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www.heritageescrow.com

## SUPPLEMENTAL ESCROW INSTRUCTIONS

TO: The Heritage Escrow Company  
Temecula Branch

Date: May 20, 2011  
Escrow Number: 203-34085-SLJ  
Escrow Officer: Shanelle Jones

Terms of Transaction		
Initial Deposit	\$	2,000.00
Deposit Prior to Close of Escrow	\$	9,000.00
New Encumbrance – 1 <sup>st</sup> Trust Deed	\$	44,000.00
<b>Total Consideration</b>	<b>\$</b>	<b>55,000.00</b>

THE HERITAGE ESCROW COMPANY IS LICENSED BY THE DEPARTMENT OF CORPORATIONS, STATE OF CALIFORNIA, UNDER LICENSE NUMBER 963-1053.

You are authorized to use and/or deliver the funds and documents deposited by the parties in this escrow on the **scheduled closing date of June 24, 2011**, provided you are in a position to order a Policy of Title Insurance through **First American Title Company**, with a liability of **\$55,000.00**, covering the following described property in the City of Hemet, in the County of Riverside, State of California:

**Lot 23 of Tract No. 3259, in the City of Hemet, County of Riverside, State of California, as per map recorded in Book 52, Page(s) 52 and 53, in the Office of the County Recorder of said County.**

Property Address: **805 E. Stetson Avenue, Hemet, CA 92543 (NOT VERIFIED BY ESCROW HOLDER)**

SHOWING TITLE VESTED IN: **Ramon Tejeda, (complete vesting to be provided prior to the close of escrow).** Escrow Holder is hereby authorized and instructed to affix Buyer's complete vesting to the Grant Deed upon written authorization from the Buyer without further approval of the Seller.

### SUBJECT TO:

**General and Special County and City (if any) taxes, Covenants, Conditions and Restrictions, easements, reservations, rights, rights of way, and exceptions of gas, water, oil, minerals, carbons and hydrocarbons on or under said land, now of record, and in deed to file, if any, affecting the use and occupancy of said land, and Assessments and bonds of record.**

**A New First Trust Deed to file** securing a Note in principal amount of **\$44,000.00**, in favor of **Lender Of Buyer's Choice** per terms contained in the loan documents to be prepared by Lender. Buyer's execution of such documents will be deemed Buyer's acceptance of the loan terms and will be considered your authority to perform the customary settlement agent duties associated with Buyer's financing.

Buyer Initials: **RT**

**PLEASE SIGN & RETURN**

Seller Initials: \_\_\_\_\_

**INSTRUCTIONS:**

**PURCHASE AGREEMENT:** The Heritage Escrow Company acknowledges receipt of that certain California Residential Purchase Agreement and Joint Escrow Instructions (Agreement) dated **April 6, 2011**, between **Ramon Tejada** (Buyer) and **Sylvia K. Alkins** (Seller), together with the related **Addendum No. 1, Short Sale Addendum**, addenda and any other mutual instructions. Duties of the Escrow Holder as set forth in said Agreement are made a part hereof. Contrary to any pre-printed provisions of the Purchase Agreement, Escrow Holder is not responsible for the delivery of any California Association of Realtors (CAR) disclosures, as these documents contain no instructions to the Escrow Holder and are intended for use between the parties and the real estate brokers.

**SHORT PAYOFF:** This escrow is contingent upon Escrow Holder's receipt of a written short payoff statement from the existing Lender of record prior to close of escrow, stating that said existing Lender will accept payoff for less than the current loan balance. This reduction of the current loan balance must be sufficient to permit the payment of Seller's expenses in this escrow, including, but not limited to: brokerage commission, prorations, Seller's usual and customary closing costs, and all other obligations as required in these instructions. The deposit in escrow of the Short Payoff Demand Statement from the existing Lender of record will be deemed satisfaction of this contingency. Seller's signature on these instructions constitutes Seller's approval of all the short sale lender's terms and conditions and no further approval shall be required.

The parties understand that Escrow Holder is required to disclose all known facts about this transaction to the short sale lender. **The parties represent that the purchase contract and these supplemental escrow instructions contain the entire agreement between Buyer and Seller and that no undisclosed outside agreements exist between Buyer and Seller and/or third parties.** Buyer and Seller instruct Escrow to comply with the Lender's requirements as shown on the short payoff demand. Escrow Holder is authorized to transmit any required documentation to Lender either directly or through the coordinating negotiator or agent.

Seller agrees to cooperate in good faith with the closing of this escrow and further agrees and understands that Seller will receive no proceeds at the close of this escrow. Seller has sought the advice of a CPA and/or Tax Advisor as to possible tax and/or credit implications regarding this short pay transaction.

Escrow Holder is not to be concerned with the form or delivery of any Lender consent to be furnished by Seller to Buyer which may be required in their purchase contract or any addenda thereto. Also, regardless of any contractual agreement regarding the holding of Buyer's deposit check, Escrow Holder is authorized and instructed to deposit any check presented by Buyer or his Agent within one business day, in accordance with regulations of the Department of Corporations. Buyer and Seller understand and acknowledge that the release of any funds from escrow will require the written mutual instructions of all parties to this transaction.

**TERMITE INSPECTION WAIVED:** Buyer and Seller hereby acknowledge that there will be no termite inspection report issued on subject property through this escrow. Escrow Holder is hereby relieved of any and all responsibility and/or liability in connection therewith.

**HOME PROTECTION PLAN WAIVED:** No Home Protection Plan is being purchased by Buyer or Seller in this transaction.

**FIRE INSURANCE:** Buyer will provide evidence of fire insurance which complies with the requirements of the new Lender and will pay the premium for same through escrow. If the homeowner's association dues include a premium on a Master Insurance Policy, Escrow Holder is instructed to obtain an insurance certificate as evidence of coverage in accordance with the new Lender's requirements.

**NO HOMEOWNER'S ASSOCIATION(S):** Seller has no knowledge of any Homeowners Association governing the subject property. Escrow Holder is instructed to close this transaction with no duty or responsibility for obtaining governing documents and requirements for transfer, including the collection of funds for assessments or processing, which would ordinarily accompany a transfer of membership in a Homeowners Association.

Buyer Initials:

RT  
i.e.

Seller Initials: \_\_\_\_\_

All parties understand and acknowledge that the detection of a Homeowners Association is not always possible simply by reviewing the documents filed of public record in connection with real property. Further, the existence of Covenants, Conditions, and Restrictions (CC&R's) does not necessarily indicate that a Homeowners Association has been established. Even in cases where the existence of a Homeowners Association is established by CC&R's, such establishment does not always result in an actively managed community association with regular assessment and management practices.

**Buyer assumes full responsibility for investigation of all matters that affect the purchase of the subject property, including the potential existence of an actively managed Homeowners Association.** Buyer and Seller understand and agree that Escrow Holder is relieved of any responsibility and/or liability for the failed procurement of documentation or funds required as a result of any discovery made by Buyer after the close of escrow.

Buyer Initials: RT

Seller Initials: \_\_\_\_\_

**PRORATIONS OF PROPERTY TAXES AND OTHER ITEMS:** Unless otherwise agreed in writing, the following items shall be paid current and prorated between Buyer and Seller at the close of escrow: General Real Property Taxes and Assessments, Supplemental Real Property Taxes assessed for the *current* year only, interest on loans assumed by Buyer, rents, Owner's Association regular, special and emergency dues and assessments imposed prior to the close of escrow, premiums on insurance assumed by Buyer, and payments on Mello-Roos and other Special Assessment District bonds and assessments that are now a lien. Seller understands that all open Supplemental Tax bills must be paid in full at closing to meet title insurance requirements, and Escrow Holder is instructed to charge Seller's account accordingly at the close of escrow.

**COSTS INCURRED:** Escrow Holder is authorized and instructed to disburse from **Buyer's funds** on deposit any amounts necessary for the payment of expenses which must be paid prior to the close of escrow, including but not limited to: demand request fees, homeowner's association document fees, city report fees, and courier/overnight mail services. The parties acknowledge that though such disbursements are made from Buyer's funds on deposit, these payments may be made for the benefit of **either the Seller or the Buyer** to facilitate the closing of this transaction. **These payments are not refundable whether this escrow closes or cancels, and all parties acknowledge The Heritage Escrow Company shall have no responsibility or liability in connection with the recovery of Buyer's funds should a dispute arise between Buyer and Seller.** At the close of escrow, Escrow Holder is authorized to charge the party for whom the expense was incurred and is released from any and all liability in connection with compliance with this instruction.

Buyer Initials: RT

Seller Initials: \_\_\_\_\_

**BUYER'S SETTLEMENT:** The Buyer will pay on demand, whether or not this escrow closes, all expenses and charges incurred on Buyer's behalf, including but not limited to: Buyer's customary escrow fees, document preparation fees, e-mail document printing, notary fees, wire fees, messenger and overnight delivery fees, new loan charges and loan document sign-up service fees, if any, existing loan assumption transfer fees, if any, Lender's policy of title insurance, Buyer's portion of the sub-escrow fee, recording charges and fire insurance premiums and/or insurance certificate fees, as necessary. At the discretion of the Escrow Holder and without further instructions, the escrow fee may be reduced for one or both of the parties. **Buyer's deposit in this escrow of funds sufficient to close this transaction shall be deemed Escrow Holder's authorization to proceed with the close of escrow in accordance with the agreements and instructions handed you.**

**SELLER'S SETTLEMENT:** From funds due Seller at the close of escrow, deduct and pay encumbrances of record, plus accrued interest, charges and prepayment penalty, if any, bonds and/or assessments, and any delinquent monthly installment(s) on existing encumbrance(s) as disclosed by beneficiary statement(s), and county and/or city transfer fees, as necessary to comply with these instructions, without Seller's approval. Escrow Holder is authorized to deduct from funds due Seller at the close of escrow, or Seller agrees to pay on demand, whether or not this escrow closes, all expenses and charges incurred on Seller's behalf, including, but not limited to: Seller's customary escrow fees, e-mail document printing, fees for preparation, notarizing and recording of documents as necessary on Seller's behalf, charges

Buyer Initials: RT

Seller Initials: \_\_\_\_\_

for preliminary title report, title commitment, policy of title insurance, Seller's portion of the sub-escrow fee, and fees for obtaining beneficiary statement(s), beneficiary demand(s), and/or offset statement(s), as necessary, and Broker compensation as per separate agreement, if any. At the discretion of the Escrow Holder and without further instructions, the escrow fee may be reduced for one or both of the parties.

### ADDITIONAL INSTRUCTIONS/GENERAL ESCROW PROVISIONS

**DEFINITIONS:** "You" is defined as **The Heritage Escrow Company** and any and all of its directors, officers, employees, representatives, and agents. "Parties" is defined as Buyer and Seller, collectively, who are involved in this escrow.

