

GENERAL PROVISIONS

(Rev. 3/6/2008)

IMPORTANT – PLEASE READ CAREFULLY

Execution & Delivery of Escrow Instructions

These instructions may be executed in counterparts and said counterparts together will constitute one and the same instrument. In the event that the parties hereto utilize facsimile or electronically transmitted instructions to Escrow Holder, said parties hereby instruct Escrow Holder to rely upon such instructions as if they were originals. Any amendments and supplements to these instructions must be in writing and shall only be effective when executed and delivered to Escrow Holder. Escrow Holder shall not be concerned with nor have any obligations with respect to items designated as memoranda in these instructions or with any other agreement or contract between the parties to this escrow.

Deposit of Funds

- (i) All funds received in this escrow will be deposited with other escrow funds in one or more non-interest-bearing escrow accounts of Escrow Holder in a financial institution selected by Escrow Holder. Escrow Holder shall not be responsible and shall have no liability for any delay in closing this escrow if the funds deposited in this escrow are not available for immediate withdrawal as a matter of right following deposit in such financial institution.
- (ii) You have the opportunity to earn interest on the funds you deposit with us through a deposit account arrangement that Escrow Holder has established with one of its financial institutions. The interest rate for these accounts varies between financial institutions, fluctuates periodically based on market conditions and other factors, and may change prior to or during the time your funds are on deposit. You will not have an opportunity to earn interest on any funds deposited by a lender.
- (iii) If you elect to earn interest through this special account arrangement, Escrow Holder will charge you an additional fee of \$35.00 for the establishment and maintenance of the account. This fee compensates Escrow Holder for the costs associated with opening and managing the interest-bearing account, preparing correspondence/documentation, transferring funds, maintaining appropriate records for audit/reconciliation purposes and filing any required tax withholding statements. It is important that you consider this cost in your decision since the cost may exceed the interest you earn. If you are interested in having your funds deposited in an interest-bearing account, please contact your escrow officer.
- (iv) If you do not elect to have your funds deposited in an interest-bearing account, your funds (together with any funds deposited by a lender) will be held in Escrow Holder's general escrow trust account. The general escrow trust account is restricted and protected against claims by third parties or creditors of Escrow Holder. Escrow Holder and/or its parent company may receive certain direct and indirect financial benefits from the financial institution as a result of maintaining the general escrow trust account. These benefits may include, without limitation, credits allowed by such financial institution on loans to Escrow Holder and/or its parent company and earnings on investments made with the proceeds of such loans, as well as accounting, reporting and other services and products of such financial institution. Escrow Holder shall have no obligation to account to the parties to this escrow in any manner for the value of, or to pay to any party, any benefit received by Escrow Holder and/or its parent company. Any such benefits shall be deemed additional compensation of Escrow Holder for its services in connection with this escrow. Some or all of these benefits may be deemed interest due you under California Insurance Code Section 12413.5. As indicated above, you may elect to have your funds placed in a separate, interest-bearing account and receive the benefits therefrom, but you will be required to pay Escrow Holder an additional fee for this service. Alternatively, you may leave your funds in the general escrow trust account and thereby authorize Escrow Holder to keep the benefits it and/or its parent company receives from the financial institution. In either event, you understand and agree that Escrow Holder and/or its parent company may receive and retain for their sole benefit any and all benefits derived from the general escrow trust account prior to the deposit of your funds in an interest-bearing account and following the withdrawal of your funds from such interest-bearing account (normally two business days prior to the close of escrow).
- (v) All parties depositing funds in connection with this escrow are hereby notified that the funds so deposited are insured only to the limit provided by the Federal Deposit Insurance Corporation.
- (vi) Funds deposited by a lender are ordinarily deposited to escrow one or two days prior to closing. You should be aware that your lender may begin charging interest on your loan from the date loan funds are deposited into Escrow Holder's escrow trust account.

Good Funds Law – California Insurance Code §12413.1

All parties are aware and understand that California Insurance Code §12413.1 mandates that funds deposited into an escrow must be collected and available for withdrawal PRIOR TO DISBURSEMENT. The determination of the availability of funds is set forth as follows:

- (i) CASH AND ELECTRONIC TRANSFERS ("wired funds") are available for SAME DAY disbursement.
- (ii) CASHIER'S CHECKS AND CERTIFIED CHECKS are available for disbursement THE NEXT BUSINESS DAY;

In order to avoid unnecessary delays of two to seven days, or more, please use wire transfers, cashier's checks or certified checks whenever possible.

License of Escrow Holder

Escrow Holder is licensed by the California Department of Insurance to act as an underwritten title company, or if Escrow Holder's name includes the word "Insurance", Escrow Holder has a Certificate of Authority issued by the California Department of Insurance to transact the business of title insurance.

