

**AGREEMENT FOR PURCHASE AND SALE
AND ESCROW INSTRUCTIONS**

by and between

Grey Granite LLC, a California limited liability company, Horizon View LLC, a California limited liability company, Las Tunas Beach LLC, a California limited liability company, Lechuza Villas West LLC, a Delaware limited liability company.

and

Mountains Recreation and Conservation Authority,
a local public entity established pursuant to Govt. Code Section 6500 et seq.

This Agreement is made as of the 6th day of July, 2012 ("Effective Date") by and between Mountains Recreation and Conservation Authority (hereinafter "MRCA") on the one hand and Grey Granite LLC, a California limited liability company (hereinafter "GREY GRANITE"), Horizon View LLC, a California limited liability company (hereinafter "HORIZON"), Las Tunas Beach LLC, a California limited liability company (hereinafter "LAS TUNAS"), Lechuza Villas West LLC, a Delaware limited liability company (hereinafter "LECHUZA VILLAS"), (collectively known as "SELLERS") on the other hand, with reference to the following facts:

- A. GREY GRANITE is the owner of Parcel 1 described in Exhibit A attached hereto. HORIZON is the owner of Parcel 2 described in on Exhibit A. LAS TUNAS is the owner of Parcel 3 described in Exhibit A. LECHUZA VILLAS is the owner of Parcels 4 and 5 described in Exhibit A.
- B. SELLERS desire to sell Parcels 1, 2, 3 and 5 (hereinafter the PROPERTY) to MRCA. LECHUZA VILLAS desires to donate Parcel 4 to MRCA.
- C. MRCA desires to acquire from SELLERS the PROPERTY and accept the donation of Parcel 4.

SELLERS and MRCA agree as follows and to incorporate the above recitals into the body of this Agreement:

SECTION 1: BASIC AGREEMENT

- 1.0 For good and valuable consideration receipt of which is hereby acknowledged MRCA agrees to purchase fee title to the PROPERTY from SELLERS and SELLERS agree to sell fee title to the PROPERTY to MRCA and LECHUZA VILLAS agrees to donate Parcel 4 and MRCA agrees to accept Parcel 4, all on the terms and conditions of this Agreement.
- 1.1 MRCA and SELLERS acknowledge that this transaction is a bargain sale and the Purchase Price for the PROPERTY is equal to or below appraised value and that SELLERS have allocated the division of the proceeds and donation of Parcel 4 as stated in the attached Exhibit B entitled "Proposed Lot Sale Schedule". SELLERS agree that it is their responsibility to obtain advice from tax counsel or other qualified tax specialist to determine the tax consequences of making the donation and bargain sale and further acknowledge that SELLERS are not relying on any representations or warranties made by the MRCA regarding the tax consequences of the donation and bargain sale.

SECTION 2: PURCHASE PRICE

- 2.0 MRCA agrees to pay to SELLERS as the purchase price for the PROPERTY the sum of two-million nine-hundred thousand dollars (\$2,900,000) ("Purchase Price") and accept fee title to Parcel 4 as a donation .
- 2.1 BUYER will cause to be deposited at least two days prior to the close of escrow by warrant the Purchase Price with:

Lawyers Title Company
888 South Figueroa Street, #2120
Los Angeles, California 90017

Attention: Ann Smith
213-330-3026
213-330-3098 fax
annsmith@ltic.com

Escrow number: 9232667

SECTION 3: THE ESCROW

- 3.0 Escrow. This Agreement shall also constitute escrow instructions to Lawyers Title Company (Escrow Holder), which is hereby appointed and designated escrow

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agent. Escrow Holder shall be the party responsible for closing this transaction and filing the required form 1099B (or other required form) with the U.S. Internal Revenue Service. Escrow shall be opened by delivery to the Escrow Holder of fully executed counterparts to this Agreement from BUYER and SELLERS (the "Opening of Escrow"). BUYER and SELLERS agree to execute such additional escrow instructions as Escrow Holder shall reasonably request; provided that in the event of conflict, this Agreement shall in all events control.