1. **OPENING OF ESCROW:** Your duty as Escrow Holder does not commence and escrow shall not be deemed opened until a **Purchase Agreement and Joint Escrow Instructions and Supplemental Escrow Instructions to The Heritage Escrow Company** are signed by all parties and received by you. Until both mutually executed documents are received by Escrow Holder, either party may unilaterally revoke these Instructions by written request delivered to you and may withdraw any Instructions or documents previously handed to you by said party. If these Instructions are unilaterally revoked by either party and there are funds on deposit in the escrow, Escrow Holder reserves the right to require additional instructions from the parties concerning the disbursement of said funds.
2. **ESCROW HOLDER'S DUTIES:** Escrow Holder is only to be concerned with the terms of the Purchase Agreement and Joint Escrow Instructions as specifically directed to Escrow Holder and these additional Supplemental Escrow Instructions and any Amendments thereto. You are not to be concerned with or liable for items designated as "Memoranda Items" in the Supplemental Escrow Instructions. You are not responsible for interpreting or acting on any provision of the Purchase Agreement and Joint Escrow Instructions which is not set forth in the specified paragraphs directed to Escrow Holder.
3. **WRITTEN INSTRUCTIONS REQUIRED:** All notices, demands and Instructions must be in writing. Escrow Holder shall have no duty to verify the signature of any party unless further written Escrow Instructions to do so are received by you together with an agreement to pay additional escrow fees. No notice, demand, instruction, amendment, or supplement of these Escrow Instructions shall be of any effect in this escrow until deposited in writing and mutually executed by all parties. You are authorized to accept oral instructions from the parties, Real Estate Broker(s), Real Estate Agent(s), Lender(s) or Lender's Agent(s) concerning the preparation of Escrow Instructions, Amendments or Supplements. However, you are not to act upon any instruction so delivered until you have received same in writing signed by all parties to this escrow. Any documents, Supplemental Escrow Instructions and/or Amendments that may be necessary to complete this transaction may be executed in counterpart, each of which shall be deemed an original, regardless of the date of execution and delivery. All such counterparts together shall constitute the same document.
4. **DELIVERY OF COPIES OF DOCUMENTS:** You are authorized to furnish copies of any Purchase Agreement and Joint Escrow Instructions, Supplemental Escrow Instructions or Amendments, Closing Statement, Preliminary Title Report, Notice of Cancellation, if any, or any other document in your possession to the Real Estate Broker(s), Real Estate Agent(s), Attorney(s), Lender(s) and/or Lender's Agent(s) involved in this transaction. Copies of such documents shall be furnished to any other entity only upon the parties' oral or written request. Escrow Holder may require a written request for documents at its sole discretion. You are authorized to supply copies of documents as necessary to comply with court orders or demands of governmental agencies when such orders or demands are submitted in their proper form. In this event, you are authorized to comply with requests without notification to either party in this escrow, and you shall not incur any liability for so doing.
5. **CLOSE OF ESCROW AND PRORATIONS:** All prorations and adjustments are to be made on the basis of a thirty (30) day month unless otherwise instructed in writing by all parties. The close of escrow with reference to prorations, adjustments and all purposes in this escrow shall be the day the instruments of conveyance are recorded with the County Recorder. For proration purposes, unless otherwise agreed upon by the parties, the Buyer will have ownership of the real property which is the subject of this escrow for the entire close of escrow day, regardless of the hour of recording. If the date by which Buyer's or Seller's performances are due shall be other than your regular business day, such performances shall be due on your next succeeding business day.
6. **DISBURSEMENT OF FUNDS AND DELIVERY OF DOCUMENTS:** All disbursements are to be made by the Escrow Holder's trust account check unless instructed otherwise in writing. Escrow Holder will not indemnify any payee or guarantee signatures of any person or entity at any financial institution. Any funds disbursed during or at the close of escrow will be issued jointly to the parties designated as payee unless you are instructed otherwise in writing by all designated payees. The funds representing loan and/or sale proceeds will be disbursed jointly to all persons who were the record owners of the subject real property. All disbursements of funds and/or delivery of other documents or instruments concerning this escrow will be mailed to the entitled party by regular first-class mail, postage prepaid, at his respective address shown on file. However, at your discretion, you may send funds and/or other instruments or documents by certified or registered mail, overnight delivery, messenger or facsimile machine, in which case the party for whom the delivery was made agrees to pay the costs. The provisions of this paragraph include, but are not limited to, requests for demand statements, requests for beneficiary statements, requests for homeowners' association statements or any other requests as you may deem necessary for the timely closing of this escrow. The parties authorize the recordation of any instrument delivered through this escrow, if necessary for the issuance of the required title insurance policy or closing of this escrow. You are to instruct the County Recorder to mail recorded documents to the entitled party at his respective address. You are to instruct the title company to mail the title policy(ies) to the Lender(s) or Buyer(s) as appropriate.
7. **ASSIGNMENT OF PROCEEDS:** If a party unilaterally assigns or orders its proceeds of this escrow to be paid to a person or entity other than the original parties to this escrow, such assignment or order shall be subordinate to the expenses of this escrow and liens of record on the subject property. If there are not sufficient proceeds at the close of escrow to pay such assignment or order, you are nevertheless directed to close this escrow. In such an event, you shall pay such assignment or order up to the net proceeds and are not to be concerned with the balance remaining unpaid, if any. Furthermore, if there are insufficient proceeds to fully pay the assignment or if the assignment is revoked, Escrow Holder shall have no responsibility or liability for providing such information to the assignee.

Buyer Initials: RT

Seller Initials: \_\_\_\_\_

8. **PAYMENT OF EXPENSES AND FEES:** Unless otherwise agreed upon in writing by the parties, Seller and Buyer agree to pay on demand, whether or not this escrow closes, all expenses and charges incurred by you on their behalf. You are authorized to charge, and the parties agree to pay, additional escrow fees for extraordinary services not within the range of customary escrow processing, including an administrative fee for processing overnight mail or other expedited delivery service. At the discretion of the Escrow Holder and without further instructions, the escrow fee may be reduced for one or both of the parties.

9. **COOPERATION BY THE PARTIES:** The parties shall cooperate with you in carrying out the terms of the mutually executed Escrow Instructions as deposited, and shall cooperate with you in completing this escrow. The parties shall deposit into escrow, upon request, any additional funds, instruments, documents, instructions, authorizations or other items that are necessary to enable you to comply with demands made on you by third parties, to secure policies of title insurance, or to otherwise carry out the terms of their instructions and close this escrow.

10. **FACSIMILE:** In the event Buyer, Seller, Agent/Broker(s) or any Lender(s) utilizes facsimile transmitted instructions, Escrow Holder may rely and act upon such instruction in the same manner as if original signed Instructions were in Escrow Holder's possession. The original of any signed document which was transmitted by facsimile will be forwarded to Escrow Holder within 48 hours of transmission. Escrow Holder shall have no liability to any party for relying upon facsimile instructions which were transmitted to Escrow Holder or for any information which was misinterpreted due to the poor quality of the transmission. **Buyer and Seller understand and agree that when necessary to permit compliance with Escrow Instructions, Escrow Holder may rely on facsimile transmitted instructions and/or demands, however no funds will be disbursed for any reason without original signed instructions in the possession of Escrow Holder.**

11. **SUB-ESCROW AGENT:** If necessary, proper or convenient for the closing of this escrow, you are authorized to deposit any documents and/or funds handed you under these Escrow Instructions, with any duly authorized sub-escrow agent, including, but not limited to, any bank, trust company, title insurance company, savings and loan association, or licensed escrow agent, subject to your order on or before close of escrow.

12. **DEPOSITS OF FUNDS:** Escrow Holder is instructed to deposit all funds received by you with any state or national bank, state or federal savings bank, or state or federal savings and loan association, in a trust account in the name of Escrow Holder, without any liability for payment of interest. The funds may be withdrawn by you and disbursed in accordance with the written instructions of the parties.

All deposits made by personal check, cashier's check, or certified check are subject to clearance and payment by the financial institution on which drawn, and will be identified as collected funds when Escrow Holder's financial institution confirms that the funds are available for disbursement. **The Heritage Escrow Company** does not accept money orders, cash, foreign currency or ACH (Automatic Clearing House) transactions for deposit. If any check deposited by you is dishonored upon presentment for payment, you are authorized to notify all parties to this escrow, the Real Estate Broker(s) and Real Estate Agent(s) and any other person or entity you deem necessary, at your sole discretion.

13. **EXPIRATION DATE OF INSTRUCTIONS AND CANCELLATION:** If the conditions of this escrow have not been complied with at the expiration date of the Purchase Agreement and Joint Escrow Instructions and Supplemental Escrow Instructions or any Amendment thereto, you are instructed to complete the conditions at the earliest possible time, unless Buyer or Seller has made written demand upon you to stop any further proceedings and/or performance of this escrow. The parties, jointly and severally, agree that if this escrow cancels or is otherwise terminated and not closed, the parties shall pay any costs and expenses which you have incurred or have become obligated for under these Escrow Instructions, which may include, but not be limited to, attorney's fees, arbitration fees and costs, and its normal and usual escrow fees for the services rendered. Said fees may be apportioned between Buyer and Seller in a manner which, at your sole discretion, you consider to be equitable and said apportionment will be binding and conclusive upon the parties. The parties agree that funds to cover such costs and expenses must be deposited in escrow before any cancellation or other termination of this escrow is effective. Upon receipt of mutually executed Cancellation Instructions or a final order or judgment of a court of competent jurisdiction, addressed to **The Heritage Escrow Company** and containing specific instructions to **The Heritage Escrow Company**, you are instructed to disburse the escrow funds and instruments in accordance with same, and this escrow shall, without further notice, be considered terminated and cancelled.

14. **HOLD OPEN FEE:** Notwithstanding any other provisions in these Supplemental Escrow Instructions and in addition to other fees and costs to which Escrow Holder may be entitled, the parties, jointly and severally, agree that if this escrow is not consummated within ninety (90) days from the date set for closing, Escrow Holder is authorized, at Escrow Holder's sole discretion, and without further instructions, to deduct and pay to **The Heritage Escrow Company** a hold open fee of \$50.00 per month from the funds on deposit and the parties will deposit additional funds to cover same, if necessary, upon demand.

15. **PRELIMINARY CHANGE OF OWNERSHIP FORM:** Pursuant to Section 480.3 of the California Revenue and Taxation Code, all deeds and other documents that reflect a change in ownership must be accompanied by a Preliminary Change of Ownership Report to be completed by the transferee. If this report is not presented at the time of recording, or is not completed by transferee correctly, an additional charge of \$20.00, as required by law, will be charged to transferee. If a complete change of ownership form is not presented at time of recording, a form will be mailed directly to transferee after closing by the assessor's office for completion outside of escrow. Transferee assumes all liability and responsibility for delinquent or incomplete filing of the Report, including payment of any penalties which may be assessed.

16. **SUPPLEMENTAL PROPERTY TAXES:** State law requires the County Assessor to reappraise property values upon change of ownership as well as for City, County or other district improvements. Such reappraisal may result in an increase in the property tax liability that reflects the difference between the former value and the newly assessed value. In the event of a reappraisal, one or more supplemental tax bills may be issued by the Assessor's office. Any supplemental tax bills which are reported to Escrow Holder shall be paid by Seller prior to the close of escrow. Buyer and Seller acknowledge that Escrow Holder is not responsible for tax bills issued after closing, regardless of the time period for which they are assessed. Buyer and Seller will handle any such billings outside of escrow, and hereby hold Escrow Holder harmless from any and all claims regarding the property including, but not limited to, reassessments and supplemental taxes.

Buyer Initials: *RT*

Seller Initials: \_\_\_\_\_

17. **GOOD FUNDS NOTICE:** Section 12413.1 of The California Insurance Code requires that any title company handling funds in an escrow or sub-escrow capacity wait a specified number of days after depositing funds before recording any documents and disbursing funds. Due to this title company requirement, **The Heritage Escrow Company** requires one of the following before recording will be authorized:

(A) If funds required to close escrow are less than \$500,000.00, we will accept payment in the form of a Cashier's or Official Check drawn on a California Bank or Savings and Loan, made payable to **The Heritage Escrow Company**. Said funds must be deposited in escrow 24 hours prior to authorization of recordation with the title company. Funds received in a form other than a Cashier's or Official Check drawn on a California Bank or Savings and Loan may delay the closing of your escrow transaction a minimum of one (1) to ten (10) business days, due to the check clearance processing. **The Heritage Escrow Company WILL NOT** accept money orders, cash, foreign currency or ACH (Automatic Clearing House) transactions for deposit.

