by any third-party and filed in another venue, the parties hereto agree to use their best efforts to obtain a change of venue to the Superior Court of California, County of San Bernardino, San Bernardino District

16. RELIGIOUS PROSELYTIZING OR POLITICAL ACTIVITIES

PVW agrees that it will not engage in inherently religious activities, such as worship, religious instruction or proselytizing, as part of the activities funded under this Contract. Further, PVW agrees that it will not perform or permit political activities in connection with the performance of this Contract. Funds made available under this Contract will be used exclusively for performance of the work required under this Contract and no funds made available under this Contract shall be used to promote any religious or political activities. If the PVW conducts such activities, the activities must be offered separately, in time or location, from the programs or services funded under this Contract, and participation must be voluntary for the beneficiaries of the CDBG-funded program services.

FACILITY, however, may be used on an incidental basis to hold political meetings, candidate forums, or voter registration campaigns, provided that all parties and organizations have access to the facility on an equal basis, and are assessed equal rent or use charges, if any.

17. DISCRIMINATION

No person shall, on the grounds of race, sex, creed, color, religion, or national origin, be excluded from participating in, be refused the benefits of, or otherwise be subjected to discrimination in any activities, programs, or employment by PVW.

18. SUBORDINATION, ASSIGNMENT AND SUBLETTING

PVW shall not assign, subordinate, or use for financing, this Contract or any interest therein, unless COUNTY has previously given its written consent. Any approved assignment shall be subject to all the terms, covenants, and conditions of the Contract.

If PVW attempts to effect any unauthorized assignment, or transfer occurs by operation of law, or this Contract or any interest therein is subjected to garnishment or sale under any execution of any suit or proceeding brought against or by PVW, or if PVW is adjudged bankrupt or insolvent by any court or upon PVW making an assignment for the benefit of creditors, COUNTY may, at its option, forthwith terminate this Contract upon written notice thereof to PVW, and thereupon, no one but COUNTY shall have any further rights hereunder.

19. SUBORDINATION AND HYPOTHECATION OF REAL PROPERTY

During the term of this Contract, neither PVW, nor its successors, shall cause to be placed or permit to be placed any encumbrance or lien on the real property covered under this Contract, or shall sell, transfer, mortgage or hypothecate FACILITY without the written authorization of

COUNTY. No subordination of COUNTY interest shall occur unless agreed to in writing by COUNTY.

20. DEFAULT AND REMEDIES

Failure by PVW to comply with any material provision of this Contract shall constitute an event of default. For purposes of this Section, a "material provision" includes, but is not limited to, the requirements contained in Sections 3, 5, 8, 11, 12, 18, 19, 21 and 22.

If an event of default occurs with respect to a material provision, COUNTY shall provide written notice of such event of default and PVW shall have thirty (30) days from the receipt of the written notice to cure the default, or if the cure is not possible within that time period, PVW has commenced the cure and is diligently prosecuting (in the sole determination of COUNTY), the cure. If the default is not cured, COUNTY shall provide a written notice of termination and PVW must pay COUNTY within ninety (90) day of the date of the notice of termination, the amount represented by COUNTY Return multiplied by the then applicable FMV of the property.

21. BENEFICIARY QUALIFICATION

Persons qualifying for program services on the basis of income, hereinafter referred to as BENEFICIARIES, shall have an annual household gross income equal to or less than the U.S. Department of Housing and Urban Development (HUD) Section 8 (of the United States Housing Act of 1937) Income Limits. HUD Section 8 Income Limits for the Riverside-San Bernardino-Ontario, CA MSA, define the maximum annual household gross income for low- and moderate-income households. PVW is responsible for obtaining from COUNTY the said current applicable HUD Section 8 Income Limits for each year of the Contract term identified in Section 3, TIME OF PERFORMANCE. Under CDBG regulations, the following clientele categories are presumed to be low- and moderate-income persons and can qualify for service regardless of income: Abused Children; Battered Spouses; Elderly Persons (60 and older); Handicapped Persons; Homeless Persons; Illiterate Persons; Migrant Farm Workers. M&O ENTITY shall document the household income of all BENEFICIARIES, by obtaining completed copies of the "BENEFICIARY QUALIFICATION STATEMENT", Exhibit 2(a) of 2. A Spanish language version of the BENEFICIARY QUALIFICATION STATEMENT, Exhibit 2(b) of 2, 2 pages, is attached for convenience, but the COUNTY cannot guarantee the accuracy of the translation and the COUNTY cannot be held responsible for any errors. PVW shall retain these forms for at least five (5) years after termination of this Contract. Annual reporting of total clients served along with demographic data as collected on the "BENEFICIARY QUALIFICATION STATEMENT" is required for the 10 year reporting period.