Prorations

All adjustments and prorations called for in this escrow shall be made on the basis of a thirty (30) day month, unless otherwise instructed in writing.

Sufficiency, Validity, Authority, etc. of Documents

Escrow Holder shall not be responsible or have any liability with respect to the sufficiency or correctness as to form, manner of execution, or validity of any document deposited in this escrow, nor as to the identity, authority or rights of any person executing the same. Escrow Holder's duties hereunder shall be limited to the proper handling and disbursement of funds deposited in this escrow and the proper safekeeping and delivery of such documents received by Escrow Holder, in accordance with the written instructions given to Escrow Holder in this escrow in which all parties have concurred.

Conveyance and Vesting

Escrow Holder is instructed to draw a Grant Deed, using any standard form, conveying title from Seller to Buyer, with Buyer's legal vesting. Buyer acknowledges that Escrow Holder cannot give advice as to vesting, and understands that the vesting designated may have significant legal and tax consequences. Buyer is advised to seek the advice of Buyer's own attorney and accountant with regard to vesting. Buyer shall furnish Escrow Holder with Buyer's vesting prior to the date of preparation of Buyer's loan documents or close of escrow (if Buyer is not obtaining financing). Escrow Holder is hereby authorized and instructed to complete and/or correct Buyer's vesting on the Grant Deed, even if it has already been executed and notarized. If Buyer is married and taking title alone, (1) Buyer shall furnish Escrow Holder with the name of Buyer's spouse, (2) Escrow Holder is authorized and instructed to prepare an Interspousal Transfer or Quitclaim Deed for Buyer's spouse's signature and (3) Escrow Holder is to record same at close of escrow, charging Buyer's account for the preparation and recording fees associated with this deed.

Copies of Escrow Instructions

Escrow Holder is authorized to furnish copies of these instructions, any supplements and/or amendments thereto, notices of cancellation and closing statements to any real estate brokers or agents representing any party to this escrow and to any lender whose loan will be paid through this escrow or will be used to fund this escrow.

Cancellation

In the event this escrow is canceled, the parties hereto agree to pay Escrow Holder its cancellation fee for work performed, and to pay all expenses incurred by Escrow Holder. If a demand to cancel this escrow is submitted to Escrow Holder or if there is no written communication from the parties for a period of six months, Escrow Holder shall notify the parties of its intention to cancel this escrow and return all documents and funds (less cancellation fees and costs) to the party depositing the same. If no written objection to such notice is given to Escrow Holder within fifteen (15) days of mailing such notice, Escrow Holder shall cancel this escrow and return all funds and/or documents then held by Escrow Holder to the party depositing the same.

Disputes

No notice, demand or change of instruction shall be of any effect in this escrow unless given in writing by all parties affected thereby. In the event a demand for funds and/or documents deposited with Escrow Holder in connection with this escrow is made and which is not concurred in by all parties hereto, Escrow Holder, notwithstanding which party made such demand, may elect to do any of the following:

- (i) Take no further action in connection with this escrow and continue to hold such funds and/or documents until receipt of mutual concurring instructions from all parties to this escrow as to the disposition of such funds and/or documents;

- (ii) Commence an action in interpleader and obtain an order from the court allowing Escrow Holder to deposit such funds and/or documents with the court, in which case Escrow Holder shall have no further liability or obligations with respect to this escrow; or
- (iii) In the event that any party commences an action against any other party with respect to this escrow, deposit such funds and/or documents with the court, in which case Escrow Holder shall have no further liability or obligations with respect to this escrow.

In the event Escrow Holder interpleads any funds and/or documents with any court pursuant to either subparagraphs (ii) or (iii) above, Escrow Holder shall be entitled to reimbursement of its reasonable attorneys' fees and expenses of litigation in connection with such action.

Arbitration

In the event of a claim or controversy between Escrow Holder and any party hereto involving an amount greater than \$5,000.00 and arising out of this escrow, either Escrow Holder or such other party may demand arbitration pursuant to the Rules of the American Arbitration Association. The decision of the arbitrator shall be binding on all parties and judgment upon the award of the arbitrator may be entered in any court having jurisdiction thereof.

No Duty to Notify as to Other Transactions

Escrow Holder shall have no duty or responsibility to notify any party to this escrow of any sale, resale, loan, exchange or other transaction involving the property which is the subject of this escrow or any profit realized by any person or entity in connection therewith, notwithstanding that Escrow Holder may act as escrow holder for such transaction(s) in this or another escrow(s).