(B) If funds required to close escrow are \$500,000.00 or more, said funds **MUST** be wire transferred to:

**Wire Instructions:** Comerica Bank - California  
2321 Rosecrans Avenue, Suite 5000, El Segundo, CA 90245  
Routing Number: 121137522 Account Number: 1891196808  
For the Credit of: The Heritage Escrow Company Temecula Branch  
To Further Credit: Escrow No. 203-34085-SLJ

Recording will not be authorized until the following has occurred: (a) We have confirmation of collected funds on any checks deposited, or (b) We have written confirmation from our bank that all funds are available for disbursement.

**NOTE: FUNDS TO BE WIRED OUT ON ANY TRANSACTION WILL BE WIRED OUT ON THE NEXT BUSINESS DAY AFTER RECEIVING WRITTEN CONFIRMATION FROM OUR BANK THAT ALL FUNDS ARE AVAILABLE FOR DISBURSEMENT.**

18. **FEDERAL AND STATE WITHHOLDING REQUIREMENTS:**

**FEDERAL REQUIREMENTS:** The Foreign Investment in Real Property Tax Act (FIRPTA), Internal Revenue Code Section 1445 requires that the Buyer of U.S. Real Property must, unless an exemption applies, deduct and withhold from Seller's proceeds ten (10%) percent of the gross sales price for the Internal Revenue Service ("IRS") unless:

- (A) Seller provides Escrow Holder with an Affidavit stating the Seller is not a foreign person as per the IRS definition or;
- (B) Buyer provides Escrow Holder with an Affidavit stating the sales price does not exceed \$300,000 for the IRS or;
- (C) Seller provides Escrow Holder with a copy of an applicable waiver request and proof that the request was sent to the IRS prior to the close of escrow, in which case Escrow Holder is to retain said withholding funds, pending IRS notification. Upon receipt of IRS waiver response, Escrow Holder shall remit the amount as requested and refund the balance, if any, to the Seller.

**STATE REQUIREMENTS:** In accordance with Section 18662 of the Revenue and Taxation Code (R&TC), a Buyer may be required to withhold an amount equal to 3-1/3 percent of the sales price or an optional gain on sale withholding amount certified by the Seller in the case of a disposition of California real property interest by either:

- 1. A Seller who is an individual, trust, estate, or when the disbursement instructions authorize the proceeds to be sent to a financial intermediary of the Sellers, OR
- 2. A corporate Seller that has no permanent place of business in California immediately after the transfer of title to the California real property.

The Buyer may become subject to penalty for failure to withhold an amount equal to the greater of 10 percent of the amount required to be withheld or five hundred dollars (\$500).

However, notwithstanding any other provision included in the California statutes referenced above, no Buyer will be required to withhold any amount or be subject to penalty for failure to withhold if any of the following apply:

- 1. The sale price of the California real property conveyed does not exceed one hundred thousand dollars (\$100,000) OR
- 2. The Seller executes a written certificate, under the penalty of perjury, certifying that the Seller is a corporation with a permanent place of business in California, OR
- 3. The Seller, who is an individual, trust, estate or a corporation without a permanent place of business in California executes a written certificate, under the penalty of perjury, of any of the following:
  - A. The California real property being conveyed is the Seller's or decedent's principal residence (within the meaning of Section 121 of the Internal Revenue Code IRC).
  - B. The last use of the property being conveyed was use by the transferor as the transferor's principal residence (within the meaning of IRC Section 121).
  - C. The California real property being conveyed is or will be exchanged for property of like kind (within the meaning of IRC Section 1031), but only to the extent of the amount of gain not required to be recognized for California income tax purposes under IRC Section 1031.
  - D. The California real property has been compulsorily or involuntarily converted (within the meaning of IRC Section 1033) and that the Seller intends to acquire property similar or related in service or use so as to be eligible for nonrecognition of gain for California income tax purposes under IRC Section 1033.
  - E. The California real property transaction will result in a loss or net gain not required to be recognized for California income tax purposes.

The Seller is subject to penalty for knowingly filing a fraudulent certificate for the purpose of avoiding the withholding requirement.

Any funds which are withheld shall be forwarded with the necessary forms to the IRS and/or FTB. In addition to the withholding funds, Escrow Holder will hold from Seller's proceeds funds to cover overnight delivery fees (if necessary) to the IRS and/or FTB and the sum of \$45.00, which is to be paid to Escrow Holder upon delivery of funds and forms to the FTB.

19. **1099 REPORTING DISCLOSURE:** Under the Tax Reform Act of 1986, Escrow Holder is required to report the gross proceeds of this transaction to the Internal Revenue Service (IRS). The Seller is required by law to furnish a correct taxpayer identification number or social security number to Escrow Holder and Seller may be subject to civil or criminal penalties for failure to do so. If there is more than one Seller, an allocation of the gross proceeds from this transaction must be received by Escrow Holder prior to the close of escrow. If Escrow Holder fails to receive a complete allocation or no allocation as to any Seller, Escrow Holder must report the entire unallocated gross proceeds to that particular Seller. If conflicting allocations are received, Escrow Holder must report the entire unallocated gross proceeds for each Seller. Sellers who are married on the closing date and who hold

Buyer Initials: *RT*

Seller Initials: \_\_\_\_\_

title to the subject property as tenants in common, joint tenants or community property are treated for reporting purposes by the IRS as a single Seller. Each Seller must provide a permanent address to which Escrow Holder can mail IRS Form 1099 following the close of escrow.

**20. DELIVERY TO BROKER/AGENT:** Delivery of any report, disclosure and/or information to the principals' Broker/Agent shall constitute delivery of same to that principal.

**21. DESTRUCTION OF DOCUMENTS:** You are authorized to destroy or otherwise dispose of any and all documents, papers, Escrow Instructions, correspondence and records or other material constituting or pertaining to this escrow at any time after five (5) years from the date of: (1) the close of escrow or (2) the date of cancellation of escrow without liability and without further notice to the parties.

**22. BUSINESS AFFILIATION:** The Heritage Escrow Company is a wholly-owned subsidiary of The First American Corporation which owns other companies that provide real estate settlement services and products.

**23. ACTION AGAINST ESCROW HOLDER:** No action shall lie against Escrow Holder, and you shall be held harmless and completely and fully indemnified, for any claim, loss, liability or alleged cause of action of any kind or nature whatsoever, however caused or incurred under this escrow or in connection with the handling or processing of this escrow, except for gross negligence or willful misconduct.

**24. THIRD PARTY CLAIMS:** The parties, jointly and severally, indemnify and hold you harmless against third party claims for any loss, damages, claims, attorneys' fees and related costs and expenses.

**25. DISCLOSURES:** You are not to be concerned with giving any disclosures required by federal or state law, including, but not limited to, Real Estate Settlement Procedures Act, Regulation Z Truth-In-Lending, Property Zone Disclosures, condition of subject property or other warnings, or any other warranties, expressed or implied.

**26. SUBDIVISION MAP ACT:** The parties are satisfied that the subject property covered by this escrow is not in violation of the Subdivision Map Act or any law regulating land division, zoning ordinances or building restrictions, or requirements, which may affect the land or improvements. You are relieved of all responsibility and liability in connection with such laws, ordinances, restrictions, or regulations past, present and future, and are not to be concerned with any of their enforcement.

**27. ENVIRONMENTAL REVIEW:** The parties release you from any and all liability of any kind and indemnify you from any loss, damages, claims, judgments or costs of any kind resulting from or related to the release or discharge of hazardous or toxic wastes on subject property, whether it occurred in the past or present, or may occur in the future, which is in violation of law, in excess of any state or federal standards, permit requirements and/or disclosure requirements existing at this time or which may exist at a future time. The parties represent that they made their own assessment of the condition of subject property and have not relied on any of your representations in making the assessments. The parties are advised to seek independent legal and technical environmental expert advice in assessing the risks associated with potential hazardous or toxic wastes.

**28. CONDITION OF PROPERTY:** You shall make no physical inspection of the real property or personal property described in any instrument deposited in, or which is the subject of this escrow. You shall make no representations or warranties concerning any such real property or personal property and are not to be concerned with or liable for the condition of real property or personal property. Unless otherwise directed in writing by the parties hereto, you shall conduct no lien or title search regarding the sale or transfer of any personal property through this escrow. Should any party request a lien or title search of personal property, the party requesting same shall delivery separate and specific written Escrow Instructions to you along with an agreement to pay additional escrow fees for same.

**29. NO DUTIES TO DISCLOSE:** The parties agree that you have the responsibilities of an Escrow Holder only and there are no other legal relationships established in the terms and conditions of the Escrow Instructions. In connection with this escrow; (1) you shall have no duty or responsibility of notifying any of the parties to this escrow of any sale, resale, loan, exchange or other transaction involving any of the subject real property or personal property; (2) you shall have no responsibility or duty to disclose any benefit, including, but not limited to, financial gain, realized by any person, corporation or firm involving the subject real property or personal property; and (3) you shall have no responsibility or duty to disclose any profit realized by any person, corporation or firm including, but not limited to, any Real Estate Broker, Real Estate Agent and/or a party to any other escrow, in connection therewith, although such other transaction may be handled by you in this escrow or in another escrow transaction. If, however, you are instructed in writing by any party, Lender or other entitled person to disclose any sale, resale, loan, exchange or other transaction involving the subject real property or personal property or any profit realized by any party to this escrow, you shall do so without incurring any liability.

**30. LIMITATIONS ON DUTIES OF ESCROW HOLDER:** You shall not be responsible in any way whatsoever for the following: (1) the sufficiency, validity or correctness of the signature of any party or any third party to this escrow; (2) the sufficiency or correctness as to form, manner of execution or validity of any documents deposited in this escrow, (3) the identity, authority or right of any person executing the same, either as to documents of record or those handled in this escrow, or (4) the failure of any party to comply with any of the provisions of any agreement, contract or other instrument filed or deposited in this escrow or referred to in these Escrow Instructions. Your duties shall be limited to the safekeeping of money and documents received by you as Escrow Holder and for disposition in compliance with the written instructions accepted by you in this escrow. You shall not be required to take any action regarding the collection, maturity, or apparent illegality of any obligations deposited with you. The parties' signatures on all Escrow Instructions and documents for this escrow indicate their unconditional acceptance and approval of same.

**31. LIENHOLDER STATEMENTS DEPOSITED INTO ESCROW:** You are not responsible for the contents or accuracy of any beneficiary demand and/or beneficiary statement delivered to you by the existing lienholder. You are not required to submit any such beneficiary statement and/or beneficiary demand to any party for approval before the close of escrow. Should any party desire to pre-approve any such beneficiary statement and/or beneficiary demand, the party requesting same shall deliver separate and specific written Escrow Instructions to you.

Buyer Initials:

R.T.

Seller Initials: \_\_\_\_\_

**32. LOAN DOCUMENTS:** You are not to be responsible nor concerned with the terms of any new loan or the contents of any loan documents obtained by any party in connection with this escrow except to order such loan documents into the escrow file, transmit the loan documents to the Buyer or Borrower for execution and transmit the executed loan documents to Lender. Buyer (Borrower) acknowledges that a sub-agent, including, but not limited to, a notary public or document sign-up service, may be required to temporarily take possession of the loan documents and various escrow documents to facilitate such delivery, and you are authorized to make arrangements as you deem necessary without incurring liability. The parties understand and agree that you are neither involved nor concerned with the approval and/or processing of any loan or the contents and effect of loan documents prepared by a Lender. You shall not be responsible nor are you to be concerned with any question of usury in any loan or encumbrance, whether new or of record, which may arise during the processing of this escrow. You are not responsible for any portion of the Lender's instructions which requires the performance of obligations or duties exceeding those imposed by California statutory authority or which requires Escrow Holder to assume liability for the Lender's regulatory responsibilities.