22. PROGRAM REPORTING AND RETENTION OF RECORDS

PVW agrees to prepare and submit financial, program progress, and other reports as required by HUD or COUNTY directives. PVW shall maintain such program, property, personnel, financial, statistical and other records, supporting documents, and accounts as are considered necessary by HUD or COUNTY to assure proper accounting for all Contract funds. Said records, documents and accounts are to be retained by PVW for a minimum of five (5) years. The five (5) year retention period starts from the date the COUNTY submits its annual performance and evaluation report, as prescribed in 24 CFR 91.520, in which the service under the terms of this Contract is reported on for the final time. Said COUNTY submission will follow PVW's final submission to COUNTY of reports identified under this paragraph after the termination of this Contract. Records and accounts subject to litigation or audit must be maintained for five (5) years or until the issue is resolved, whichever is longer.

Records that pertain to real estate transactions must be maintained for five (5) years or the number of years that there is an outstanding obligation, whichever is longer. The retention

period for records relating to program income begins on the last date of COUNTY's fiscal year in which the income is earned. All PVW's records, with the exception of confidential client information, shall be made available to representatives of COUNTY and the appropriate federal agencies. PVW is required to submit data necessary to complete the Annual Grantee Performance Report in accordance with HUD regulations in the format and at the time designated by the CDH Director or designee. This Section 22 shall survive the termination of this Contract through the end of the month escrow closes in the year 2024.

23. REVERSION OF ASSETS

All real property acquired or improved in whole or in part with CDBG funds in excess of \$25,000 under this Contract must continue in the use that provides the service benefits and national objectives, for which it was funded for ten (10) years as provided for in 24 CFR 570.503; or it must be disposed of in a manner resulting in a reimbursement to COUNTY in the amount of the current fair market value of the property, as determined by COUNTY, less any portion thereof attributable to expenditures of non-CDBG funds for the acquisition of, or improvement to, the property. An example of Reversion of Assets formula is provided in Exhibit 3. This Section 23 shall survive the termination of this Contract through the end of the month escrow closes in the year 2024.

24. AMENDMENTS: VARIATIONS

This writing, with attachments, embodies the whole of this Contract of the parties hereto. There are no oral Contracts contained herein. Except as herein provided, additions or variations of the terms of this Contract shall not be valid unless made in the form of a written amendment to this Contract formally approved and executed by the parties.

25. INVALID CONDITIONS

If any one or more of the terms, provisions, sections, promises, covenants or conditions of this Contract shall to any extent be judged invalid, unenforceable, void or voidable for any reason whatsoever, by a court of competent jurisdiction, each and all of the remaining terms, provisions, sections, promises, covenants and conditions of the Contract shall not be affected thereby, and shall be valid and enforceable to the fullest extent permitted by law.

26. BINDING INTEREST

This Contract shall be binding on the parties, successors in interest, heirs and assigns.

27. ☒ The following provision does not apply to this Contract:

AMERICAN RECOVERY AND REINVESTMENT ACT FUNDING (ARRA)

Use of ARRA Funds and Requirements

This Contract may be funded in whole or in part with funds provided by the American Recovery and Reinvestment Act of 2009 ("ARRA"), signed into law on February 17, 2009. Section 1605 of ARRA prohibits the use of recovery funds for a project for the construction, alteration, maintenance or repair of a public building or public work (both as defined in 2 CFR 176.140) unless all of the iron, steel and manufactured goods (as defined in 2 CFR 176.140) used in the project are produced in the United States. A waiver is available under three limited circumstances: (i) Iron, steel or relevant manufactured goods are not produced in the United States in sufficient and reasonable quantities and of a satisfactory quality; (ii) Inclusion of iron, steel or manufactured goods produced in the United States will increase the cost of the overall project by more than 25 percent; or (iii) Applying the domestic preference would be inconsistent

with the public interest. This is referred to as the “Buy American” requirement. Request for a waiver must be made to the County for an appropriate determination.