- 3.1 State Coastal Conservancy Instructions. The parties acknowledge that the State Coastal Conservancy will provide escrow holder its separate escrow instructions covering disbursement of its funds.
- 3.2 Closing Date. The close of escrow shall take place on or before July 31, 2012.

SECTION 4: CONDITIONS

- 4.0 Conditions Precedent to Closing for Exclusive Benefit of SELLERS. SELLERS' obligation to perform under this Agreement and the close of the escrow shall be subject to and contingent upon satisfaction of each of the following conditions precedent prior to the close of escrow :
- (a) The timely deposit by BUYER with Escrow Holder of all documents and funds required to be deposited by BUYER under this Agreement.
 - (b) Performance by BUYER of all obligations, covenants and agreements on BUYER's part to be performed under this Agreement within the time provided in this Agreement for such performance.
- 4.1 Conditions Precedent to Closing for Exclusive Benefit of BUYER. BUYER's obligation to perform under this Agreement and the close of the escrow shall be subject to and contingent upon satisfaction of each of the following conditions precedent prior to the close of escrow:
- (a) The timely deposit by SELLERS of all documents required to be deposited by SELLERS under this Agreement.
 - (b) Performance by SELLERS of all obligations, covenants and agreements on SELLERS' part to be performed under this Agreement within the time provided in this Agreement for such performance.
 - (c) With respect to all five parcels referenced herein, BUYER's approval of the preliminary title report issued by Lawyers Title Company.

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BUYER acknowledges receipt of Lawyers Title Company preliminary title report 111085107 dated May 7, 2012 and agrees to take subject to Schedule B items 1-8 and 11-17 and any other additional exceptions agreed to in writing by BUYER. All taxes must be paid. Item 10 must be reconveyed. SELLERS shall have until the close of escrow to clear all disapproved title items.

- (d) The parties acknowledge that all monetary liens and encumbrances including real property taxes are disapproved exceptions.
- (e) Availability of the funds from the California State Coastal Conservancy to pay the Purchase Price.
- (f) Approval of the June 2012 Tom Erickson appraisal by a review appraisal commissioned by BUYER.

SECTION 5: CLOSE OF ESCROW

5.0 When all of the conditions precedent to the close of the escrow have been satisfied and Escrow Holder shall have received the items required to be deposited into Escrow and is in a position and stands ready to have the Title Company issue an Owner's Policy with policy limits of \$2,900,000, then Escrow Holder shall date all undated documents as of the Closing Date, pay all fees and expenses incident to this escrow as set forth in this Agreement, in the following order:

- (a) Cause to be recorded the Grant Deed(s) conveying title to the PROPERTY and Parcel 4.
- (b) Cause to be recorded any instrument required to be recorded by the State Coastal Conservancy as a condition of the use of its funds.
- (c) Cause to be recorded the reconveyance and any releases required by this Agreement.
- (d) Pay all real property taxes, if any.
- (e) Wire or deliver to SELLERS pursuant to SELLERS' instructions the Purchase Price adjusted by payment of the costs and fees to be paid by SELLERS, and any other adjustments set forth herein.

SECTION 6: CLOSING COSTS

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- 6.0 To Be Paid by SELLERS. SELLERS shall be responsible for paying one half of the escrow fees and premium for the CLTA title policies.
- 6.1 To Be Paid by BUYER. BUYER shall pay one half of the escrow fees. Recording of the deed(s) is exempt from recording fees and documentary transfer tax.
- 6.2 Legal Fees. Each party shall bear its respective legal fees and expenses incurred in negotiating, documenting and closing this transaction.

SECTION 7: REPRESENTATIONS

- 7.0 Representations and Warranties of BUYER. BUYER represents and warrants for the benefit of SELLERS and SELLERS' successors and assigns to the current actual knowledge of BUYER, that the following facts are true and correct as of the date of execution of this Agreement or shall be true and correct as of the Close of Escrow:

(a) BUYER has the authority to enter into this Agreement.