**33. RESIGNATION OF ESCROW HOLDER AND TERMINATION OF ESCROW AGENCY:** Escrow Holder, at its sole and absolute discretion, may withdraw from escrow at any time by providing five (5) days written notice to parties and tendering all documents and funds held in escrow to the parties depositing same. Parties will hold **The Heritage Escrow Company** and any and all of its officers, employees and agents fully and completely harmless from same.

Your Escrow Holder agency shall terminate six months following the date last set for close of escrow and shall be subject to earlier termination by receipt of mutually executed Cancellation Instructions or by resignation by Escrow Holder. If this escrow has not closed or cancelled within the aforementioned six month period, you shall have no further obligations as Escrow Holder except to disburse funds and documents pursuant to mutually executed Cancellation Instructions, to interplead, to resign as Escrow Holder at Escrow Holder's sole option, or otherwise dispose of funds and documents in accordance with a validly served order from a court of competent jurisdiction, addressed to **The Heritage Escrow Company** and containing specific instructions to **The Heritage Escrow Company**.

**34. CONFLICTING DEMANDS:** If conflicting demands or notices are made or served upon you or if any controversy arises between the parties or with any third person, relating to this escrow, you shall have the absolute right to withhold and stop all further proceedings and in performance of this escrow without incurring any liability until you receive satisfactory notification of the settlement of the controversy by written agreement of the parties, or by the final order of judgment of a court of competent jurisdiction, addressed to **The Heritage Escrow Company**, and containing specific instructions to **The Heritage Escrow Company**. **The Heritage Escrow Company**, at its sole right and discretion, can interplead any funds or documents in its possession, and the parties agree to compensate **The Heritage Escrow Company** for any costs regarding same.

All parties to this escrow, jointly and severally, promise to pay promptly on demand, and indemnify you and to hold you harmless from and against all administrative governmental investigations, audit and legal fees, litigation and interpleader costs, damages, judgments, attorneys' fees, arbitration costs and fees, expenses, obligations and liabilities of every kind (collectively "costs") which in good faith you may incur or suffer, whether said costs arise during the performance of or subsequent to this escrow, directly or indirectly, and whether at trial or on appeal, except for acts of gross negligence or willful misconduct. You are given a lien upon all the rights, title and interest of the parties and all escrow papers and other property and funds deposited into this escrow to protect your rights and to indemnify and reimburse you. If the parties do not pay any costs due you under the terms and conditions of the Escrow Instructions or do not pay for costs and attorneys' fees incurred in any litigation or interpleader, on demand, they each agree to pay a reasonable fee for any attorney services which may be required to collect such fees or expense, whether attorneys' fees are incurred before trial, at trial, on appeal or in arbitration.

**35. LEGAL AND FINANCIAL COUNSEL:** The parties acknowledge and understand that you, as Escrow Holder, are not authorized to practice law nor do you give financial advice. The parties are advised to seek independent legal and financial counsel and advice concerning the effect of these Escrow Instructions. The parties acknowledge that no representations are made by you about the legal sufficiency, legal and/or tax consequences, or financial effects of this escrow.

**36. ERRORS OR OMISSIONS:** In the event you disburse more funds than are due or you disburse funds for the benefit of any party other than the one who is entitled to receive said funds, whether by omission or by error of calculation, the party in this escrow who received benefit from said disbursement hereby agrees to repay and/or reimburse Escrow Holder the amount of overpayment within five days after written demand is made on said party. If repayment and/or reimbursement is not made, interest in the amount of 10% per annum shall commence on the sixth day after such written demand is made. If said party refuses or neglects to pay said funds and interest due thereon to Escrow Holder, legal proceedings to collect said funds with accrued interest will immediately ensue. The receiving party agrees to pay all charges, court costs, and attorneys' fees that may be incurred.

You shall not be liable for any of your acts or omissions done in good faith nor for any claims, demands, losses or damages made or suffered by any party to this escrow by omission or error in calculation. All parties, jointly and severally, promise to pay promptly on demand, any cost and/or charge which should have been paid at the close of escrow.

**37. GENDER REFERENCES:** In these Escrow Instructions, wherever the context so requires, the masculine gender includes the feminine and/or neuter and the singular number includes the plural.

**38. ARBITRATION:** The parties to this escrow agree to submit all disputes related to or actions brought against **The Heritage Escrow Company**, whether contract, tort or otherwise, to Arbitration, in accordance with California Code Procedure Section 1280 through 1294-2. The parties understand that they are waiving their rights to a jury trial. However, in the event Escrow Holder elects, at its sole option, to bring an Interpleader or Small Claims action, pursuant to California Code of Civil Code 386 and 116 et seq. or elects to resign its capacity as Escrow Holder, this Arbitration provision shall not apply to any such action.

**39. SEVERABILITY:** If any provision of these Instructions is held invalid or unenforceable, the other portions of these Instructions shall nevertheless continue in full force and effect. If any provision is held invalid or unenforceable with respect to particular circumstances, it shall nevertheless remain in full force and effect in all other circumstances.

Buyer Initials: 

Seller Initials: \_\_\_\_\_

40. **LEGAL FEES:** If any legal action or other proceeding is brought for enforcement of these Instructions, or because of an alleged dispute, breach, default, or misrepresentation in connection with any of the provisions of these Instructions, the successful or prevailing party or parties shall be entitled to recover its reasonable attorneys' fees and other costs incurred in that action or proceeding in any appeal, in addition to any other relief to which they may be entitled. If litigation is instituted and dismissed before judgment, the parties agree that all costs of suit and fees shall be paid from amounts held in escrow before disbursement of the sums held to the parties.

In the event **The Heritage Escrow Company** is compelled to initiate legal action against either principal to enforce any provisions of these Instructions and such action is dismissed before judgment, the party responsible for compelling **The Heritage Escrow Company** to initiate legal action agrees to pay all costs associated with the action, including, but not limited to, all costs of suit and attorneys' fees. These amounts will be paid from the responsible party's funds held in escrow before any other disbursements are made. If the responsible party does not have sufficient funds on deposit, that party will deposit funds as necessary to reimburse **The Heritage Escrow Company** for its expenses as stated in this paragraph.

41. **PRIVACY NOTICE:** **The Heritage Escrow Company** recognizes the importance of protecting the confidentiality of non-public information in our possession. One of our highest priorities is assuring clients that non-public personal customer information gathered in our rendering of services will be held secure. We maintain physical, electronic and procedural safeguards to guard non-public personal consumer information to an external non-affiliated organization unless we have authorization or are required by law. We require organizations that provide support services on our behalf to conform to our privacy standards.

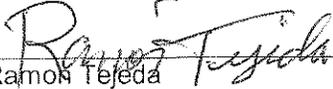
42. **TIME:** Time is of the essence.

43. **GOVERNING LAW:** These Instructions are governed by the laws of the State of California.

44. **CONSTRUCTION OF AGREEMENT:** In construing these Instructions, all paragraph headings and captions are for the convenience of the parties only and shall not be considered as part hereof.

**THE FOREGOING INSTRUCTIONS, ADDITIONAL INSTRUCTIONS/GENERAL ESCROW PROVISIONS ARE MADE A PART HEREOF AND APPROVED IN THEIR ENTIRETY.**

**BUYER(S):**

  
Ramon Tejeda

**SELLER(S):**

\_\_\_\_\_  
Sylvia K. Alkins

Buyer Initials: RT

Seller Initials: \_\_\_\_\_



27555 Ynez Road, Suite 102  
Temecula, CA 92591  
(951) 699-3300  
Fax: (951) 699-1900  
www.heritageescrow.com

## SUPPLEMENTAL ESCROW INSTRUCTIONS

TO: **The Heritage Escrow Company**  
**Temecula Branch**

Date: May 20, 2011  
Escrow Number: **203-34085-SLJ**  
Escrow Officer: Shanelle Jones

Terms of Transaction		
Initial Deposit	\$	2,000.00
Deposit Prior to Close of Escrow	\$	9,000.00
New Encumbrance – 1 <sup>st</sup> Trust Deed	\$	44,000.00
<b>Total Consideration</b>	<b>\$</b>	<b>55,000.00</b>

THE HERITAGE ESCROW COMPANY IS LICENSED BY THE DEPARTMENT OF CORPORATIONS, STATE OF CALIFORNIA, UNDER LICENSE NUMBER 963-1053.

You are authorized to use and/or deliver the funds and documents deposited by the parties in this escrow on the **scheduled closing date of June 24, 2011**, provided you are in a position to order a Policy of Title Insurance through **First American Title Company**, with a liability of **\$55,000.00**, covering the following described property in the City of Hemet, in the County of **Riverside**, State of California:

**Lot 23 of Tract No. 3259, in the City of Hemet, County of Riverside, State of California, as per map recorded in Book 52, Page(s) 52 and 53, in the Office of the County Recorder of said County.**

Property Address: **805 E. Stetson Avenue, Hemet, CA 92543 (NOT VERIFIED BY ESCROW HOLDER)**

SHOWING TITLE VESTED IN: **Ramon Tejeda, (complete vesting to be provided prior to the close of escrow).** Escrow Holder is hereby authorized and instructed to affix Buyer's complete vesting to the Grant Deed upon written authorization from the Buyer without further approval of the Seller.

### SUBJECT TO:

**General and Special County and City (if any) taxes, Covenants, Conditions and Restrictions, easements, reservations, rights, rights of way, and exceptions of gas, water, oil, minerals, carbons and hydrocarbons on or under said land, now of record, and in deed to file, if any, affecting the use and occupancy of said land, and Assessments and bonds of record.**

**A New First Trust Deed to file** securing a Note in principal amount of **\$44,000.00**, in favor of **Lender Of Buyer's Choice** per terms contained in the loan documents to be prepared by Lender. Buyer's execution of such documents will be deemed Buyer's acceptance of the loan terms and will be considered your authority to perform the customary settlement agent duties associated with Buyer's financing.

Buyer Initials: \_\_\_\_\_

**PLEASE SIGN & RETURN**

Seller Initials:  \_\_\_\_\_

**INSTRUCTIONS:**

**PURCHASE AGREEMENT:** The Heritage Escrow Company acknowledges receipt of that certain California Residential Purchase Agreement and Joint Escrow Instructions (Agreement) dated **April 6, 2011**, between **Ramon Tejada** (Buyer) and **Sylvia K. Alkins** (Seller), together with the related **Addendum No. 1, Short Sale Addendum**, addenda and any other mutual instructions. Duties of the Escrow Holder as set forth in said Agreement are made a part hereof. Contrary to any pre-printed provisions of the Purchase Agreement, Escrow Holder is not responsible for the delivery of any California Association of Realtors (CAR) disclosures, as these documents contain no instructions to the Escrow Holder and are intended for use between the parties and the real estate brokers.

**SHORT PAYOFF:** This escrow is contingent upon Escrow Holder's receipt of a written short payoff statement from the existing Lender of record prior to close of escrow, stating that said existing Lender will accept payoff for less than the current loan balance. This reduction of the current loan balance must be sufficient to permit the payment of Seller's expenses in this escrow, including, but not limited to: brokerage commission, prorations, Seller's usual and customary closing costs, and all other obligations as required in these instructions. The deposit in escrow of the Short Payoff Demand Statement from the existing Lender of record will be deemed satisfaction of this contingency. Seller's signature on these instructions constitutes Seller's approval of all the short sale lender's terms and conditions and no further approval shall be required.