Section 1606 of ARRA requires that laborers and mechanics employed by contractors and subcontractors on projects funded directly by or assisted in whole or in part by and through the Federal Government pursuant to ARRA shall be paid wages at rates not less than those prevailing on projects of a character similar in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act (40 U.S.C. 31). This is referred to as the “wage rate” requirement.

The above described provisions constitute notice under ARRA of the Buy American and wage rate requirements. Contractor must contact the County contact if it has any questions regarding the applicability or implementation of the ARRA Buy American and wage rate requirements. Contractor will also be required to provide detailed information regarding compliance with the Buy American requirements, expenditure of funds and wages paid to employees so that the County may fulfill any reporting requirements it has under ARRA. The information may be required as frequently as monthly or quarterly. Contractor agrees to fully cooperate in providing information or documents as requested by the County pursuant to this provision. Failure to do so will be deemed a default and may result in the withholding of payments and termination of this Contract.

Contractor may also be required to register in the Central Contractor Registration (CCR) database at <http://www.ccr.gov> and may be required to have its subcontractors also register in the same database. Contractor must contact the County with any questions regarding registration requirements.

Schedule of Expenditure of Federal Awards

In addition to the requirements described in “Use of ARRA Funds and Requirements,” proper accounting and reporting of ARRA expenditures in single audits is required. Contractor agrees to separately identify the expenditures for each grant award funded under ARRA on the Schedule of Expenditures of Federal Awards (SEFA) and the Data Collection Form (SF-SAC) required by the Office of Management and Budget Circular A-133, “Audits of States, Local Governments, and Nonprofit Organizations.” This identification on the SEFA and SF-SAC shall include the Federal award number, the Catalog of Federal Domestic Assistance (CFDA) number, and amount such that separate accountability and disclosure is provided for ARRA funds by Federal award number consistent with the recipient reports required by ARRA Section 1512 (c).

In addition, Contractor agrees to separately identify to each subcontractor and document at the time of sub-contract and at the time of disbursement of funds, the Federal award number, any special CFDA number assigned for ARRA purposes, and amount of ARRA funds.

Contractor may be required to provide detailed information regarding expenditures so that the County may fulfill any reporting requirements under ARRA described in this section. The information may be required as frequently as monthly or quarterly. Contractor agrees to fully cooperate in providing information or documents as requested by the County pursuant to this provision. Failure to do so will be deemed a default and may result in the withholding of payments and termination of this Contract.

Whistleblower Protection

Contractor agrees that both it and its subcontractors shall comply with Section 1553 of the ARRA, which prohibits all non-Federal contractors, including the State, and all contractors of the State, from discharging, demoting or otherwise discriminating against an employee for disclosures by the employee that the employee reasonably believes are evidence of: (1) gross mismanagement of a contract relating to ARRA funds; (2) a gross waste of ARRA funds; (3) a substantial and

specific danger to public health or safety related to the implementation or use of ARRA funds; or (5) a violation of law, rule, or regulation related to an agency contract (including the competition for or negotiation of a contract) awarded or issued relating to ARRA funds.

Contractor agrees that it and its subcontractors shall post notice of the rights and remedies available to employees under Section 1553 of Division A, Title XV of the ARRA.

28. SUSPENSION AND DEBARMENT

By entering this Contract, PVW certifies that PVW, including its principals, is not suspended or debarred from participating in federally funded contracts and sub-awards.

29. NOTICES

All notices shall be served in writing. The notices shall be sent to the following addresses:

COUNTY
County of San Bernardino
Department of Community
Development and Housing
385 N. Arrowhead Ave., 3rd Floor
San Bernardino, CA 92415-0043

POMONA VALLEY WORKSHOP
4650 Brooks Street
Montclair, CA 91763

30. EASEMENTS, TRUSTS AND WARRANTIES

- A. It is expressly understood and agreed that this Contract and all rights and privileges hereunder granted are subject to all easements and rights-of-way now existing in, to, under or over the said premises for any purpose whatsoever.
- B. In the event that this Contract or any provision thereof shall be declared null and void by a court of competent jurisdiction, COUNTY or any of their respective officers, agents or employees, or members of COUNTY Board of Supervisors shall not be liable to PVW or to any person holding under or through him for any losses or damages of any nature whatsoever suffered or claimed to be suffered by PVW or such person by reason of such determination.
- C. PVW assumes all risks incident to the use and management of said premises in its present condition or in any condition thereof which may prevail during the term of this Contract.
- D. Any major changes required by a competent government jurisdiction to the Contract, which are beyond the control of PVW, will make the Contract terms subject to re-negotiation.
- E. It is expressly understood and agreed that COUNTY does not, in any way or for any purpose, become a partner of PVW or a joint venturer with PVW.