- 7.1 Representations and Warranties of SELLERS. SELLERS represent and warrant for the benefit of BUYER and BUYER's successors and assigns to the current actual knowledge of SELLERS, that the following facts are true and correct as of the execution of this Agreement or shall be true and correct as of the Close of Escrow:

(a) SELLERS and each of them have the authority to enter into this Agreement.

(b) SELLERS have no actual knowledge, or reasonable cause to believe, that any release of Hazardous Materials and Hazardous Substances (as this term is used in California Health and Safety Code Section 25359.7) and/or underground storage tanks have come to be located on or beneath the PROPERTY and Parcel 4.

(c) SELLERS have no knowledge of any contracts and/or leases affecting the subject properties and/or unrecorded claims to title.

SECTION 8: MISCELLANEOUS PROVISIONS

- 8.0 Broker's Commission. If any party to this transaction is represented by any real estate agent(s) and/or Broker(s), then that party is solely responsible for the payment of any commission owed, and shall indemnify the other against any liability therefor.

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- 8.1 Assignment. BUYER and SELLERS agree to not assign or transfer their interest in the subject properties and/or this Agreement between the Effective Date and the close of escrow without the express written consent of the other party which consent shall not be unreasonably withheld. Nothing referenced herein shall prevent the individual sellers from acquiring a parcel of property with the proceeds from the sale of Parcels 1 and 3, or Parcels 2 and 5 or engage in a 1031 tax free exchange with respect to the sale of one or more of the above referenced parcels.
- 8.2 Calculation of Time. The time in which any act required or permitted by this Agreement is to be performed shall be determined by excluding the day upon which performance would otherwise be required or permitted is a Saturday, Sunday or holiday, then the time for performance shall be extended to the next day which is not a Saturday, Sunday or holiday. The term "holiday" shall mean all and only those State holidays specified in Sections 6700 and 7701 of the California Government Code.
- 8.3 Relationship. Nothing contained in this Agreement shall be deemed or construed by the parties or by any third person to create a relationship of principal and agent or partnership or a joint venture between BUYER and SELLERS.
- 8.4 Escrow Cancellation Charges. If the Escrow should fail to close by reason of SELLERS' default hereunder, SELLERS shall be responsible for paying all costs to terminate the escrow. If the Escrow should fail to close by reason of BUYER's default BUYER shall be responsible for paying all costs to terminate the escrow.
- 8.5 Notice. Any notice to be given hereunder to either party or the Escrow Holder shall be deemed given or delivered upon personal delivery to the recipient or two days after deposit in the United States mail, registered or certified, return receipt requested, postage prepaid and addressed as follows:

If to SELLERS:

Norman R. Haynie
Sea View Terrace
22741 Pacific Coast Highway, Suite 400
Malibu, California 90265
310-456-5515
310-456-9821 (fax)

If to BUYER:

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Joseph T. Edmiston
Executive Officer
Mountains Recreation and Conservation Authority
5810 Ramirez Canyon Road
Malibu, California 90265
310-589-3200
310-589-3207 (fax)

with a copy to:

Laurie C. Collins, Esq.
Los Angeles River Center
570 West Avenue 26, Suite 100
Los Angeles, California 90065
323-221-8900 ext 133
323-221-9934 (fax)

Each party may, by notice to the others and to the Title Company, designate different addresses which shall be substituted for the one specified above.

- 8.6 Entire Agreement. This Agreement shall constitute the entire understanding and agreement of the parties hereto and all prior agreements, understandings, representations or negotiations are hereby superseded, terminated and canceled in their entirety, and are of no further force or effect.
- 8.7 Amendments. This Agreement may not be modified or amended except by a writing signed by the party against whom enforcement is sought.
- 8.8 Applicable Law. This Agreement shall in all respects be governed by the laws of the State of California applicable to agreements executed and to be wholly performed within this State.
- 8.9 Severability. Nothing contained herein shall be construed as to require the commission of any act contrary to law, and wherever there is any conflict between any provision contained herein and any present or future statute, law, ordinance or regulation as to which the parties have no legal right to contract, the latter shall prevail, but the affected provisions of this Agreement shall be limited only to the extent necessary to bring them within the requirements of such law.
- 8.10 Attorneys' Fees. Should any party hereto commence any action or proceeding to enforce any provision of this Agreement or for damages by reason of an alleged breach of any provision of this Agreement or for declaratory relief or specific

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performance, the prevailing party shall be entitled to recover from the losing party or parties such amount as the court may adjudge to be reasonable attorneys' fees for services rendered to the prevailing party in such action or proceeding.