Failure to Close Timely

If the conditions for closing this escrow have not occurred at the time set forth herein for closing, Escrow Holder is nevertheless to continue to act hereunder and to close this escrow as soon thereafter as such conditions (except as to time) shall have been met, unless any party shall have made a written demand on Escrow Holder for cancellation of this escrow and/or for the return of any funds and/or documents deposited by such party.

Delivery of Documents and Funds

Escrow Holder will send documents to the parties in an appropriate manner, such as regular mail, facsimile or email, unless otherwise instructed. Delivery by Escrow Holder of documents to a party's real estate agent or broker shall constitute delivery to that party. Funds may be delivered by regular mail, overnight mail or wire, at the discretion of Escrow Holder, unless otherwise instructed by the party to whom the funds are delivered.

Retention of Records

After the closing or cancellation of this escrow, Escrow Holder shall retain the escrow file(s) pertaining to this escrow for a minimum of one year, after which time Escrow Holder is authorized to destroy or otherwise dispose of such file(s) without notice or liability to the parties hereto.

California Withholding

In accordance with Section 18662 of the Revenue and Taxation Code, a buyer may be required to withhold an amount equal to 3 1/3 percent of the sales price or the amount that is specified in a written certificate executed by the transferor in the case of a disposition of California real property interest by either:

1. A seller who is an individual, trust, or estate or when the disbursement instructions authorize the proceeds to be sent to a financial intermediary of the seller, 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:

1. The sales 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).

- B. The last use of the property being conveyed was use by the transferor as the transferor's principal residence within the meaning of Section 121 of the Internal Revenue Code.
- C. The California real property being conveyed is or will be exchanged for property of like kind (within the meaning of Section 1031 of the Internal Revenue Code), but only to the extent of the amount of gain not required to be recognized for California income tax purposes under Section 1031 of the Internal Revenue Code.
- D. The California real property has been compulsorily or involuntarily converted (within the meaning of Section 1033 of the Internal Revenue Code) 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 Section 1033 of the Internal Revenue Code.
- E. The California real property transaction will result in a loss or a 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.

The California statutes referenced above include provisions which authorize the Franchise Tax Board to grant reduced withholding and waivers from withholding on a case-by-case basis for corporations or other entities.

Buyer understands that in no event will Escrow Holder undertake to advise Buyer and/or Buyer's representative on the possible application of the above code sections to this specific transaction. Unless expressly instructed by Seller and Buyer herein, Buyer understands that Escrow Holder will NOT assist in obtaining a waiver from withholding from the Franchise Tax Board.

Should Buyer and Seller herein direct Escrow Holder to undertake any activities pursuant to the withholding provisions under California law, Buyer and Seller agree to cooperate fully in providing necessary information to Escrow Holder. Buyer and Seller agree to indemnify and hold Escrow Holder harmless in the event of noncompliance resulting from information supplied by either Buyer and/or Seller. For additional information concerning the withholding provisions under the code sections referenced above, please contact the Franchise Tax Board-Withhold-at-Source Unit at (916) 845-4900, P.O. Box 651, Sacramento, CA 95812-0651.

Foreign Investment in Real Property Act (FIRPTA)

Buyer is hereby notified that FIRPTA withholding (Internal Revenue Code Section 1445) may be applicable to certain sales of United States real estate by non-resident aliens. Unless instructed otherwise by the parties to this escrow, Escrow Holder is released from any liability, obligation or responsibility with respect to compliance with said Code Section, including, but not limited to (a) withholding of funds, (b) advising the parties as to the requirements of said sections, (c) determining whether transferor (Seller) is a foreign person or entity and/or (d) obtaining a non-foreign affidavit.

Preliminary Change of Ownership

Prior to the close of escrow, Buyer may hand Escrow Holder a fully completed and executed "Preliminary Change of Ownership Report" (PCOR) pursuant to the requirements of California Revenue and Taxation Code Section 480.3. Buyer may elect not to complete and execute said form prior to the close of escrow. Should Buyer choose not to execute the PCOR or should the County Recorders office reject the PCOR for any reason, Buyer is aware that a \$20.00 charge will be assessed by the County Recorder's office and Escrow Holder will charge the account of Buyer accordingly. In the event the PCOR has not been filed at the time the documents record OR the County Tax Assessors office determines that the form has not been properly completed, Buyer will be responsible for obtaining and completing a new PCOR and any additional documents that may be required by the Assessor's office. Failure to file a proper PCOR will result in additional penalties in accordance with Section 480 of the California Revenue and Taxation Code. Escrow Holder's sole duty shall be the delivery of the PCOR to the County Recorder at the time of recordation of transfer documents, if it is provided to Escrow Holder. Escrow Holder assumes no liability or responsibility regarding the proper completion of the PCOR.