(continued on next page)

IN WITNESS WHEREOF, the parties have caused this Contract to be executed as of the last date below.

COUNTY OF SAN BERNARDINO

POMONA VALLEY WORKSHOP

By: _____
Janice Rutherford, Chair, Board of Supervisors

By: _____

Date: _____

Date: _____

EXHIBIT “1 – 4 ”

MAINTENANCE AND OPERATIONS AGREEMENT

EXHIBIT 1

I. **INSURANCE INVENTORY**

WORKERS' COMPENSATION/EMPLOYERS' LIABILITY INSURANCE

Name of Insurance Company: _____

Effective Dates: _____

Employer's Liability Limit \$ _____

Certificate of Insurance Attached ☐ Yes ☐ No: On File w/ CDH

COMPREHENSIVE GENERAL AND AUTOMOBILE LIABILITY INSURANCE

Name of Contractor's General Insurance Company: _____

Limits of Liability Effective Dates: _____Per Occurrence \$ _____ Additional Insured Endorsement Attached ☐ Yes ☐ No: On File w/ CDHAnnual Aggregate \$ _____ Certificate of Insurance Attached ☐ Yes ☐ No: On File w/ CDH

Name of Contractor's Automobile Liability Insurance Company: _____

Limits of Liability Effective Dates: _____

Per Person \$ _____ Per Accident \$ _____ Damage Liability \$ _____

Combined Single Limit \$ _____

ERRORS AND OMISSIONS LIABILITY INSURANCE

Name of Contractor's Insurance Company: _____

Limits of Liability Effective Dates: _____Per Occurrence \$ _____ Additional Insured Endorsement Attached ☐ Yes ☐ No: On File w/ CDHAnnual Aggregate \$ _____ Certificate of Insurance Attached ☐ Yes ☐ No: On File w/ CDH

PROFESSIONAL LIABILITY INSURANCE

Name of Contractor's Insurance Company: _____

Limits of Liability Effective Dates: _____Per Occurrence \$ _____ Additional Insured Endorsement Attached ☐ Yes ☐ No: On File w/ CDHAnnual Aggregate \$ _____ Certificate of Insurance Attached ☐ Yes ☐ No: On File w/ CDH

EXHIBIT 2(a)

BENEFICIARY QUALIFICATION STATEMENT

This form has the purpose of providing information needed to qualify the use of federal Community Development Block Grant (CDBG) funds for the project/activity described above. This statement must be completed and signed by the person (or legal guardian of the person) requesting to receive benefits from the described project/activity. Only one statement per person, per year is required.

Please answer each of the following questions.

1. This question helps you determine the size of your household. For this question a household is a group of related or unrelated persons occupying the same house with at least one member being the head of the household. Renters, roomers, or borders cannot be included as household members. **How many persons are in your household? ____**
2. This question asks if you are from a low- and moderate-income household. For this question, a list of the 2010 EXTREMELY LOW-INCOME, LOW-INCOME and LOW- AND MODERATE-INCOME categories* are presented below. Please add up the combined gross annual income of all persons in your household from all sources of income. **In the blanks provided, write (yes) or (no) if your combined gross annual income is equal to or less than the EXTREMELY LOW-INCOME ____; LOW-INCOME ____; OR LOW- AND MODERATE-INCOME ____ amount for the number of persons in your household.**

	Number of Persons in Your Household			
	1	2	3	4
EXTREMELY LOW-INCOME	\$12,750	\$14,600	\$16,400	\$18,200
LOW-INCOME	\$21,250	\$24,300	\$27,350	\$30,350
LOW- AND MODERATE-INCOME (COMBINED)	\$34,000	\$38,850	\$43,700	\$48,550

	Number of Persons in Your Household			
	5	6	7	8
EXTREMELY LOW-INCOME	\$19,700	\$21,150	\$22,600	\$24,050
LOW-INCOME	\$32,800	\$35,250	\$37,650	\$40,100
LOW- AND MODERATE-INCOME (COMBINED)	\$52,450	\$56,350	\$60,250	\$64,100

*Taken from 2014 Section 8 Low-Income and Very Low-Income Limits.