- 8.11 Separate Counterparts. This Agreement may be executed in separate counterparts, each of which when so executed shall be deemed to be an original. Such counterparts shall, together, constitute and be one and the same instrument.
- 8.12 Captions, Number and Gender. The captions appearing at the commencement of the paragraphs, subparagraphs and sections hereof are descriptive only and for convenience in reference. Should there be any conflict between any such caption and the section, paragraph or subparagraphs at the head of which it appears, the section, paragraph or subparagraph and not the caption shall control and govern the construction of this Agreement. In this Agreement, the masculine, feminine or neuter gender and the singular or plural number shall each be deemed to include the others whenever the context so requires.
- 8.13 Survival. All representations, warranties, covenants, agreements and indemnities made and all obligations to be performed under the provisions hereof to the extent not performed at or before the closing dates shall survive the close of escrow and shall not be deemed to merge with the Grant Deeds or upon delivery or acceptance thereof.
- 8.14 Further Action. Each party hereto shall, on or before the closing date for each phase, duly execute and deliver such papers, documents and instruments and perform all acts reasonably necessary or proper to carry out and effectuate the terms of this Agreement.
- 8.15 Waiver. No waiver of any term, provision or condition of this Agreement shall be effective or enforceable unless in writing.
- 8.16 Facsimile Signatures. Facsimile signatures shall be treated as original signatures.

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

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BUYER

MOUNTAINS RECREATION AND
CONSERVATION AUTHORITY

Lisa Soghor
By: LISA SOGHOR
Title: DEPUTY EXECUTIVE OFFICER

DONOR of Parcel # 4

LECHUZA VILLAS WEST LLC

Norman R. Haynie
By: Norman R. Haynie
Title General Partner, Lechuza Villas
West, L.P., it's Member

SELLERS of Parcel # 5

LECHUZA VILLAS WEST LLC

Norman R. Haynie
By: Norman R. Haynie
Title General Partner Lechuza Villas
West, L.P., it's Member

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SELLER of Parcel # 1

GREY GRANITE LLC

Norman R. Haynie

By: Norman R. Haynie
Title Chief Executive Manager

SELLER of Parcel # 2

HORIZON VIEW LLC

Norman R. Haynie

By: Norman R. Haynie
Title Managing Member

SELLER of Parcel # 3

LAS TUNAS BEACH LLC

Norman R. Haynie

By: Norman R. Haynie
Title Chief Executive Manager

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EXHIBIT A

SCHEDULE A

The form of policy of title insurance contemplated by this report is:

CLTA Standard Owners
ALTA Loan 2006

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

A FEE

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

Grey Granite LLC, a limited liability company formed under the laws of the State of California as to Parcel 1;

Horizon View, LLC, a limited liability company formed under the laws of the State of California as to Parcel 2;

Las Tunas Beach LLC, a limited liability company formed under the laws of the State of California as to Parcel 3;

Lechuza Villas West, L.L.C., a Delaware Limited Liability Company as to Parcels 4 and 5

The land referred to herein is situated in the County of Los Angeles, State of California, and is described as follows:

SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF

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EXHIBIT B

EXHIBIT B

Proposed Lot Sale Schedule

Sale Parcel No.	Tax Assessor Parcel	Owner	Value	Sales Price
1	4449-007-014	Grey Granite, LLC	\$740,000	\$740,000
2	4449-007-015	Horizon View, LLC	\$675,000	\$635,000
3	4449-007-016	Las Tunas Beach, LLC	\$675,000	\$675,000
4	4449-007-017	Lechuza Villas West, LLC	\$770,000	Donate
5	4449-007-013	Lechuza Villas West, LLC	\$850,000	\$850,000