The parties understand that Escrow Holder is required to disclose all known facts about this transaction to the short sale lender. **The parties represent that the purchase contract and these supplemental escrow instructions contain the entire agreement between Buyer and Seller and that no undisclosed outside agreements exist between Buyer and Seller and/or third parties.** Buyer and Seller instruct Escrow to comply with the Lender's requirements as shown on the short payoff demand. Escrow Holder is authorized to transmit any required documentation to Lender either directly or through the coordinating negotiator or agent.

Seller agrees to cooperate in good faith with the closing of this escrow and further agrees and understands that Seller will receive no proceeds at the close of this escrow. Seller has sought the advice of a CPA and/or Tax Advisor as to possible tax and/or credit implications regarding this short pay transaction.

Escrow Holder is not to be concerned with the form or delivery of any Lender consent to be furnished by Seller to Buyer which may be required in their purchase contract or any addenda thereto. Also, regardless of any contractual agreement regarding the holding of Buyer's deposit check, Escrow Holder is authorized and instructed to deposit any check presented by Buyer or his Agent within one business day, in accordance with regulations of the Department of Corporations. Buyer and Seller understand and acknowledge that the release of any funds from escrow will require the written mutual instructions of all parties to this transaction.

**TERMITE INSPECTION WAIVED:** Buyer and Seller hereby acknowledge that there will be no termite inspection report issued on subject property through this escrow. Escrow Holder is hereby relieved of any and all responsibility and/or liability in connection therewith.

**HOME PROTECTION PLAN WAIVED:** No Home Protection Plan is being purchased by Buyer or Seller in this transaction.

**FIRE INSURANCE:** Buyer will provide evidence of fire insurance which complies with the requirements of the new Lender and will pay the premium for same through escrow. If the homeowner's association dues include a premium on a Master Insurance Policy, Escrow Holder is instructed to obtain an insurance certificate as evidence of coverage in accordance with the new Lender's requirements.

**NO HOMEOWNER'S ASSOCIATION(S):** Seller has no knowledge of any Homeowners Association governing the subject property. Escrow Holder is instructed to close this transaction with no duty or responsibility for obtaining governing documents and requirements for transfer, including the collection of funds for assessments or processing, which would ordinarily accompany a transfer of membership in a Homeowners Association.

Buyer Initials: \_\_\_\_\_

Seller Initials:  \_\_\_\_\_

All parties understand and acknowledge that the detection of a Homeowners Association is not always possible simply by reviewing the documents filed of public record in connection with real property. Further, the existence of Covenants, Conditions, and Restrictions (CC&R's) does not necessarily indicate that a Homeowners Association has been established. Even in cases where the existence of a Homeowners Association is established by CC&R's, such establishment does not always result in an actively managed community association with regular assessment and management practices.

**Buyer assumes full responsibility for investigation of all matters that affect the purchase of the subject property, including the potential existence of an actively managed Homeowners Association.** Buyer and Seller understand and agree that Escrow Holder is relieved of any responsibility and/or liability for the failed procurement of documentation or funds required as a result of any discovery made by Buyer after the close of escrow.

Buyer Initials: \_\_\_\_\_

Seller Initials: SA

**PRORATIONS OF PROPERTY TAXES AND OTHER ITEMS:** Unless otherwise agreed in writing, the following items shall be paid current and prorated between Buyer and Seller at the close of escrow: General Real Property Taxes and Assessments, Supplemental Real Property Taxes assessed for the *current* year only, interest on loans assumed by Buyer, rents, Owner's Association regular, special and emergency dues and assessments imposed prior to the close of escrow, premiums on insurance assumed by Buyer, and payments on Mello-Roos and other Special Assessment District bonds and assessments that are now a lien. Seller understands that all open Supplemental Tax bills must be paid in full at closing to meet title insurance requirements, and Escrow Holder is instructed to charge Seller's account accordingly at the close of escrow.

**COSTS INCURRED:** Escrow Holder is authorized and instructed to disburse from **Buyer's funds** on deposit any amounts necessary for the payment of expenses which must be paid prior to the close of escrow, including but not limited to: demand request fees, homeowner's association document fees, city report fees, and courier/overnight mail services. The parties acknowledge that though such disbursements are made from Buyer's funds on deposit, these payments may be made for the benefit of **either the Seller or the Buyer** to facilitate the closing of this transaction. **These payments are not refundable whether this escrow closes or cancels, and all parties acknowledge The Heritage Escrow Company shall have no responsibility or liability in connection with the recovery of Buyer's funds should a dispute arise between Buyer and Seller.** At the close of escrow, Escrow Holder is authorized to charge the party for whom the expense was incurred and is released from any and all liability in connection with compliance with this instruction.

Buyer Initials: \_\_\_\_\_

Seller Initials: SA

**BUYER'S SETTLEMENT:** The Buyer will pay on demand, whether or not this escrow closes, all expenses and charges incurred on Buyer's behalf, including but not limited to: Buyer's customary escrow fees, document preparation fees, e-mail document printing, notary fees, wire fees, messenger and overnight delivery fees, new loan charges and loan document sign-up service fees, if any, existing loan assumption transfer fees, if any, Lender's policy of title insurance, Buyer's portion of the sub-escrow fee, recording charges and fire insurance premiums and/or insurance certificate fees, as necessary. At the discretion of the Escrow Holder and without further instructions, the escrow fee may be reduced for one or both of the parties. **Buyer's deposit in this escrow of funds sufficient to close this transaction shall be deemed Escrow Holder's authorization to proceed with the close of escrow in accordance with the agreements and instructions handed you.**

**SELLER'S SETTLEMENT:** From funds due Seller at the close of escrow, deduct and pay encumbrances of record, plus accrued interest, charges and prepayment penalty, if any, bonds and/or assessments, and any delinquent monthly installment(s) on existing encumbrance(s) as disclosed by beneficiary statement(s), and county and/or city transfer fees, as necessary to comply with these instructions, without Seller's approval. Escrow Holder is authorized to deduct from funds due Seller at the close of escrow, or Seller agrees to pay on demand, whether or not this escrow closes, all expenses and charges incurred on Seller's behalf, including, but not limited to: Seller's customary escrow fees, e-mail document printing, fees for preparation, notarizing and recording of documents as necessary on Seller's behalf, charges

Buyer Initials: \_\_\_\_\_

Seller Initials: SA

for preliminary title report, title commitment, policy of title insurance, Seller's portion of the sub-escrow fee, and fees for obtaining beneficiary statement(s), beneficiary demand(s), and/or offset statement(s), as necessary, and Broker compensation as per separate agreement, if any. At the discretion of the Escrow Holder and without further instructions, the escrow fee may be reduced for one or both of the parties.

### ADDITIONAL INSTRUCTIONS/GENERAL ESCROW PROVISIONS

**DEFINITIONS:** "You" is defined as **The Heritage Escrow Company** and any and all of its directors, officers, employees, representatives, and agents. "Parties" is defined as Buyer and Seller, collectively, who are involved in this escrow.

1. **OPENING OF ESCROW:** Your duty as Escrow Holder does not commence and escrow shall not be deemed opened until a **Purchase Agreement and Joint Escrow Instructions and Supplemental Escrow Instructions to The Heritage Escrow Company** are signed by all parties and received by you. Until both mutually executed documents are received by Escrow Holder, either party may unilaterally revoke these Instructions by written request delivered to you and may withdraw any Instructions or documents previously handed to you by said party. If these Instructions are unilaterally revoked by either party and there are funds on deposit in the escrow, Escrow Holder reserves the right to require additional instructions from the parties concerning the disbursement of said funds.
2. **ESCROW HOLDER'S DUTIES:** Escrow Holder is only to be concerned with the terms of the Purchase Agreement and Joint Escrow Instructions as specifically directed to Escrow Holder and these additional Supplemental Escrow Instructions and any Amendments thereto. You are not to be concerned with or liable for items designated as "Memoranda Items" in the Supplemental Escrow Instructions. You are not responsible for interpreting or acting on any provision of the Purchase Agreement and Joint Escrow Instructions which is not set forth in the specified paragraphs directed to Escrow Holder.
3. **WRITTEN INSTRUCTIONS REQUIRED:** All notices, demands and Instructions must be in writing. Escrow Holder shall have no duty to verify the signature of any party unless further written Escrow Instructions to do so are received by you together with an agreement to pay additional escrow fees. No notice, demand, instruction, amendment, or supplement of these Escrow Instructions shall be of any effect in this escrow until deposited in writing and mutually executed by all parties. You are authorized to accept oral instructions from the parties, Real Estate Broker(s), Real Estate Agent(s), Lender(s) or Lender's Agent(s) concerning the preparation of Escrow Instructions, Amendments or Supplements. However, you are not to act upon any instruction so delivered until you have received same in writing signed by all parties to this escrow. Any documents, Supplemental Escrow Instructions and/or Amendments that may be necessary to complete this transaction may be executed in counterpart, each of which shall be deemed an original, regardless of the date of execution and delivery. All such counterparts together shall constitute the same document.
4. **DELIVERY OF COPIES OF DOCUMENTS:** You are authorized to furnish copies of any Purchase Agreement and Joint Escrow Instructions, Supplemental Escrow Instructions or Amendments, Closing Statement, Preliminary Title Report, Notice of Cancellation, if any, or any other document in your possession to the Real Estate Broker(s), Real Estate Agent(s), Attorney(s), Lender(s) and/or Lender's Agent(s) involved in this transaction. Copies of such documents shall be furnished to any other entity only upon the parties' oral or written request. Escrow Holder may require a written request for documents at its sole discretion. You are authorized to supply copies of documents as necessary to comply with court orders or demands of governmental agencies when such orders or demands are submitted in their proper form. In this event, you are authorized to comply with requests without notification to either party in this escrow, and you shall not incur any liability for so doing.
5. **CLOSE OF ESCROW AND PRORATIONS:** All prorations and adjustments are to be made on the basis of a thirty (30) day month unless otherwise instructed in writing by all parties. The close of escrow with reference to prorations, adjustments and all purposes in this escrow shall be the day the instruments of conveyance are recorded with the County Recorder. For proration purposes, unless otherwise agreed upon by the parties, the Buyer will have ownership of the real property which is the subject of this escrow for the entire close of escrow day, regardless of the hour of recording. If the date by which Buyer's or Seller's performances are due shall be other than your regular business day, such performances shall be due on your next succeeding business day.
6. **DISBURSEMENT OF FUNDS AND DELIVERY OF DOCUMENTS:** All disbursements are to be made by the Escrow Holder's trust account check unless instructed otherwise in writing. Escrow Holder will not indemnify any payee or guarantee signatures of any person or entity at any financial institution. Any funds disbursed during or at the close of escrow will be issued jointly to the parties designated as payee unless you are instructed otherwise in writing by all designated payees. The funds representing loan and/or sale proceeds will be disbursed jointly to all persons who were the record owners of the subject real property. All disbursements of funds and/or delivery of other documents or instruments concerning this escrow will be mailed to the entitled party by regular first-class mail, postage prepaid, at his respective address shown on file. However, at your discretion, you may send funds and/or other instruments or documents by certified or registered mail, overnight delivery, messenger or facsimile machine, in which case the party for whom the delivery was made agrees to pay the costs. The provisions of this paragraph include, but are not limited to, requests for demand statements, requests for beneficiary statements, requests for homeowners' association statements or any other requests as you may deem necessary for the timely closing of this escrow. The parties authorize the recordation of any instrument delivered through this escrow, if necessary for the issuance of the required title insurance policy or closing of this escrow. You are to instruct the County Recorder to mail recorded documents to the entitled party at his respective address. You are to instruct the title company to mail the title policy(ies) to the Lender(s) or Buyer(s) as appropriate.
7. **ASSIGNMENT OF PROCEEDS:** If a party unilaterally assigns or orders its proceeds of this escrow to be paid to a person or entity other than the original parties to this escrow, such assignment or order shall be subordinate to the expenses of this escrow and liens of record on the subject property. If there are not sufficient proceeds at the close of escrow to pay such assignment or order, you are nevertheless directed to close this escrow. In such an event, you shall pay such assignment or order up to the net proceeds and are not to be concerned with the balance remaining unpaid, if any. Furthermore, if there are insufficient proceeds to fully pay the assignment or if the assignment is revoked, Escrow Holder shall have no responsibility or liability for providing such information to the assignee.