EXHIBIT 2(a)

3. Please indicate how you identify yourself by checking **only one** of the following choices:

	Hispanic	Non-Hispanic
White	<input type="checkbox"/>	<input type="checkbox"/>
Black/African American	<input type="checkbox"/>	<input type="checkbox"/>
Asian	<input type="checkbox"/>	<input type="checkbox"/>
American Indian/Alaskan Native	<input type="checkbox"/>	<input type="checkbox"/>
Native Hawaiian/Other Pacific Islander	<input type="checkbox"/>	<input type="checkbox"/>
American Indian/Alaskan Native & White	<input type="checkbox"/>	<input type="checkbox"/>
Asian & White	<input type="checkbox"/>	<input type="checkbox"/>
Black/African American & White	<input type="checkbox"/>	<input type="checkbox"/>
American Indian/Alaskan Native & Black/African American	<input type="checkbox"/>	<input type="checkbox"/>
Balance/Other	<input type="checkbox"/>	<input type="checkbox"/>

4. Please check whether you belong to a Female Headed Household: ☐ Yes ☐ No
5. Please describe the **condition** that would qualify you as being considered in one of the following presumed low- and moderate-income categories: abused child, battered spouse, elderly person, homeless person, disabled adult, illiterate person, or migrant farm worker: (description)

II. **ACKNOWLEDGMENT AND DISCLAIMER**

I CERTIFY UNDER PENALTY OF PERJURY THAT INCOME AND HOUSEHOLD STATEMENTS MADE ON THIS FORM ARE TRUE.

NAME: _____ DATE: _____

ADDRESS: _____ CITY: _____ ZIP: _____

SIGNATURE: _____ PHONE: _____

The information you provide on this form is for Community Development Block Grant (CDBG) program purposes only and will be kept confidential.

EXHIBIT 2(b)

DECLARACIÓN DE LA CALIFICACIÓN DEL BENEFICIARIO

Esta forma tiene el propósito de proporcionar la información necesaria para calificar el uso de los fondos federales del bloque del desarrollo de la comunidad (CDBG) para el proyecto/actividad descrito arriba. Esta declaración se debe llenar y firmar por la persona (o la tutela legal de la persona) que solicita para recibir beneficios del proyecto/actividad descrito. Solamente una declaración por persona, por año se requiere.

Conteste por favor a cada una de las preguntas siguientes.

1. Esta pregunta le ayuda a determinar el tamaño de su casa. En esta pregunta un hogar es un grupo de personas relacionadas o sin relación que ocupan la misma casa por lo menos con un miembro que es la cabeza de la casa. Los inquilinos no se pueden incluir como miembros de la casa. **¿Cuántas personas viven en su casa? ____**
2. Esta pregunta explica si usted es de un hogar de ingresos bajos y moderados. Para esta pregunta, la lista de 2010 de categorías de ESTREMADO-BAJOS, INGRESOS-BAJOS, y del PUNTO BAJO Y de INGRESOS-MODERADOS *se presenta abajo. Sume por favor para arriba los ingresos brutos anuales combinados de todas las personas en su hogar y de todas las fuentes de los ingresos. **En el espacio en blanco, escriba (sí) o (no) si su ingreso anual grueso combinado es igual o menos que la cantidad de ESTREMADO-BAJOS ____; INGRESO-BAJO ____; O INGRESOS BAJOS Y MODERADOS ____ para el número de personas en su casa.**

Numero de Personas en su Hogar				
	1	2	3	4
ESTREMADO-BAJOS	\$12,750	\$14,600	\$16,400	\$18,200
INGRESOS-BAJOS	\$21,250	\$24,300	\$27,350	\$30,350
INGRESOS-BAJOS Y MODERADOS (COMBINADOS)	\$34,000	\$38,850	\$43,700	\$48,550
Numero de Personas en su Hogar				
	5	6	7	8
ESTREMADO -BAJOS	\$19,700	\$21,150	\$22,600	\$24,050
INGRESOS-BAJOS	\$32,800	\$35,250	\$37,650	\$40,100
INGRESOS-BAJOS Y MODERADOS (COMBINADOS)	\$52,450	\$56,350	\$60,250	\$64,100

*Tomado de 2014 Sección 8 Ingresos bajos.