Supplemental Taxes

Buyer is advised that the County Tax Assessor will revalue property that changes ownership or contains new construction, which may result in a supplemental assessment. The supplemental taxes will be assessed from the date of the change in ownership or completion of construction. Escrow Holder shall prorate general and special taxes for the current fiscal year. In addition, a lien of supplemental taxes for the current fiscal year, if any, assessed pursuant to Chapter 3.5 (commencing with Section 75) of the California Revenue and Taxation Code will be prorated to close of escrow. All bonds and assessments levied or assessed subsequent to the date of these instructions will be prorated. Any tax bills, supplemental tax bills, bonds and assessments issued or levied after the close of this transaction shall be handled directly between Buyer and Seller, outside of escrow.

Fire/Hazard Insurance

Buyer shall obtain Fire/Hazard Insurance coverage, if applicable, on the subject property prior to the close of escrow, as per requirements of the new lender. If Buyer has not paid policy premium prior to close of escrow, Escrow Holder is authorized and instructed to debit Buyer's account with the cost of the annual premium and pay such premium to the insurance agent and/or company, at the close of escrow, from funds deposited by Buyer. Escrow Holder is instructed to request that the insurance company deliver the original policy and copies, as required, to all necessary parties. In the event the property is covered by a blanket insurance policy, Buyer shall provide Escrow Holder with a Certificate of Insurance. FAILURE TO PROVIDE FIRE/HAZARD INSURANCE WILL DELAY THE CLOSE OF ESCROW. Escrow Holder has no obligation to obtain fire or other insurance in the absence of a written instruction to do so.

Fees and Charges; Messenger Fees

Escrow, title, and recording charges and other costs are to be charged to the principals' accounts in accordance with customary practices in this County, unless Escrow Holder is instructed to do otherwise in writing. The charges which the Company will make for sending documents and/or checks via next day messenger services (i.e. Federal Express, UPS, DHL, Airborne, Express Mail, etc.) are \$15.00 per letter for standard overnight service, and \$25.00 for larger size packages and/or priority delivery services, both of which charges include a mark-up to cover the Company's expenses, overhead and profit for arranging the service. Special messenger fees will be charged at the actual cost of the messenger service, plus a mark-up to cover the Company's expenses, overhead and profit for arranging the service. There will be no additional charge for pick-up or delivery of packages via the Company's regularly scheduled messenger runs.

Fees Paid in Advance

Escrow Holder is hereby instructed to use Buyer's funds deposited into escrow to pay any statements submitted prior to close of escrow to pay such items as, but not limited to, charge by a homeowner's association management company for ordering documents, lender's charge for a payoff statement, city's charge for city reports, home warranty insurance policy, natural hazard report, termite report, charges for work completed pursuant to an agreement of the parties, etc. In the event escrow is cancelled and Buyer is entitled to a refund of deposited funds, the amount of any fees advanced shall be deducted from the funds returned to Buyer. Seller hereby agrees to immediately deposit into escrow the amount of fees advanced for which Seller is responsible, and Escrow Holder will immediately disburse the amount of such deposit to Buyer. Buyer hereby agrees to immediately return to Escrow Holder any documentation provided to Buyer that is associated with fees advanced by Escrow Holder. Buyer shall not be reimbursed for any fees associated with documents provided to Buyer which are not returned to Escrow Holder. Escrow Holder shall not be liable to Buyer for fees deducted from Buyer's deposit in the event Seller fails to deposit the amount of such fees into escrow.

Special Recording; Late Confirmation of Recording

Seller's proceeds may not be available, and encumbrances may not be paid off, until the first business day following the day of recording if 1) documents recorded at close of escrow are recorded later in the day than 8:00 a.m. (which is called a "special recording") or if 2) the County Recorder does not provide confirmation of recording within sufficient time to allow same-day disbursement of funds by wire or check.

IRS Form 1099 Requirements

If requested by Escrow Holder, Seller will furnish Escrow Holder with sufficient information to file form 1099, if required, with the Internal Revenue Service for the sale of the real property which is subject to this escrow.

Disclosure Reports

Escrow Holder is not to be concerned with disclosures made by the parties to each other. In the event Escrow Holder receives any disclosure reports requiring signatures or approval by a party, Escrow Holder's only responsibility will be to forward the report to the appropriate party.

Loan Payoffs

When a mortgage, deed of trust or tax lien is to be paid off through escrow, Escrow Holder is authorized to pay the payoff demand received from the creditor. Seller/borrower understands that a loan payoff may include a prepayment penalty and other charges.