Buyer Initials: \_\_\_\_\_

Seller Initials: \_\_\_\_\_

8. **PAYMENT OF EXPENSES AND FEES:** Unless otherwise agreed upon in writing by the parties, Seller and Buyer agree to pay on demand, whether or not this escrow closes, all expenses and charges incurred by you on their behalf. You are authorized to charge, and the parties agree to pay, additional escrow fees for extraordinary services not within the range of customary escrow processing, including an administrative fee for processing overnight mail or other expedited delivery service. At the discretion of the Escrow Holder and without further instructions, the escrow fee may be reduced for one or both of the parties.

9. **COOPERATION BY THE PARTIES:** The parties shall cooperate with you in carrying out the terms of the mutually executed Escrow Instructions as deposited, and shall cooperate with you in completing this escrow. The parties shall deposit into escrow, upon request, any additional funds, instruments, documents, instructions, authorizations or other items that are necessary to enable you to comply with demands made on you by third parties, to secure policies of title insurance, or to otherwise carry out the terms of their instructions and close this escrow.

10. **FACSIMILE:** In the event Buyer, Seller, Agent/Broker(s) or any Lender(s) utilizes facsimile transmitted instructions, Escrow Holder may rely and act upon such instruction in the same manner as if original signed Instructions were in Escrow Holder's possession. The original of any signed document which was transmitted by facsimile will be forwarded to Escrow Holder within 48 hours of transmission. Escrow Holder shall have no liability to any party for relying upon facsimile instructions which were transmitted to Escrow Holder or for any information which was misinterpreted due to the poor quality of the transmission. **Buyer and Seller understand and agree that when necessary to permit compliance with Escrow Instructions, Escrow Holder may rely on facsimile transmitted instructions and/or demands, however no funds will be disbursed for any reason without original signed instructions in the possession of Escrow Holder.**

11. **SUB-ESCROW AGENT:** If necessary, proper or convenient for the closing of this escrow, you are authorized to deposit any documents and/or funds handed you under these Escrow Instructions, with any duly authorized sub-escrow agent, including, but not limited to, any bank, trust company, title insurance company, savings and loan association, or licensed escrow agent, subject to your order on or before close of escrow.

12. **DEPOSITS OF FUNDS:** Escrow Holder is instructed to deposit all funds received by you with any state or national bank, state or federal savings bank, or state or federal savings and loan association, in a trust account in the name of Escrow Holder, without any liability for payment of interest. The funds may be withdrawn by you and disbursed in accordance with the written instructions of the parties.

All deposits made by personal check, cashier's check, or certified check are subject to clearance and payment by the financial institution on which drawn, and will be identified as collected funds when Escrow Holder's financial institution confirms that the funds are available for disbursement. **The Heritage Escrow Company** does not accept money orders, cash, foreign currency or ACH (Automatic Clearing House) transactions for deposit. If any check deposited by you is dishonored upon presentment for payment, you are authorized to notify all parties to this escrow, the Real Estate Broker(s) and Real Estate Agent(s) and any other person or entity you deem necessary, at your sole discretion.

13. **EXPIRATION DATE OF INSTRUCTIONS AND CANCELLATION:** If the conditions of this escrow have not been complied with at the expiration date of the Purchase Agreement and Joint Escrow Instructions and Supplemental Escrow Instructions or any Amendment thereto, you are instructed to complete the conditions at the earliest possible time, unless Buyer or Seller has made written demand upon you to stop any further proceedings and/or performance of this escrow. The parties, jointly and severally, agree that if this escrow cancels or is otherwise terminated and not closed, the parties shall pay any costs and expenses which you have incurred or have become obligated for under these Escrow Instructions, which may include, but not be limited to, attorney's fees, arbitration fees and costs, and its normal and usual escrow fees for the services rendered. Said fees may be apportioned between Buyer and Seller in a manner which, at your sole discretion, you consider to be equitable and said apportionment will be binding and conclusive upon the parties. The parties agree that funds to cover such costs and expenses must be deposited in escrow before any cancellation or other termination of this escrow is effective. Upon receipt of mutually executed Cancellation Instructions or a final order or judgment of a court of competent jurisdiction, addressed to **The Heritage Escrow Company** and containing specific instructions to **The Heritage Escrow Company**, you are instructed to disburse the escrow funds and instruments in accordance with same, and this escrow shall, without further notice, be considered terminated and cancelled.

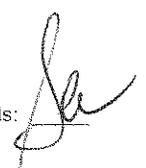
14. **HOLD OPEN FEE:** Notwithstanding any other provisions in these Supplemental Escrow Instructions and in addition to other fees and costs to which Escrow Holder may be entitled, the parties, jointly and severally, agree that if this escrow is not consummated within ninety (90) days from the date set for closing, Escrow Holder is authorized, at Escrow Holder's sole discretion, and without further instructions, to deduct and pay to **The Heritage Escrow Company** a hold open fee of \$50.00 per month from the funds on deposit and the parties will deposit additional funds to cover same, if necessary, upon demand.

15. **PRELIMINARY CHANGE OF OWNERSHIP FORM:** Pursuant to Section 480.3 of the California Revenue and Taxation Code, all deeds and other documents that reflect a change in ownership must be accompanied by a Preliminary Change of Ownership Report to be completed by the transferee. If this report is not presented at the time of recording, or is not completed by transferee correctly, an additional charge of \$20.00, as required by law, will be charged to transferee. If a complete change of ownership form is not presented at time of recording, a form will be mailed directly to transferee after closing by the assessor's office for completion outside of escrow. Transferee assumes all liability and responsibility for delinquent or incomplete filing of the Report, including payment of any penalties which may be assessed.

16. **SUPPLEMENTAL PROPERTY TAXES:** State law requires the County Assessor to reappraise property values upon change of ownership as well as for City, County or other district improvements. Such reappraisal may result in an increase in the property tax liability that reflects the difference between the former value and the newly assessed value. In the event of a reappraisal, one or more supplemental tax bills may be issued by the Assessor's office. Any supplemental tax bills which are reported to Escrow Holder shall be paid by Seller prior to the close of escrow. Buyer and Seller acknowledge that Escrow Holder is not responsible for tax bills issued after closing, regardless of the time period for which they are assessed. Buyer and Seller will handle any such billings outside of escrow, and hereby hold Escrow Holder harmless from any and all claims regarding the property including, but not limited to, reassessments and supplemental taxes.

Buyer Initials: \_\_\_\_\_

Seller Initials: \_\_\_\_\_



17. **GOOD FUNDS NOTICE:** Section 12413.1 of The California Insurance Code requires that any title company handling funds in an escrow or sub-escrow capacity wait a specified number of days after depositing funds before recording any documents and disbursing funds. Due to this title company requirement, **The Heritage Escrow Company** requires one of the following before recording will be authorized:

(A) If funds required to close escrow are less than \$500,000.00, we will accept payment in the form of a Cashier's or Official Check drawn on a California Bank or Savings and Loan, made payable to **The Heritage Escrow Company**. Said funds must be deposited in escrow 24 hours prior to authorization of recordation with the title company. Funds received in a form other than a Cashier's or Official Check drawn on a California Bank or Savings and Loan may delay the closing of your escrow transaction a minimum of one (1) to ten (10) business days, due to the check clearance processing. **The Heritage Escrow Company WILL NOT** accept money orders, cash, foreign currency or ACH (Automatic Clearing House) transactions for deposit.

(B) If funds required to close escrow are \$500,000.00 or more, said funds **MUST** be wire transferred to:

**Wiring Instructions:** Comerica Bank - California  
2321 Rosecrans Avenue, Suite 5000, El Segundo, CA 90245  
Routing Number: 121137522 Account Number: 1891196808  
For the Credit of: The Heritage Escrow Company Temecula Branch  
To Further Credit: Escrow No. 203-34085-SLJ

Recording will not be authorized until the following has occurred: (a) We have confirmation of collected funds on any checks deposited, or (b) We have written confirmation from our bank that all funds are available for disbursement.

**NOTE: FUNDS TO BE WIRED OUT ON ANY TRANSACTION WILL BE WIRED OUT ON THE NEXT BUSINESS DAY AFTER RECEIVING WRITTEN CONFIRMATION FROM OUR BANK THAT ALL FUNDS ARE AVAILABLE FOR DISBURSEMENT.**

18. **FEDERAL AND STATE WITHHOLDING REQUIREMENTS:**

**FEDERAL REQUIREMENTS:** The Foreign Investment in Real Property Tax Act (FIRPTA), Internal Revenue Code Section 1445 requires that the Buyer of U.S. Real Property must, unless an exemption applies, deduct and withhold from Seller's proceeds ten (10%) percent of the gross sales price for the Internal Revenue Service ("IRS") unless:

- (A) Seller provides Escrow Holder with an Affidavit stating the Seller is not a foreign person as per the IRS definition or;
- (B) Buyer provides Escrow Holder with an Affidavit stating the sales price does not exceed \$300,000 for the IRS or;
- (C) Seller provides Escrow Holder with a copy of an applicable waiver request and proof that the request was sent to the IRS prior to the close of escrow, in which case Escrow Holder is to retain said withholding funds, pending IRS notification. Upon receipt of IRS waiver response, Escrow Holder shall remit the amount as requested and refund the balance, if any, to the Seller.

**STATE REQUIREMENTS:** In accordance with Section 18662 of the Revenue and Taxation Code (R&TC), a Buyer may be required to withhold an amount equal to 3-1/3 percent of the sales price or an optional gain on sale withholding amount certified by the Seller in the case of a disposition of California real property interest by either:

- 1. A Seller who is an individual, trust, estate, or when the disbursement instructions authorize the proceeds to be sent to a financial intermediary of the Sellers, OR
- 2. A corporate Seller that has no permanent place of business in California immediately after the transfer of title to the California real property.

The Buyer may become subject to penalty for failure to withhold an amount equal to the greater of 10 percent of the amount required to be withheld or five hundred dollars (\$500).

However, notwithstanding any other provision included in the California statutes referenced above, no Buyer will be required to withhold any amount or be subject to penalty for failure to withhold if any of the following apply:

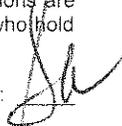
- 1. The sale price of the California real property conveyed does not exceed one hundred thousand dollars (\$100,000) OR
- 2. The Seller executes a written certificate, under the penalty of perjury, certifying that the Seller is a corporation with a permanent place of business in California, OR
- 3. The Seller, who is an individual, trust, estate or a corporation without a permanent place of business in California executes a written certificate, under the penalty of perjury, of any of the following:
  - A. The California real property being conveyed is the Seller's or decedent's principal residence (within the meaning of Section 121 of the Internal Revenue Code IRC).
  - B. The last use of the property being conveyed was use by the transferor as the transferor's principal residence (within the meaning of IRC Section 121).
  - C. The California real property being conveyed is or will be exchanged for property of like kind (within the meaning of IRC Section 1031), but only to the extent of the amount of gain not required to be recognized for California income tax purposes under IRC Section 1031.
  - D. The California real property has been compulsorily or involuntarily converted (within the meaning of IRC Section 1033) and that the Seller intends to acquire property similar or related in service or use so as to be eligible for nonrecognition of gain for California income tax purposes under IRC Section 1033.
  - E. The California real property transaction will result in a loss or net gain not required to be recognized for California income tax purposes.

The Seller is subject to penalty for knowingly filing a fraudulent certificate for the purpose of avoiding the withholding requirement.

Any funds which are withheld shall be forwarded with the necessary forms to the IRS and/or FTB. In addition to the withholding funds, Escrow Holder will hold from Seller's proceeds funds to cover overnight delivery fees (if necessary) to the IRS and/or FTB and the sum of \$45.00, which is to be paid to Escrow Holder upon delivery of funds and forms to the FTB.

19. **1099 REPORTING DISCLOSURE:** Under the Tax Reform Act of 1986, Escrow Holder is required to report the gross proceeds of this transaction to the Internal Revenue Service (IRS). The Seller is required by law to furnish a correct taxpayer identification number or social security number to Escrow Holder and Seller may be subject to civil or criminal penalties for failure to do so. If there is more than one Seller, an allocation of the gross proceeds from this transaction must be received by Escrow Holder prior to the close of escrow. If Escrow Holder fails to receive a complete allocation or no allocation as to any Seller, Escrow Holder must report the entire unallocated gross proceeds to that particular Seller. If conflicting allocations are received, Escrow Holder must report the entire unallocated gross proceeds for each Seller. Sellers who are married on the closing date and who hold

Buyer Initials: \_\_\_\_\_

Seller Initials: 

title to the subject property as tenants in common, joint tenants or community property are treated for reporting purposes by the IRS as a single Seller. Each Seller must provide a permanent address to which Escrow Holder can mail IRS Form 1099 following the close of escrow.

**20. DELIVERY TO BROKER/AGENT:** Delivery of any report, disclosure and/or information to the principals' Broker/Agent shall constitute delivery of same to that principal.

**21. DESTRUCTION OF DOCUMENTS:** You are authorized to destroy or otherwise dispose of any and all documents, papers, Escrow Instructions, correspondence and records or other material constituting or pertaining to this escrow at any time after five (5) years from the date of: (1) the close of escrow or (2) the date of cancellation of escrow without liability and without further notice to the parties.

**22. BUSINESS AFFILIATION:** The Heritage Escrow Company is a wholly-owned subsidiary of The First American Corporation which owns other companies that provide real estate settlement services and products.

**23. ACTION AGAINST ESCROW HOLDER:** No action shall lie against Escrow Holder, and you shall be held harmless and completely and fully indemnified, for any claim, loss, liability or alleged cause of action of any kind or nature whatsoever, however caused or incurred under this escrow or in connection with the handling or processing of this escrow, except for gross negligence or willful misconduct.

**24. THIRD PARTY CLAIMS:** The parties, jointly and severally, indemnify and hold you harmless against third party claims for any loss, damages, claims, attorneys' fees and related costs and expenses.

**25. DISCLOSURES:** You are not to be concerned with giving any disclosures required by federal or state law, including, but not limited to, Real Estate Settlement Procedures Act, Regulation Z Truth-In-Lending, Property Zone Disclosures, condition of subject property or other warnings, or any other warranties, expressed or implied.

**26. SUBDIVISION MAP ACT:** The parties are satisfied that the subject property covered by this escrow is not in violation of the Subdivision Map Act or any law regulating land division, zoning ordinances or building restrictions, or requirements, which may affect the land or improvements. You are relieved of all responsibility and liability in connection with such laws, ordinances, restrictions, or regulations past, present and future, and are not to be concerned with any of their enforcement.

**27. ENVIRONMENTAL REVIEW:** The parties release you from any and all liability of any kind and indemnify you from any loss, damages, claims, judgments or costs of any kind resulting from or related to the release or discharge of hazardous or toxic wastes on subject property, whether it occurred in the past or present, or may occur in the future, which is in violation of law, in excess of any state or federal standards, permit requirements and/or disclosure requirements existing at this time or which may exist at a future time. The parties represent that they made their own assessment of the condition of subject property and have not relied on any of your representations in making the assessments. The parties are advised to seek independent legal and technical environmental expert advice in assessing the risks associated with potential hazardous or toxic wastes.

**28. CONDITION OF PROPERTY:** You shall make no physical inspection of the real property or personal property described in any instrument deposited in, or which is the subject of this escrow. You shall make no representations or warranties concerning any such real property or personal property and are not to be concerned with or liable for the condition of real property or personal property. Unless otherwise directed in writing by the parties hereto, you shall conduct no lien or title search regarding the sale or transfer of any personal property through this escrow. Should any party request a lien or title search of personal property, the party requesting same shall delivery separate and specific written Escrow Instructions to you along with an agreement to pay additional escrow fees for same.

**29. NO DUTIES TO DISCLOSE:** The parties agree that you have the responsibilities of an Escrow Holder only and there are no other legal relationships established in the terms and conditions of the Escrow Instructions. In connection with this escrow; (1) you shall have no duty or responsibility of notifying any of the parties to this escrow of any sale, resale, loan, exchange or other transaction involving any of the subject real property or personal property; (2) you shall have no responsibility or duty to disclose any benefit, including, but not limited to, financial gain, realized by any person, corporation or firm involving the subject real property or personal property; and (3) you shall have no responsibility or duty to disclose any profit realized by any person, corporation or firm including, but not limited to, any Real Estate Broker, Real Estate Agent and/or a party to any other escrow, in connection therewith, although such other transaction may be handled by you in this escrow or in another escrow transaction. If, however, you are instructed in writing by any party, Lender or other entitled person to disclose any sale, resale, loan, exchange or other transaction involving the subject real property or personal property or any profit realized by any party to this escrow, you shall do so without incurring any liability.

**30. LIMITATIONS ON DUTIES OF ESCROW HOLDER:** You shall not be responsible in any way whatsoever for the following: (1) the sufficiency, validity or correctness of the signature of any party or any third party to this escrow; (2) the sufficiency or correctness as to form, manner of execution or validity of any documents deposited in this escrow, (3) the identity, authority or right of any person executing the same, either as to documents of record or those handled in this escrow, or (4) the failure of any party to comply with any of the provisions of any agreement, contract or other instrument filed or deposited in this escrow or referred to in these Escrow Instructions. Your duties shall be limited to the safekeeping of money and documents received by you as Escrow Holder and for disposition in compliance with the written instructions accepted by you in this escrow. You shall not be required to take any action regarding the collection, maturity, or apparent illegality of any obligations deposited with you. The parties' signatures on all Escrow Instructions and documents for this escrow indicate their unconditional acceptance and approval of same.

**31. LIENHOLDER STATEMENTS DEPOSITED INTO ESCROW:** You are not responsible for the contents or accuracy of any beneficiary demand and/or beneficiary statement delivered to you by the existing lienholder. You are not required to submit any such beneficiary statement and/or beneficiary demand to any party for approval before the close of escrow. Should any party desire to pre-approve any such beneficiary statement and/or beneficiary demand, the party requesting same shall deliver separate and specific written Escrow Instructions to you.

Buyer Initials: \_\_\_\_\_

Seller Initials: \_\_\_\_\_



**32. LOAN DOCUMENTS:** You are not to be responsible nor concerned with the terms of any new loan or the contents of any loan documents obtained by any party in connection with this escrow except to order such loan documents into the escrow file, transmit the loan documents to the Buyer or Borrower for execution and transmit the executed loan documents to Lender. Buyer (Borrower) acknowledges that a sub-agent, including, but not limited to, a notary public or document sign-up service, may be required to temporarily take possession of the loan documents and various escrow documents to facilitate such delivery, and you are authorized to make arrangements as you deem necessary without incurring liability. The parties understand and agree that you are neither involved nor concerned with the approval and/or processing of any loan or the contents and effect of loan documents prepared by a Lender. You shall not be responsible nor are you to be concerned with any question of usury in any loan or encumbrance, whether new or of record, which may arise during the processing of this escrow. You are not responsible for any portion of the Lender's instructions which requires the performance of obligations or duties exceeding those imposed by California statutory authority or which requires Escrow Holder to assume liability for the Lender's regulatory responsibilities.

**33. RESIGNATION OF ESCROW HOLDER AND TERMINATION OF ESCROW AGENCY:** Escrow Holder, at its sole and absolute discretion, may withdraw from escrow at any time by providing five (5) days written notice to parties and tendering all documents and funds held in escrow to the parties depositing same. Parties will hold **The Heritage Escrow Company** and any and all of its officers, employees and agents fully and completely harmless from same.

Your Escrow Holder agency shall terminate six months following the date last set for close of escrow and shall be subject to earlier termination by receipt of mutually executed Cancellation Instructions or by resignation by Escrow Holder. If this escrow has not closed or cancelled within the aforementioned six month period, you shall have no further obligations as Escrow Holder except to disburse funds and documents pursuant to mutually executed Cancellation Instructions, to interplead, to resign as Escrow Holder at Escrow Holder's sole option, or otherwise dispose of funds and documents in accordance with a validly served order from a court of competent jurisdiction, addressed to **The Heritage Escrow Company** and containing specific instructions to **The Heritage Escrow Company**.

**34. CONFLICTING DEMANDS:** If conflicting demands or notices are made or served upon you or if any controversy arises between the parties or with any third person, relating to this escrow, you shall have the absolute right to withhold and stop all further proceedings and in performance of this escrow without incurring any liability until you receive satisfactory notification of the settlement of the controversy by written agreement of the parties, or by the final order of judgment of a court of competent jurisdiction, addressed to **The Heritage Escrow Company**, and containing specific instructions to **The Heritage Escrow Company**. **The Heritage Escrow Company**, at its sole right and discretion, can interplead any funds or documents in its possession, and the parties agree to compensate **The Heritage Escrow Company** for any costs regarding same.

All parties to this escrow, jointly and severally, promise to pay promptly on demand, and indemnify you and to hold you harmless from and against all administrative governmental investigations, audit and legal fees, litigation and interpleader costs, damages, judgments, attorneys' fees, arbitration costs and fees, expenses, obligations and liabilities of every kind (collectively "costs") which in good faith you may incur or suffer, whether said costs arise during the performance of or subsequent to this escrow, directly or indirectly, and whether at trial or on appeal, except for acts of gross negligence or willful misconduct. You are given a lien upon all the rights, title and interest of the parties and all escrow papers and other property and funds deposited into this escrow to protect your rights and to indemnify and reimburse you. If the parties do not pay any costs due you under the terms and conditions of the Escrow Instructions or do not pay for costs and attorneys' fees incurred in any litigation or interpleader, on demand, they each agree to pay a reasonable fee for any attorney services which may be required to collect such fees or expense, whether attorneys' fees are incurred before trial, at trial, on appeal or in arbitration.

**35. LEGAL AND FINANCIAL COUNSEL:** The parties acknowledge and understand that you, as Escrow Holder, are not authorized to practice law nor do you give financial advice. The parties are advised to seek independent legal and financial counsel and advice concerning the effect of these Escrow Instructions. The parties acknowledge that no representations are made by you about the legal sufficiency, legal and/or tax consequences, or financial effects of this escrow.

**36. ERRORS OR OMISSIONS:** In the event you disburse more funds than are due or you disburse funds for the benefit of any party other than the one who is entitled to receive said funds, whether by omission or by error of calculation, the party in this escrow who received benefit from said disbursement hereby agrees to repay and/or reimburse Escrow Holder the amount of overpayment within five days after written demand is made on said party. If repayment and/or reimbursement is not made, interest in the amount of 10% per annum shall commence on the sixth day after such written demand is made. If said party refuses or neglects to pay said funds and interest due thereon to Escrow Holder, legal proceedings to collect said funds with accrued interest will immediately ensue. The receiving party agrees to pay all charges, court costs, and attorneys' fees that may be incurred.

You shall not be liable for any of your acts or omissions done in good faith nor for any claims, demands, losses or damages made or suffered by any party to this escrow by omission or error in calculation. All parties, jointly and severally, promise to pay promptly on demand, any cost and/or charge which should have been paid at the close of escrow.

**37. GENDER REFERENCES:** In these Escrow Instructions, wherever the context so requires, the masculine gender includes the feminine and/or neuter and the singular number includes the plural.

**38. ARBITRATION:** The parties to this escrow agree to submit all disputes related to or actions brought against **The Heritage Escrow Company**, whether contract, tort or otherwise, to Arbitration, in accordance with California Code Procedure Section 1280 through 1294-2. The parties understand that they are waiving their rights to a jury trial. However, in the event Escrow Holder elects, at its sole option, to bring an Interpleader or Small Claims action, pursuant to California Code of Civil Code 386 and 116 et.seq. or elects to resign its capacity as Escrow Holder, this Arbitration provision shall not apply to any such action.

**39. SEVERABILITY:** If any provision of these Instructions is held invalid or unenforceable, the other portions of these instructions shall nevertheless continue in full force and effect. If any provision is held invalid or unenforceable with respect to particular circumstances, it shall nevertheless remain in full force and effect in all other circumstances.

Buyer Initials: \_\_\_\_\_

Seller Initials: 

40. **LEGAL FEES:** If any legal action or other proceeding is brought for enforcement of these Instructions, or because of an alleged dispute, breach, default, or misrepresentation in connection with any of the provisions of these Instructions, the successful or prevailing party or parties shall be entitled to recover its reasonable attorneys' fees and other costs incurred in that action or proceeding in any appeal, in addition to any other relief to which they may be entitled. If litigation is instituted and dismissed before judgment, the parties agree that all costs of suit and fees shall be paid from amounts held in escrow before disbursement of the sums held to the parties.

In the event **The Heritage Escrow Company** is compelled to initiate legal action against either principal to enforce any provisions of these Instructions and such action is dismissed before judgment, the party responsible for compelling **The Heritage Escrow Company** to initiate legal action agrees to pay all costs associated with the action, including, but not limited to, all costs of suit and attorneys' fees. These amounts will be paid from the responsible party's funds held in escrow before any other disbursements are made. If the responsible party does not have sufficient funds on deposit, that party will deposit funds as necessary to reimburse **The Heritage Escrow Company** for its expenses as stated in this paragraph.

41. **PRIVACY NOTICE:** **The Heritage Escrow Company** recognizes the importance of protecting the confidentiality of non-public information in our possession. One of our highest priorities is assuring clients that non-public personal customer information gathered in our rendering of services will be held secure. We maintain physical, electronic and procedural safeguards to guard non-public personal consumer information to an external non-affiliated organization unless we have authorization or are required by law. We require organizations that provide support services on our behalf to conform to our privacy standards.

42. **TIME:** Time is of the essence.

43. **GOVERNING LAW:** These Instructions are governed by the laws of the State of California.

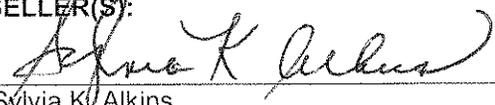
44. **CONSTRUCTION OF AGREEMENT:** In construing these Instructions, all paragraph headings and captions are for the convenience of the parties only and shall not be considered as part hereof.

**THE FOREGOING INSTRUCTIONS, ADDITIONAL INSTRUCTIONS/GENERAL ESCROW PROVISIONS ARE MADE A PART HEREOF AND APPROVED IN THEIR ENTIRETY.**

**BUYER(S):**

\_\_\_\_\_  
Ramon Tejada

**SELLER(S):**

  
\_\_\_\_\_  
Sylvia K Alkins

Buyer Initials: \_\_\_\_\_

Seller Initials: 

2. Preliminary Report - CA

**CLTA Preliminary Report Form**  
(Rev. 11/06)

Order Number: 0625-3761656

Page Number: 1



*First American Title*

**First American Title Company**

**323 Court Street  
San Bernardino, CA 92401**

Shanelle Jones  
Heritage Escrow Company  
27555 Ynez Road Suite 102  
Temecula, CA 92591-4677  
Phone: (951)699-3300  
Fax: (951)699-1900

Customer Reference: 203-34085-SLJ

Order Number: 0625-3761656 (CCMS)

Title Officer: Tammy Kerr/ Cheryl Campbell  
Phone: (909)380-8726  
Fax No.: (866)223-1017  
E-Mail: SBTtitle@firstam.com  
Property: 805 EAST STETSON AVENUE  
HEMET, CA

**PRELIMINARY REPORT**

In response to the above referenced application for a policy of title insurance, this company hereby reports that it is prepared to issue, or cause to be issued, as of the date hereof, a Policy or Policies of Title Insurance describing the land and the estate or interest therein hereinafter set forth, Insuring against loss which may be sustained by reason of any defect, lien or encumbrance not shown or referred to as an Exception below or not excluded from coverage pursuant to the printed Schedules, Conditions and Stipulations of said Policy forms.

The printed Exceptions and Exclusions from the coverage and Limitations on Covered Risks of said policy or policies are set forth in Exhibit A attached. *The policy to be issued may contain an arbitration clause. When the Amount of Insurance is less than that set forth in the arbitration clause, all arbitrable matters shall be arbitrated at the option of either the Company or the Insured as the exclusive remedy of the parties.* Limitations on Covered Risks applicable to the CLTA and ALTA Homeowner's Policies of Title Insurance which establish a Deductible Amount and a Maximum Dollar Limit of Liability for certain coverages are also set forth in Exhibit A. Copies of the policy forms should be read. They are available from the office which issued this report.

**Please read the exceptions shown or referred to below and the exceptions and exclusions set forth in Exhibit A of this report carefully. The exceptions and exclusions are meant to provide you with notice of matters which are not covered under the terms of the title insurance policy and should be carefully considered.**

**It is important to note that this preliminary report is not a written representation as to the condition of title and may not list all liens, defects, and encumbrances affecting title to the land.**

This report (and any supplements or amendments hereto) is issued solely for the purpose of facilitating the issuance of a policy of title insurance and no liability is assumed hereby. If it is desired that liability be assumed prior to the issuance of a policy of title insurance, a Binder or Commitment should be requested.

Dated as of May 18, 2011 at 7:30 A.M.

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

ALTA/CLTA Homeowner's (EAGLE) Policy of Title Insurance (2008) and ALTA Ext Loan Policy 1056.06 (06-17-06) if the land described is an improved residential lot or condominium unit on which there is located a one\_to\_four family residence; or ALTA Standard Owner's Policy 2006 (WRE 06-17-06) and the ALTA Loan Policy 2006 (06-17-06) if the land described is an unimproved residential lot or condominium unit

A specific request should be made if another form or additional coverage is desired.

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

SYLVIA K ALKINS; UNMARRIED WOMAN

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

A FEE

The Land referred to herein is described as follows:

(See attached Legal Description)

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

1. General and special taxes and assessments for the fiscal year 2011-2012, a lien not yet due or payable.
2. General and special taxes and assessments for the fiscal year 2010-2011.  
First Installment: \$ 335.34, PAID  
Penalty: \$ 33.53  
Second Installment: \$ 335.34, DELINQUENT  
Penalty: \$ 64.53  
Tax Rate Area: 006-003  
A. P. No.: 451-113-010-4
3. The lien of supplemental taxes, if any, assessed pursuant to Chapter 3.5 commencing with Section 75 of the California Revenue and Taxation Code.
4. Any and all offers of dedications, conditions, restrictions, easements, notes and/or provisions shown or disclosed by the filed or recorded map referred to in the legal description including but not limited to: PUBLIC UTILITIES and incidental purposes affecting said land.

5. An easement for EITHER OR BOTH POLE LINES, CONDUITS OR UNDERGROUND FACILITIES and incidental purposes in the document recorded SEPTEMBER 25, 1964 in BOOK 3810, PAGE 373 of Official Records.
6. A deed of trust to secure an original indebtedness of \$194,400.00 recorded MAY 26, 2005 as INSTRUMENT NO. 2005-0422180 OF OFFICIAL RECORDS.

Dated: MAY 18, 2005  
Trustor: SYLVIA K. ALKINS, AN UNMARRIED WOMAN  
Trustee: GREENHEAD INVESTMENTS, INC., A CALIFORNIA CORPORATION  
Beneficiary: MORTGAGE ELECTRONIC REGISTRATION SYSTEMS, INC.  
Lender: SIERRA PACIFIC MORTGAGE COMPANY, INC.

7. A deed of trust to secure an original indebtedness of \$88,350.00 recorded JULY 27, 2005 as INSTRUMENT NO. 2006-0548150 OF OFFICIAL RECORDS.

Dated: JULY 18, 2005  
Trustor: SYLVIA K. ALKINS, AN UNMARRIED WOMAN  
Trustee: TRANSUNION TITLE & ESCROW OF CALIFORNIA  
Beneficiary: MORTGAGE ELECTRONIC REGISTRATION SYSTEMS, INC  
Lender: MORTGAGEIT, INC.

**INFORMATIONAL NOTES**

Note: The policy to be issued may contain an arbitration clause. When the Amount of Insurance is less than the certain dollar amount set forth in any applicable arbitration clause, all arbitrable matters shall be arbitrated at the option of either the Company or the Insured as the exclusive remedy of the parties. If you desire to review the terms of the policy, including any arbitration clause that may be included, contact the office that issued this Commitment or Report to obtain a sample of the policy jacket for the policy that is to be issued in connection with your transaction.

1. This report is preparatory to the issuance of an ALTA Loan Policy. We have no knowledge of any fact which would preclude the issuance of the policy with CLTA endorsement forms 100 and 116 and if applicable, 115 and 116.2 attached.

When issued, the CLTA endorsement form 116 or 116.2, if applicable will reference a(n) Single Family Residence known as 805 EAST STETSON AVENUE, HEMET, CA.

2. According to the public records, there has been no conveyance of the land within a period of twenty four months prior to the date of this report, except as follows:

A document recorded APRIL 06, 2011 as INSTRUMENT NO. 2011-0153379 OF OFFICIAL RECORDS .

From: RONALD A. ALKINS; UNMARRIED MAN  
To: SYLVIA K. ALKINS; UNMARRIED WOMAN

The map attached, if any, may or may not be a survey of the land depicted hereon. First American expressly disclaims any liability for loss or damage which may result from reliance on this map except to the extent coverage for such loss or damage is expressly provided by the terms and provisions of the title insurance policy, if any, to which this map is attached.

Order Number: 0625-3761656

Page Number: 5

**WIRE INSTRUCTIONS**  
**for**  
**First American Title Company, Demand/Draft Sub-Escrow Deposits**  
**Riverside County, California**

**First American Trust, FSB**  
5 First American Way  
Santa Ana, CA 92707  
Banking Services: (877) 600-9473

**ABA 122241255**  
**Credit to First American Title Company**  
**Account No. 3004460000**

**Reference Title Order Number 3761656 and Title Officer Tammy Kerr/ Cheryl Campbell**

**Please wire the day before recording.**

Order Number: 0625-3761656

Page Number: 6

**LEGAL DESCRIPTION**

Real property in the City of HEMET, County of RIVERSIDE, State of California, described as follows:

LOT 23 OF TRACT NO. 3259, IN THE CITY OF HEMET, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS SHOWN BY MAP ON FILE IN BOOK 52, PAGE(S) 52 AND 53, OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

APN: 451-113-010-4