EXHIBIT 2(b)

3. Indique por favor cómo se identifica usted, marcando **solamente una** de las opciones siguientes:

	Hispano	No-Hispano
Blanco	<input type="checkbox"/>	<input type="checkbox"/>
Negro/Afro Americano	<input type="checkbox"/>	<input type="checkbox"/>
Asiático	<input type="checkbox"/>	<input type="checkbox"/>
Indio Americano/Nativo de Alaska	<input type="checkbox"/>	<input type="checkbox"/>
Nativo Hawaiano/Otra Isla del Pacífico	<input type="checkbox"/>	<input type="checkbox"/>
Indio Americano/Nativo de Alaska & Blanco	<input type="checkbox"/>	<input type="checkbox"/>
Asiático & Blanco	<input type="checkbox"/>	<input type="checkbox"/>
Negro/Afro Americano & Blanco	<input type="checkbox"/>	<input type="checkbox"/>
Indio Americano/Nativo de Alaska & Negro/Afro Americano	<input type="checkbox"/>	<input type="checkbox"/>
Balance/Otro	<input type="checkbox"/>	<input type="checkbox"/>

4. Marque por favor si usted pertenece a un hogar encabezado femenino: ☐ Si ☐ No

5. Describa por favor la **condición** que le calificaría como siendo considerado en una de las categorías de presumidos ingresos bajos y moderados siguientes: niño abusado, esposo estropeado, persona mayor, persona sin hogar, adulto incapacitado, persona analfabeta, o trabajador migratorio de granja:
(descripción) _____

RECONOCIMIENTO Y NEGACIÓN

CERTIFICO BAJO PENA DE PERJURIO QUE LAS DECLARACIONES HECHAS EN ESTA FORMA, ACERCA DE LOS INGRESOS Y DE LAS CUENTAS DE LA CASA SON VERDADERAS.

NOMBRE: _____ FECHA: _____

DOMICILIO: _____ CIUDAD: _____ CODIGO: _____

FIRMA: _____ TELÉFONO: _____

La información que usted proporciona en esta forma es para los propósitos del programa de fondos del bloque del desarrollo de la comunidad (CDBG) solamente y será mantenida confidencial.

EXHIBIT 3

REVERSION OF ASSETS FORMULA

(Provided as an example only)

Example - Repayment if sold during the agreement term	CDBG Investment = \$408,600
	PVW Investment = \$200,000
	FMV at purchase = \$608,600
	CDBG Proportional Share = $\$408,600 / \$608,600 = 67.137\%$ (CDBG Share)
	If the sold in year 8: FMV assumed at \$800,000
	CDBG Repayment: $\$800,000 * .67137 = \$537,101$

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

County of San Bernardino
c/o Economic Development Agency
385 N. Arrowhead Ave., 3rd Floor
San Bernardino, CA 92415

NO RECORDING FEE PURSUANT TO GOV'T CODE §6103 SPACE ABOVE THIS LINE RESERVED FOR RECORDER'S USE

DECLARATION OF RESTRICTIONS

This Declaration of Restrictions is made as of _____, 2014, by the County of San Bernardino (referred to herein as "County" or "Declarant").

WHEREAS, Declarant is the owner of real property situated in the County of San Bernardino, State of California, consisting of approximately .65 acres and commonly known as 4669 Holt Avenue, Montclair, California (the "Property"), as more particularly described in Exhibit "A", attached hereto and by this reference incorporated herein; and

WHEREAS, the Property was acquired and/or improved, in part, with Community Development Block Grant ("CDBG") funds received from the United States Department of Housing and Urban Development ("HUD"); and

WHEREAS, HUD regulations impose upon CDBG funding recipients certain property Maintenance and Operations ("M&O") obligations; and

WHEREAS, Declarant hereby encumbers the Property to ensure compliance with the M&O obligations relating to the Property;

NOW, THEREFORE, Declarant declares as follows:

1. Covenant Running with the Land. Declarant covenants and agrees to restrict, and by this instrument does restrict, the future use of the Property as set forth below by the establishment of this covenant running with the land.
2. Restrictions Concerning the Property. The activities of Declarant or any other person shall be subject to the property maintenance and operations obligations as set forth in that certain Maintenance and Operations Agreement, dated _____, 2014 (the "M&O Agreement"), by and between the County and Pomona Valley Workshop Inc., a California corporation, attached hereto as Exhibit "B" and by this reference incorporated herein.
3. Condition To and Termination of this Declaration. This Declaration of Restrictions shall be recorded upon the Close of Escrow and shall remain in full force and effect until and unless the obligations set forth in the M&O Agreement have been fully performed for the duration of time specified therein whereupon Declarant shall record a release of this Declaration of Restriction.
4. Successors and Assigns Bound. The Declarant hereby agrees and acknowledges that the Property shall be held, sold, conveyed, owned, and used subject to the applicable terms,

conditions and obligations imposed by this Declaration of Restrictions. Such terms, conditions and obligations are a burden and restrict the use of the Property, as applicable.

Subject to the limitations contained in this Declaration, and without modifying its terms, the provisions of this Declaration of Restrictions shall be enforced as equitable servitudes, and conditions, restrictions, and covenants running with the land, and shall be binding upon the agents, representatives, trustees, assignees, successors, and future owners of the Property and each them, unless and until this Declaration of Restrictions is terminated as provided for herein.

Declarant:

COUNTY OF SAN BERNARDINO

By: _____
Janice Rutherford, Chair, Board of Supervisors

Date: _____

Laura H. Welch,
Clerk of the Board of Supervisors

Approved as to Legal Form:
Jean-Rene Basle, County Counsel
County of San Bernardino, California

By: _____

By: _____

Date: _____

Date: _____

EXHIBIT "A"

Legal Description – Property

REAL PROPERTY:

APN 1012-091-01

LEGAL DESCRIPTION:

The land referred to herein is situated in the County of San Bernardino, State of California, described as follows:

That portion of Lot 29, San Antonio Tract, as per plat recorded in Book 3 of Maps, page 16, records of said County, described as follows:

BEGINNING at a point in the South line of Holt Boulevard, distant thereon 1,029.18 feet East of the intersection of the South line of said Holt Boulevard and the East line of Ramona Avenue, as said streets are shown of the recorded map of said Tract, said point being the northeast corner of the property conveyed to Crown City Mattress, Inc., a Corporation, by deed recorded June 17, 1953, in Book 3188, page 571, of Official Records; thence South 00° 53' 15" East, along the East line of said Crown City Property, 500.10 feet to a point in the center line of the easement for road purposes conveyed to the City of Monte Vista by deed recorded September 3, 1957, in Book 4316, page 112, Official Records; thence South 89° 44' 00" East along the center line of said road easement, 116.20 feet to a point in the West line of property conveyed to Fred C. Welsh, et ux., by deed recorded March 23, 1955, in Book 3599, page 132, Official Records; thence North 00° 52' 03" West, along the West line of said Welsh property, 500.10 feet to a point in the South line of Holt Boulevard, as shown on the recorded map of said Tract; thence North 89° 44' 00" West, along the South line of said Holt Boulevard, 116.36 feet to the Point of Beginning.

EXCEPTING THEREFROM the South 233.05 feet;

EXCEPTING THEREFROM that portion conveyed to the City of Montclair for street purposes, by deed recorded February 11, 1963 in Book 5850, page 524, of Official Records.

EXHIBIT “B”

Maintenance and Operations Agreement

EXHIBIT “D”

LIST OF FORMER COUNTY OFFICIALS

TO

INSTALLMENT LAND SALE CONTRACT WITH POWER TO SALE
AND ESCROW INSTRUCTIONS

EXHIBIT “D”

LIST OF FORMER COUNTY OFFICIALS

INSTRUCTIONS: List the full name of the former COUNTY Administrative Official, the title/description of the Official's last position with the COUNTY, the date the Official terminated COUNTY employment, the Official's current employment and/or representative capacity with the COUNTY, the date the Official entered COUNTY's employment and/or representation.

OFFICIAL'S NAME:

REQUIRED INFORMATION: